

CILC

ANNUAL

FINANCIAL

REPORT

2020

The Center for International Legal Cooperation (CILC) is a not-for-profit project organisation whose mission is to implement projects supporting the rule of law in developing and transition countries and countries in and around the European Union. To achieve this we provide public technical cooperation on behalf of the Netherlands by facilitating peer-to-peer exchange. We do this as the mandated body for the Netherlands Ministry of Justice and Security and the Dutch justice institutions. We are the gateway to the many (inter)national and European legal institutions in The Hague – the International City of Peace and Justice.

International legal cooperation to promote rule of law

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INTRODUCTION

This annual report covers a year that turned out differently than anyone could have expected. In 2020, the Covid-19 crisis had a huge impact on the personal lives of us all, on the economy and on the relationship between CILC and our partners – and it still does. Hopefully, the pandemic will be under control soon here in The Netherlands and also abroad, so we can operate in a less constrained environment, enjoy on- and offline partnerships and appreciate our freedoms.

The pitfall of looking back on a year like this is that one is tempted to focus on what was no longer possible, what were the constraints and what negative effects all this had on our work and our organisation. It was indeed in many ways a special year. A year in which we were in many ways constrained, but at the same time we enjoyed and focused on what was possible. And that was a lot, because so much extraordinary happened in 2020. We saw in the team a lot of creativity and improvisational talent to turn things around to make them work. The colleagues individually and we as a team have shown the capability of turning problems into opportunities. Without studying for it we mastered the Dutch art of “flip-thinking”. We didn't get discouraged or frustrated, but merely reinvented ourselves and our jobs, and found joy in doing so.

2020 was supposed to be an anniversary year, but the (secretly) planned festivities were overtaken by an unforeseen course of events. We were therefore unable to celebrate CILC's 35th anniversary and Eric Vincken's 25th work anniversary in the spirit that we wanted. This year, we have hardly been able to travel for our projects, we have not been able to welcome participants of trainings and study visits in The Hague. We could not hold work meetings with each other in one room, no lunch meetings with Indonesian bites at the big luncheon table, no team outings, no farewell dinners or welcome drinks, no end-of-year dinner in a restaurant and no spontaneous drinks on the Plein.

A lot of administrative work has been done to keep the internal organisation and our projects ongoing: setting up of a crisis structure, adapt workflows and work processes to fully online, translating the corona measures for ourselves and our project partners, draft protocols, support home working facilities, maximise ICT and communication facilities. We managed all this in harmony and with engagement from the entire CILC team, our overseas support staff, our experts and project partners.

2020 will be remembered as a demanding year that required extra effort from us all, but also as a year in which we showed how agile we are and how we managed to innovate. All this is thanks to our great team who took our work forward every day.

Signed, The Hague, 31 August 2021

A stylized, handwritten signature in blue ink, consisting of a long horizontal stroke followed by a loop and a short vertical stroke.

Willem van Nieuwkerk
Director

A stylized, handwritten signature in blue ink, featuring a large, loopy 'E' and a series of connected loops.

Eric Vincken
Deputy Director

A. MANAGEMENT REPORT

OUR WORK

1. ACTIVITY REPORT

Strengthening the rule of law remains essential for both developed countries and countries in transition. Working on strengthening the rule of law is at the heart of CILC's activities since 1985. In 2020 and due to the implications caused by the Covid-19 pandemic, CILC aimed to remodel the project activities from off-to online and from online to hybrid forms of cooperation. Alongside, efforts to continuously improve and optimise the internal organisation were directed towards further digitalising the project acquisition and implementation work processes.

In 2020, CILC strengthened its position as a valuable and trusted agency for its beneficiaries, partners and donors, as we proved to be frontrunners in adapting our modus operandi in projects and in bringing people together in an encouraging online environment. As a result, CILC was granted extensions and successive contracts in key areas of its work, most notably in the Western Balkans, EU27 and Indonesia, but we got involved in a new EU project in Ethiopia and Niger. Throughout the year project beneficiaries, stakeholders and donors have expressed their appreciation for our efforts, especially the way how we dealt with the unforeseen challenges. CILC staff members are firmly rooted in the organisation's thirty-five years of experience. They combine professionalism and dedication with enthusiasm and creativity. An overview of our most notable events and achievements in 2020 is provided below.

Albania

In Albania, in the EU funded justice sector reform project Euralius V, despite the fact that due to Covid-19 all project staff had to work from home and even some international staff returned to their home countries for some time, the project could still deliver a lot of concrete outputs. With the project's aim to support the implementation of the judicial reform strategy, various expert teams focus on the establishment of new institutions of judicial self-governance, such as the judicial and prosecutorial councils and a judicial inspectorate. In addition, new structures are built within the prosecution (Special Prosecution Office) and law enforcement (National Bureau of Investigation) in order to intensify the fight against organized crime. In 2020, the team support the elaboration of numerous draft laws, sub-legal acts, manuals and methodologies and prepared various legal notes, discussion papers and reports.

Also in 2020, the process of vetting all Albanian judges and prosecutors continued. This vetting process is being supervised by the EU funded International Monitoring Operation in which two seconded judges from the Netherlands, through CILC, were deployed as International Observers until 1 March, respectively 31 August 2020.

Austria

In the autumn 2020, CILC launched, in cooperation with the Austrian Ministry of Interior, a new SRSP project aiming at strengthening environmental crime enforcement in Austria. In 2021, through peer-to-peer exchanges, trainings and workshops, the project will bring together Dutch and Austrian experts to develop policy options and recommendations for an environmental strategy with a specific focus on

creating a National Environmental Security Taskforce (NEST) structure and improving the investigative capabilities from the current structure. The first activity and all other outputs are being held online for the foreseeable future. Despite implementation challenges of online working, the first activity, a baseline study, was positively received by the beneficiary.

Bosnia and Herzegovina

In 2019, CILC started, at the request of the Netherlands Embassy in Sarajevo, a project to support the Cantonal Prosecution Office (CPO) in Sarajevo in running investigations in corruption cases. An experienced Dutch prosecutor, supported by an experienced local lawyer, is seconded to Bosnia and Herzegovina as advisor. This team is in daily contacts with their peers in Sarajevo, as well as with other donors and international organizations involved in fighting corruption in Bosnia and Herzegovina. Besides advising in individual cases (including a plan to reduce backlogs), the team managed, despite the Covid-19 restrictions, to support improving the cooperation between the different chain partners, the internal organization and communication within the CPO Sarajevo and initiated some policy discussion on introducing a more efficient trial management and on introducing a fast track court procedure.

Greece

The year 2020 saw the addition of a new EU country for CILC's portfolio: Greece. Under this DG REFORM project, CILC is tasked with assisting Greece in the areas of improving court administration and increasing the empowerment of judges. Activities are implemented in a peer-to-peer environment based on European good practices between the Greek beneficiaries and Dutch project team. Additionally, the project is centred around direct involvement of two Greek Courts and the Greek Ministry of Justice to ensure that the concrete solutions are tailor-made to the Greek situation and owned by the courts. The project team was one of the only CILC members who were able to travel during 2020, with a mission having been carried out in October 2020.

Indonesia

In November 2020 CILC in partnership with Saxion University of Applied Sciences and the Netherlands Probation Service were granted a tailor made training plus project to strengthen the capacity of the Indonesia Directorate of Correctional Services (Ditjen Pas). This marks the third project that CILC implements together with Ditjen Pas aiming at introducing new narratives in correctional services and implementing measures towards reinforcing alternative sanctions as criminal punishment. Since CILC is involved in other two projects namely the Peer 2 Peer 4 Justice and the TMT Probation and coordinates the Working Group Indonesia, in this project it plays an important role in creating synergies among the project partners/implementors, mainstreaming project activities and supporting the leadership in delivering a coherent policy on alternative to sanctions to reduce overcrowding in Indonesian prisons. These ambitions will be realised through consultation, roundtables and dialogue with Indonesia stakeholders to support them in defining a policy agenda, planning and reform priorities in the correctional services and criminal justice sector. The project will run until March 2022.

Kosovo

The project "Support to an independent, professional and impartial prosecution system in Kosovo" started in September 2019 and is designed with the aim to support the Kosovo Prosecutorial Council (KPC) by fostering their independence and impartiality through enhancing the cooperation with the media and strengthening their management capacities. Online workshops were held by a former Dutch Chief Prosecutor, allowing multiple managers and chief prosecutors to attend workshops on active management and ethical leadership. Furthermore, a prosecution office was selected to function as a pilot office for the development of a media protocol in 2021 to improve the internal communication at the prosecution office

and external cooperation with the media.

The "European Union Kosovo Justice Sector Programme" (EUKOJUST), is an EU funded project that was officially launched on 1 October 2020. The project aims to reform the justice system in line with European and international standards and is implemented by a consortium led by the German Foundation for International Legal Cooperation (IRZ). During the inception period, communication and coordination was established with the main project beneficiaries, the Kosovar Ministry of Justice, the Judicial and Prosecutorial Councils and the Academy of Justice, as well as other stakeholders and donors in the justice sector in Kosovo. Based on this assessment, the foreseen project activities were further elaborated as presented in the activity plan.

Montenegro

CILC also continued its bilateral work in Montenegro in 2020. In the framework of the Matra project *Strengthening probation and the system of alternative sanctions* several peer meetings between Montenegrin and Dutch legal professionals were organised, first on site, but from March onward online. Dutch probation experts supported their Montenegrin colleagues in preparing the first ever pre-trial reports and conditional release reports. Montenegrin penitentiary and probation staff have adopted a more active role in ensuring better value for money and proportionality in response to criminality, and prosecutors and judges have grown more familiar with the contributions that these colleagues can deliver. In the second half of the year, the project team and the involved Dutch legal professionals mapped the current position, responsibilities, and practical work of the Montenegrin probation service. Data from the Montenegrin Ministry of Justice, Montenegrin legislation and knowledge acquired during previously conducted project activities served as a basis for this description of how the probation system works. Upon validation, this so-called system map was used to present proposals for the further development of probation in Montenegro, including specific directions for activities for 2021. That last year of project implementation will focus on working with the Montenegrin probation service on suspended prison sentences with probation supervision, implementing effective conditional release procedures, and initiating a thought process among Montenegrin prosecutors and judges about their current toolbox for tailor-made sentencing and ideas for expanding that toolbox.

North Macedonia

In the framework of the ongoing Matra-funded "Together for Accountability" project in North Macedonia, the Public Prosecutor's Office was recognised as the new beneficiary after the disappearance of the Special Prosecutor's Office. The focus of the project remained on peer-to-peer exchanges on the financing and origin of property, mutual legal assistance and systems to forge connections with relevant European institutions. Due to the volatility of the context as well as the travel restrictions, the project team reformulated the work plan, shifting from conducting activities in Skopje to offering capacity building in an online mode. The project team reiterated to implement short, repetitive, targeted and demand-driven interventions, focusing on technical assistance by conducting workshops and trainings, peer-to-peer exchanges and intensifying the cooperation with the Countering Serious Crime in the Western Balkans (IPA) project.

The new Matra-funded project Enhancing the efficiency, accountability and transparency of the Judicial Council of North Macedonia was kicked off in September 2020. The project seeks to strengthen the capacities and competencies of the Council and hence reaffirm its constitutional role. In close coordination with experts from the Netherlands Council for the Judiciary, it will build on lessons learned, networks and experiences of earlier cooperation activities and further galvanise the institutional relationships between the councils of both countries. By involving local experts in North Macedonia, the project team was able to swiftly start with the drafting of two reports focusing on judicial ethics standards and performance

management. These reports will serve as the basis of further project activities contributing to accountability and efficiency of the judiciary.

Serbia

Under the same Matra framework as the project in Montenegro, CILC has continued to strengthen the probation and the system of alternative sanctions in Serbia. A pilot in Novi Sad by the project resulted in the first pre-trial report ever used in a criminal case in Serbia, by the end of January 2020. Besides, in cooperation with the Judicial Academy (the Serbian equivalent of the Dutch SSR) a Training of Trainers on alternative sanctions was delivered for Serbian prosecutors and judges, after which Dutch and Serbian experts together drafted a training manual.

Slovenia

In 2020, CILC continued to work with the Slovenian State Attorney's Office, supporting in the drafting of the ICT Strategy and Roadmap, as well as in the establishment of a European State Attorney's Association. Within the same project, CILC also worked with the Public Prosecution Office of Slovenia to enhance their business processes through the implementation of workshops with European peers, namely Estonia. The project was set to end early 2021 but has since received an extension to continue its support until the beginning of 2022.

Uganda

Despite the outbreak of Covid 19, when all training international travels were suspended, CILC made a remarkable step in transforming all training activities to an online approach. Twenty nine (29) candidates were selected for the trainings from the Justice Law and Order Sector, an elaborative training needs assessment was conducted which informed on the capacity gaps and trainees wishes for capacity building. Four training sessions were conducted in December 2020 on change management, coaching and mentorship. These trainings created awareness on the change process on how to set smart goals, defining the process, resources and support needed towards realising change. To succeed, mentoring and coaching of participants is essential which was initiated in 2020 and will be carried out in various sessions in 2021.

Ukraine

Last year started promising for the Matra project Probation and Alternative Sanctions in Ukraine. The Ukrainian Ministry of Justice presented a new strategy on criminal justice, promoting alternative sanctions as the first line of penalties for non-violent crimes. Legislative amendments to the Criminal Code were drafted and shared for feedback with all international donors on probation, including the Matra project team. Prosecutors, judges, and probation officers in the project's pilot districts grew more accustomed to each other and started taking steps to involve each other more in their daily work. The Ukrainian probation service moved out of the Ministry of Justice to its own premises, underscoring the growing maturity of the institute. In February 2020, Ukraine celebrated its 5th anniversary of probation with a first open forum that encouraged a dialogue on the value of probation and alternative sanctions. This forum was organised with support of CILC and brought together approximately 200 participants, ranging from public authorities such as the Ministry of Justice and the probation service to the judiciary, prosecution service and civil society representatives. Shortly after the forum, project implementation got stalled. Following the restrictions related to the COVID-19 pandemic many previously scheduled activities had to be cancelled or postponed. Between March and December 2020, the project worked in an online regime on coaching Ukrainian probation staff in client contact, pre-trial advice and community service, probation public relations activities, and donor coordination.

In 2020, the work on the project in Odesa continued online. Dutch experts provided support to finalise the

guidelines on criminal and civil court proceedings, and a methodology was developed to monitor and evaluate their implementation. Restrictions related to the covid pandemic led to postponing several activities, but during an online meeting on 30 October the piloting phase of the guidelines was officially launched. Representatives of the pilot courts, the prosecution service and the regional Bar presented their expectations and agreed on how to monitor the effect of the use of the guidelines. As soon as travelling to Ukraine is safe and responsible, the project team will join its colleagues in Odesa to provide on the spot coaching.

In the regional project in Lviv, project experts continued their support to specific courts on enhancing the effectiveness of their communication. In a workshop and subsequent online discussions, the Ukrainian and Dutch professionals zoomed in on litigants, the media, and the general public. They determined the 'communication situation' of each of these target groups. Next steps include jointly formulating communication goals for each target group, identifying communications means for each goal to tap into and outlining how to start using these means. Other topics of discussion between the Ukrainian and Dutch colleagues in 2020 included crisis communication in times of corona, court hospitality and customer orientation.

In 2020, CILC extended its portfolio in Ukraine with the start of a new Matra project – Judiciary and Society in Ukraine. This project will work with a select group of courts of various jurisdiction and focus on promoting self-government of judges and supporting their professionalism. Activities will be carried out on a peer-to-peer basis between Ukrainian judges and court staff on one hand, and their Dutch colleagues on the other. The project's approach is tailored to the specific requirements of all involved courts and touches upon the efficiency and transparency of court proceedings, the quality of court decisions, legal reasoning and public acceptance, leadership, teamwork, and communication. The project will deploy the champions of the ongoing projects in Odesa and Lviv to inspire, empower and guide their colleagues in the Kyiv region in using opportunities for judicial self-government and professional development.

Western Balkans

On 31 March 2020, the regional 'Countering Serious Crime in the Western Balkans' project (IPA2017) came to an end it was intended that the next phase (IPA2019) would start on 1 April 2020. Unfortunately, due to the Covid-19 pandemic, the start was delayed until 1 July 2020. As under the previous phase, Resident EU Prosecutors and Resident Police Officers from Italy are again embedded and provide support and coaching to their peers in the various institutions in Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia. CILC is again responsible for the team of the Resident EU Prosecutors, consisting of prosecutors from the Netherlands, Germany and Slovenia. Furthermore, the CILC deputy director is again member of the Management Team of the entire project. By the autumn of 2020, all so-called Embedded Country Teams were on the ground and first activities could start. Until 31 December 2020, 10 big international investigations could, despite all restrictions, still be supported with 16 different activities.

In September 2020, the Strengthening Enforcement in the Western Balkans project was started. The project focuses on the effective functioning of private enforcement agents within the legal systems in Albania, Kosovo*, Montenegro, North-Macedonia and Serbia. In addition, it amplifies regional cooperation between these legal systems. The main objective of this 4-year project is to strengthen the private enforcement systems in the Western Balkans in dealing with cross-border enforcement and make them more accountable by strengthening relevant mechanisms for monitoring and control. These topics will be addressed by taking European standards as a starting point. Kick-off meetings with the Chambers for Enforcement Agents and Ministries of Justice of the different legal systems were conducted online in the last quarter of 2020.

MENA region

This is the second year that CILC is implementing both the Shiraka Legislation and Administration of Justice training programs. Unlike 2019 however, this training programme had to be completely online as a consequence of the outbreak of the Covid-19 pandemic. This online Shiraka training posed some new challenges for the project team and participants, but through a process of trial and error the training proved to be a great success. More than ever, the topic of managing change and being a change agent was greatly appreciated and desired by the participants. For some of them, the pandemic even proved beneficial in implementing their Back Home Action Plans, providing an environment conducive to new ideas. At the moment, CILC is currently closing off the third and final part of the 2020 training (originally only planned in two modules). Given the ongoing impossibility to travel abroad, CILC is organising for the participants to meet together within their own countries alongside Shiraka alumni in order to promote a local network exchange.

In 2020, CILC took on a new topic into its portfolio when it joined the COP-North Africa against Migrant SMUGGLing project. This project contains a total of 8 Work Packages, each headed by a different entity from an EU Member State. CILC, acting on behalf of the Netherlands, is implementing Work Package (WP) 6: Libyan/African criminal networks active in Libya and Europe specialized in migrants from the Horn of Africa. The project members take a holistic approach in their planned activities. Priority is given to real time intelligence exchange and the promotion of capacity building and the improvement of basic technical Equipment. This approach facilitates joint investigations by the law enforcement authorities.

In a follow-up to a previous Government-to-Government project in Libya, CILC (in collaboration with EUBAM and funded by RVO) began a project in Libya focusing on supporting the Libyan High Judicial Institute (HJI) in developing the capacities of their trainers to draft fit-for-purpose legal curricula documents and programmes for the HJI's training courses. By its design and set-up of the online training program, the project will also develop the capacities of these trainers to execute the curricula. The two trainings conducted under this project contain an emphasis on the promotion and inclusion of critical legal thinking skills, practical examples, and experiential learning within the two curricula areas. There is also an emphasis on human rights and gender balance in the drafting of curricula.

2. AREAS OF WORK

It is CILC's mission to develop and implement capacity building projects supporting the rule of law and international legal cooperation in developing countries, countries in transition and countries within and around the European Union. We provide technical support on behalf of the Netherlands and function as a gateway to the many legal institutions in the Netherlands. CILC's approach is practical and hands-on. We bring together legal expertise to find solutions for challenges and needs formulated by beneficiaries and donor organisations.

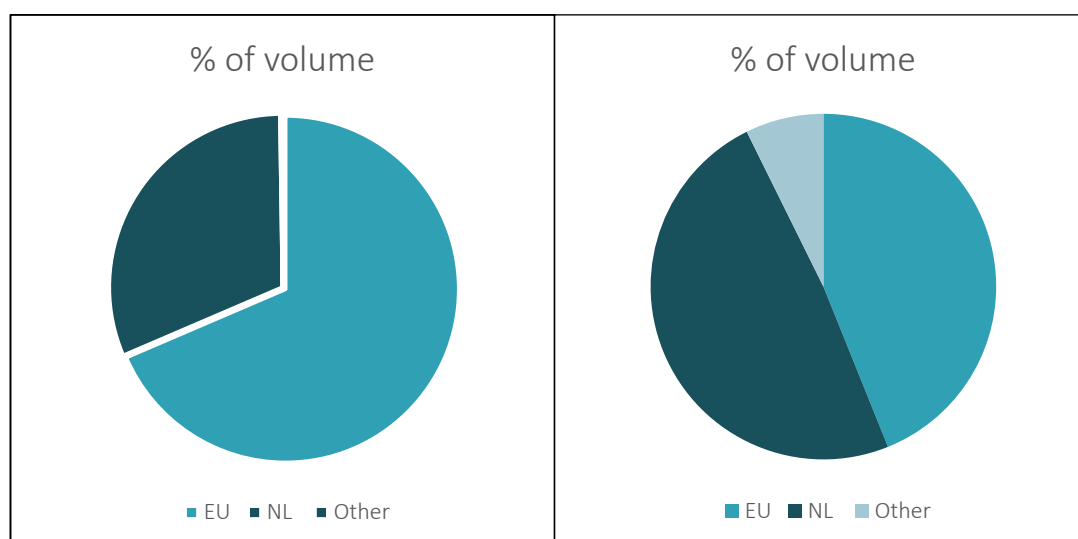
By organising trainings and peer-to-peer sessions we facilitate the transfer of public sector expertise and exchange of experiences among professionals and academics. Our activities range from building capacity in prosecution services to improving the efficiency of courts, advising about the enforcement of court decisions and training on various topics such as legislative drafting, administration of justice or specialized courses for professionals in the wider justice sector. Our key areas of work include: legal education, court administration, justice system reform, integrity, cooperation in (transnational) criminal justice, gender-based justice, the use of alternative sanctions, digitization and business processes.

3. PROJECT PORTFOLIO

3.1 ONGOING PROJECTS

By the end of 2020 the project portfolio of CILC contained Forty-one ongoing contracts.

The forty-one projects targeted some thirty countries. Twenty of these projects were financed through Dutch bilateral resources for an amount of 8,0 million euro which represents 31,2% of the total CILC portfolio value)¹. Eighteen came from European Union funds for an amount of 17,6 million euro which represents 68,6% of total portfolio value. Three projects were funded through other instruments (UN, ministry of justice and security and own investment) and represented 0,2% of the total portfolio value. The projects funded by the Netherlands fell under the bilateral programmes of the Ministry of Foreign Affairs (MFA), the Netherlands Embassies, Nuffic and the Netherlands Enterprise Agency (RVO). Our EU funded projects also spanned a variety of financing instruments, which included grants, twinning and international service contracts.



3.2 COMPLETED PROJECTS

In 2020, CILC completed twelve projects with a total budget value of 5.195.307 euro (based on cumulated values of budgets assigned to CILC where we were not the consortium leader/lead implementing organisation).

| Country / region | Title | Theme | Start date | End date |
|------------------|--|-------|------------|------------|
| Albania | International monitoring operation (evaluation of judges) II | | 17-02-2020 | 31-08-2020 |
| Indonesia | JSSP | | 15-08-2014 | 15-07-2019 |
| Indonesia | Capacity building in combating transnational crime | | 01-12-2014 | 15-07-2019 |
| Lybia | TMT+Strengthening Judicial Training | | 15-04-2019 | 29-02-2020 |

¹ Portfolio value includes the full value of multi-annual projects, not only their value for the year 2020.

| | | | | |
|-------------------------|--|--|------------|------------|
| Netherlands | Analytical services for the European Integrated Return Management Network (Eurint) | | 01-01-2019 | 31-12-2019 |
| Tunisia | Integrity Tunisia (G2G18TN73) | | 06-06-2018 | 31-03-2020 |
| Rwanda | DE4A | | 08-01-2020 | 31-12-2020 |
| Palestinian territories | Capacity Development in Higher Legal Education | | 01-06-2015 | 31-08-2019 |
| Netherlands | The Hague Rules | | 01-10-2018 | 31-12-2019 |
| Indonesia | Celebrating 50 years of legal cooperation between Indonesia and the Netherlands | | 13-09-2019 | 18-10-2019 |
| Indonesia | Scoping mission Reclassering | | 22-06-2019 | 31-07-2019 |
| Western Balkans | Countering Serious Crime in the Western Balkans (IPA2017) | | 1-1-2018 | 31-3-2020 |
| | | | | |

Besides the implications caused by the Covid-19 pandemic, no major unplanned obstruction or termination of projects happened in 2020.

3.3 NEW PROJECTS

In 2020, CILC acquired fifteen new projects. The newly acquired expected gross turnover totals a project volume for CILC of over twelve million euro (12,2 million euro). Ten out of fifteen projects were awarded to CILC as a consortium leader and five as a consortium partner. Seven of these projects are funded by the Netherlands, six by the European Commission, one by the UN and one by the United Kingdom (latter is a framework contract, so no budget allocated yet).

In 2019 a majority of the new projects were granted by Dutch funding agencies, constituting a change compared to 2018. As expected, we shifted in 2020 back to EU funded projects. Not so much in the number of projects, but surely in the total newly acquired project volume. It is for the first time in years that we did not get a new EU service contract. It was a deliberate decision to mostly refrain from participation in EU tender procedures and to focus grant type of projects and therefore strengthen our role as the project implementation agency for the Netherlands justice sector.

In 2020, we consolidated our position in the Western Balkans and Ukraine, whilst we were also granted three new contracts by the European Commission's DG Reform for projects in fellow EU member states (Austria, Greece and a second one in Slovenia). Two new projects were acquired in Indonesia and we are still negotiating a project in Suriname. The focus has clearly been on partnerships with EU members states, countries surrounding the European Union and countries with which the Netherlands has historic relations.

| Country / region | Donor | Project title | Budget for CILC | Type of contract | Lead | New / follow-up |
|--------------------|-------|---|-----------------|------------------|-------|-----------------|
| Austria | EU | SRSP – Environmental Crime Austria | € 199.830 | Grant | CILC | New |
| Ethiopia and Niger | EU | COP-North Africa against Migrant SMUGGLING and THB / SMUGG | € 300.000 | Grant | Other | New |
| Greece | EU | SRSP – Enhancing the reform of the court system in Greece and the efficiency of justice | € 449.801 | Grant | CILC | New |
| Kosovo | EU | IPA – Kosovo Justice Sector Programma | € 1.500.000 | Grant | Other | New |
| Slovenia | EU | SRSP – Supporting mechanisms for deciding on | € 300.000 | Grant | CILC | Follow-up |

| | | | | | | |
|-----------------|----|--|--------------------|-----------|-------|-----------|
| | | sanctions in criminal proceedings | | | | |
| Western Balkan | EU | IPA/2019 – Countering Serious Crime in WB | € 4.800.000 | Grant | Other | Follow-up |
| Indonesia | NL | Nuffic TMT+ – Strengthening the training capacity for candidate judges | € 399.371 | Grant | CILC | Follow-up |
| Indonesia | NL | Nuffic TMT+ – Strengthening the probation service | € 60.000 | Grant | Other | New |
| Libya | NL | RVO – HJI training (curriculum) | € 15.081 | Grant | CILC | Follow-up |
| Netherlands | NL | Support to DEIA for EU Grant Suriname | € 49.969 | Grant | CILC | New |
| North Macedonia | NL | Matra – Council for the judiciary | € 954.000 | Grant | CILC | New |
| Ukraine | NL | Matra – Justice and society | € 1.343.974 | Grant | CILC | Follow-up |
| Western Balkan | NL | Matra – Western Balkans Enforcement Strengthening project | € 1.901.624 | Grant | CILC | New |
| Western Balkan | UK | Provision of Monitoring, Evaluation and Learning Services for the CSSF Western Balkans Portfolio | tbd | Framework | Other | New |
| Kazakhstan | UN | Supporting the management of violent extremist prisoners and the prevention of radicalization to violence in prisons | \$ 9.750 | Grant | CILC | New |
| | | | | | | |
| | | | €12.283.400 | | | |

3.4 FINANCIAL MANAGEMENT

As project management is the core task of CILC, the management and the controller discuss the financial and overall status of each project with the respective project teams on a quarterly basis. CILC aims at having an integrated management of core business processes to get realtime and mediated (financial) information about projects and the overall organisation. Project teams receive upon request a monthly or quarterly financial update to ensure up-to-date information regarding the depletion of their projects.

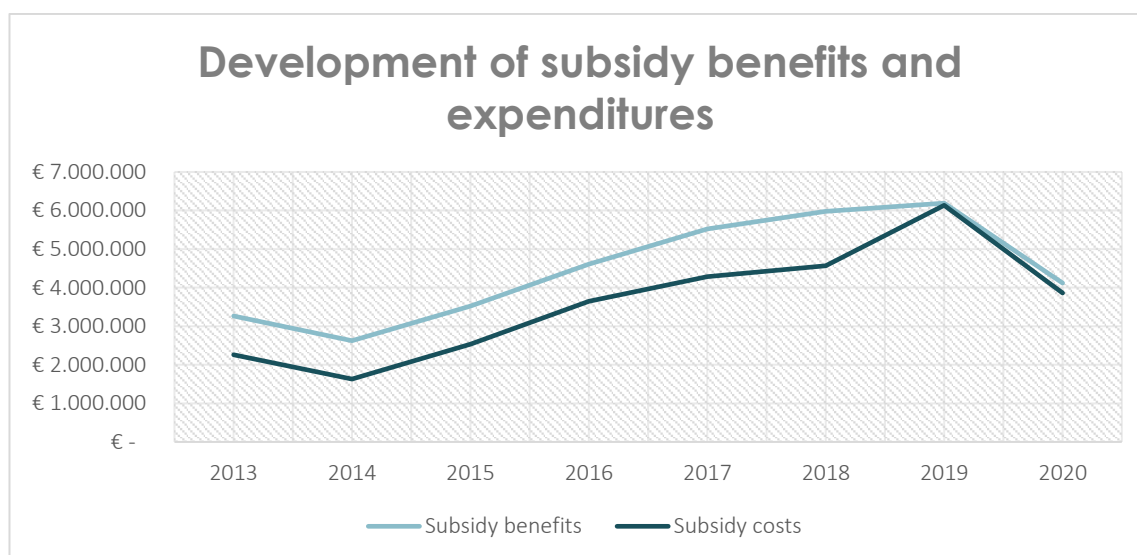
The controller gives prior to each meeting of the Supervisory a financial status account to the management, with up-to-date information on the balance sheet, the profit and loss account, cash flow and the liquidity position. This is also shared with the supervisory committee. The supervisory committee provides the board with advice about the financial status of the foundation. This ensures that the governance bodies are regularly informed with up-to-date overall financial data and of each individual project to:

- find new pathways when a project appears to be less financially viable, thus mitigating financial risks for CILC;
- adjust in a timely manner when the intended project outputs and results cannot be met; and
- analyse afterwards the final project results and determine where the eventual realisations differ from the initial budget (also aiming for more reliable and realistic cost estimates in the future).

At CILC, project teams work towards a sound and solid financial management of the projects. Still there are lessons to be learned regarding financial management. The global pandemic also affected the finances of CILC. The unforeseen drop in turnover after the world was in lock down from March 2020 onwards showed

the fragility of our business model, as less turnover also means less management fees that are needed to cover the whole operation.

CILC is a mission driven not-for-profit organisation. To maximise the impact of our projects, we aim to arrange our work in the most cost-effective and efficient way. Our project teams operate on a cost-conscious basis and our projects are managed to at least break even. CILC closed the books on 2020 with a positive net result of 26.400 euro (2019: negative net result of 88.063 euro).



The subsidy benefits from ongoing² projects amounted to 4.067.987 euro (2019: 6.191.323 euro), which is an decrease of 33% compared to last year which was caused by the implications of the pandemic. The underlying project costs related to the subsidy benefits are 3.859.595 euro (2019: 6.136.091 euro).

4. MEETING AND TRAINING

In 2017 when we opened the doors of Meeting and Training and it has certainly proven its added value for CILC as an organisation. Because of Covid-19 our very creative and inspiring space at the fourth floor of Spui 1 has hardly been used. At the of the year we had to acknowledge that the revenues necessary for maintaining are simply not enough to keep it. From May 2021 onwards we will not have our own training location, not anymore a place to welcome expected and sometimes unexpected groups of students eager to learn more about CILC, our work and The Hague, the International City of Peace and Justice.

The furniture will be sold (at best) or otherwise given away to charity or other not-for-profits.

5. PARTNERS AND STRATEGIC ALLIANCES

CILC is closely connected with a wide range of legal professionals and institutions in the Netherlands and abroad. We continuously invest in our network and value our partners. We are convinced that strategic alliances are indispensable to implement meaningful international legal cooperation projects. In the

² Understood as including both ongoing (end date not passed) and financially open (end date passed, but not financially closed yet) projects.

Netherlands, we continue to build on our close relationship with the Netherlands Ministry of Justice and Security and in particular with the Directorate for European and International Affairs (DEIA). In 2020, the Ministry of Justice and Security involved CILC at an earlier stage in its forthcoming EU funding opportunities and this was felt like an important step forward. Additionally, we worked with the Dutch Ministry of Foreign Affairs.

CILC is well rooted in the Dutch justice system and therefore able to tap into its resources for its international projects. CILC staff are in daily contact with practitioners from the public prosecution service, district courts, courts of appeal, the Supreme Court, the Council for the Judiciary and the Training and Study Centre for the Judiciary. In addition, CILC works with a variety of other institutions, such as: the penitentiary administration, the Netherlands probation service, the office of the Ombudsman and the national police.

Professionals in the law schools of Utrecht University, VU University Amsterdam and Leiden University are also involved in several CILC projects.

Key CILC partners in other member states of the European Union include Stiftung Internationale Rechtliche Zusammenarbeit (IRZ) and Gesellschaft für Internationale Zusammenarbeit (GIZ) in Germany, the Austrian Development Agency (ADA), and Northern Ireland Co-operation Overseas Ltd (NI-CO) in the United Kingdom. At CILC we strongly believe in deploying the right expert for the right task. We therefore highly appreciate the close links and successful cooperation we have with our European partner organisations.

OUR ORGANISATION

6. SUPERVISORY COMMITTEE AND BOARD

The governance structure of the foundation consists of a supervisory committee and a board. These bodies ensure that the foundation operates within the mandate of the CILC statutes. The board is responsible for the daily management of CILC and is overseen by the supervisory committee. The composition of these bodies is detailed in this chapter.

6.1 SUPERVISORY COMMITTEE

The supervisory committee oversees the policy and management of the board and the general affairs of CILC. In performing its duties, the committee ensures the overall wellbeing of the foundation by supporting the board with advice and serving as a sounding board. The members of the supervisory committee receive no remuneration for the performance of their duties.

The committee approved the annual report and the annual accounts. The supervisory committee met four times in 2020 for the regular meetings, once offline and three times online. Throughout the year the supervisory committee and its individual members regularly acted as a sparring partner about issues related to the general strategy, covid-19 management, risk scenario's and the introduction of new internal policies.

An overview of the composition of the supervisory committee in 2020 is included below.

- ▶ **Reinier van Zutphen (chairperson), National Ombudsman**
 - Trainer Training and Study Centre for the Judiciary
 - Ambassador Foundation for Refugee Students (UAF)
 - Chairperson Supervisory Committee Legal Counter (Juridisch Loket)
 - Board Member Kirchheiner Stichting Ombudsman en Democratie
 - Advisory Council Member Netherlands Institute for Human Rights
 - Chairperson Association for Right of Complaint
 - Board Member European Region of the International Ombudsman Institute
 - Chairperson Supervisory Committee Foundation Advising Administrative Justice (Stichting Advisering Bestuursrechtspraak)
- ▶ **Winfried van den Muijsenbergh, Partner AKD (law firm)**
 - Member of Union Internationale des Avocats, International Bar Association, American Association of Justice, Associazione dei Iuristi di Lingua Italiana and the Netherlands Bar Association
 - International Advisory Board Member of Pacific McGeorge School of Law
 - Chairperson Supervisory Committee of Museum Rotterdam
 - President Cultural Heritage Foundation Steamship De Rotterdam
- ▶ **Gerard Tangenberg, President of the Board of the Training and Study Centre for the Judiciary (since 15 October 2020)**
 - Senior justice Court of Appeal of the Hague
 - Chairperson Steering Committee European Judicial Training Network (EJTN)

- Alternate member Expert Group on European Judicial Training (established by the European Commission)

► **Bianca Lanza, Chief Audit Executive Central Bureau of Driving Certification**

► **Rob Huijser (on behalf of the Ministry of Justice and Security), Director of European and International Affairs**

CILC is recognised by the European Commission as the mandated body to implement European Union (EU) Twinning and other G2G grant projects on behalf of the Ministry of Justice and Security of the Netherlands according to the same conditions as if CILC was an integral part of the administration. To sustain this relationship with the Ministry and to ensure a permanent and structural supervision there is always one member of the supervisory committee appointed on behalf of the Ministry of Justice and Security. Because of the mandated body status, the State Audit Service can carry out a review of the expenditure verification certified by our auditors.

SCHEME OF RESIGNATION

| Member | End of first term | End of second term |
|-------------------------------|-------------------|--------------------|
| Reinier van Zutphen | 30 November 2017 | 30 November 2021 |
| Winfried van den Muijsenbergh | 30 November 2017 | 30 November 2021 |
| Bianca Lanza | 10 January 2023 | |
| Rob Huijser | 30 August 2023 | |
| Gerard Tangenberg | 15 October 2024 | |

6.2 BOARD

The board is primarily responsible for the realisation of the statutory objectives and takes the necessary decisions to this end. The statutory documents of the foundation foresee that the board is composed of maximum two members. The current board is composed of Willem van Nieuwkerk (chairperson) and Eric Vincken. Willem van Nieuwkerk, as the statutory director, oversees the day-to-day management of the foundation.

► **Willem van Nieuwkerk, statutory director**

- President of the Board of The Hague Football & Cricket Club Quick
- Board Member Romanian Child Helpline (Telefonul Copilului)
- Member WorldConnectors

► **Eric Vincken, deputy director**

- Participation Council Member (medezeggenschapsraad) of Charlemagne College
- Participation Council Member (medezeggenschapsraad) of Vocational College Parkstad Limburg, location Brandenburg
- Board Member Wind Orchestra (harmonie) St. Caecilia Nieuwenhagen

7. HUMAN RESOURCES

In December 2020, CILC employed fourteen people in The Hague, totalling 12,89 full-time equivalent (fte) compared to 13,05 fte in 2019. This year, we recruited one new staff member in January and she stayed with us for only three months. The function of quality manager was by 31 December 2020 replaced by the function of business controller. The business controller has started in January 2021.

In several countries, we have seconded or self-employed experts who are contracted through our projects for periods from six months onward. These experts are mostly judges, prosecutors or other professionals (previously) employed by the Netherlands justice system.

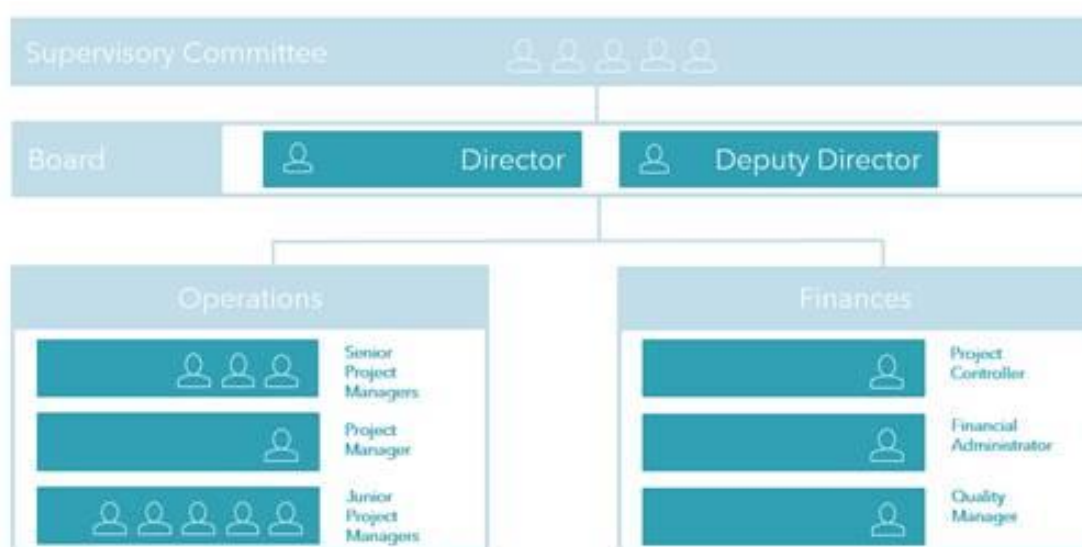


Figure: Organisation structure in December 2020

8. DIVERSITY AND INCLUSIVENESS

At CILC, we do not tolerate any form of discrimination based on age, gender, disability, sexual orientation or gender identity. We are a mixed team and take creating an inclusive culture and environment seriously. CILC offers a workplaces in which diversity is appreciated and considered a benefit for the organisation in terms innovation and use of talents. Our small team is still headed by two male directors, but the majority of our seniors is female and the management style is inclusive and participatory. We have diversity in (project) management and expert teams high on the agenda. The future is there!

In addition, the CILC team is sensitive about creating a safe work environment for ourselves and for the people and organisations we work with in our projects. Towards the end of the year, we had developed three new internal policies that will be introduce in the beginning of 2021:

- Policy on suggestions, complaints, dispute and appeal
- Policy for reporting suspected misconduct
- Policy on prevention against harassment

From early 2021 onwards, we will install an external designated trusted person as the point of contact for harassment and any other kind of unwanted behaviour.⁹ Quality

9. QUALITY

In 2020, the whole world was obliged to experiment with online and blended work forms. At CILC, we took maximum use of the opportunity by investing in the quality of the digital workspace, both for meeting our organisational requirements and for being able to deliver high quality projects in rapidly changing circumstances. At CILC, we aim to live up to high standards of performance and seek to continuously improve ourselves.

By the end of the year we had conducted our second annual management review and four internal audits. Our continued investments in the quality of work and our working environment resulted in the ISO 9001:2015 re-certification. Like last year, the certificate was awarded without any reservations by the external auditor.

10. COMMUNICATION

The website continues to be CILC's main means of communication to inform the public about our stories, our projects, our donors, our partners and our events. In 2020, we experimented with blogs. Several blogs were written by experts and partners from our network each highlighting a different aspect of the same topic. These blogs were also reposted on other websites and shared through social media. We also experimented with developing small videos to capture and showcase our work. In 2020, we made four short videos about our events and projects (Eurint, Celebrating 50 years Indonesia-Netherlands legal cooperation, youth workshop, Shiraka video). In addition, the website functioned as the main entry point for information on (the launch of) The Hague Rules on Business and Human Rights Arbitration. This together with the videos generated a lot of extra and new visitors.

11. FISCAL POSITION

CILC is liable to pay value added taxes (VAT) for projects. We consult the tax inspector on a case-by-case basis to determine whether VAT is owed for a project or not.

CILC has paid corporate taxes for positive result in 2018 in 2020 and there was no need to pay anything for 2019. The corporate tax for 2020 will be submitted in 2021. For more detailed information look at the Explanatory note Corporate Tax.

12. FINANCIAL RESERVES

CILC aims for a financial reserve that covers the fixed costs of the organisation for a period of twelve months. Through this approach, we want to ensure the continuity of the organisation in case of a sudden drop in project income. The fixed costs contain the gross salary costs, including employers' costs, and rental and other accommodation related costs. In addition to the salary costs of personnel and housing costs listed above, the reserve should be enough for meeting the financial obligations in view of unexpected events that could threaten the existence of CILC.

In December 2020 the continuity reserve of CILC was 750.744 euro (in 2019: 724.344 euro) and this represents 53% of the total fixed costs of 1.416.377 euro (in 2019: 55% of 1.317.417 euro). CILC will use the positive annual results of 2020 to bring the reserve closer to the annual fixed costs.

13. INTEGRITY

CILC is committed to creating the conditions to work in a safe, ethically sound and professional work environment. In 2018, we established the CILC Code of Ethics, outlining the core values to which staff members, contracted experts, partners and beneficiaries are held and defining inappropriate behaviour or misconduct that goes against our values. This code supplements the Partos Code of Conduct and the Words We Live By, which provide guidance on the culture we have embraced as an organisation. The Code of Ethics provides a procedure which should be followed in case of a suspected violation. In 2020, no integrity cases were reported. In 2020, the Suggestions and Complaints Procedure was introduced. The guidelines in this procedure complement the aforementioned documents. This procedure was developed to provide more opportunities for suggestions and complaints, in addition to the already established procedures. The documents related to integrity are included as attachment in the agreements we establish with experts. In addition, integrity is a recurring topic in staff meetings and team building activities.

In 2020, no complaints were filed.

14. PRIVACY AND DATA PROTECTION

In 2020, no incidents or possible data leaks were reported. There were also no requests for information following the GDPR or requests to adjust or remove personal information.

15. RISK ANALYSIS

Through regular analyses of our ongoing projects, acquisitions and financial situation in general, CILC ensures that we are adequately prepared for risks. Identifying risks is a core part of each project proposal and is discussed at our weekly acquisition meetings. Risks in ongoing projects are addressed in recurring project management meetings. As a result of the ISO 9001:2015 certification process, we also reviewed our risk management practices on organisational level. An addition which will be implemented in 2020 is the usage of an organisational risk matrix which will be updated on a regular basis.

In 2020 we conducted four internal audits: leadership, expert & project staff management, acquisition and human resources. These internal audits proved to be a useful instrument to identify risks and measures for improvement in areas related to quality management.

As the Covid-19 virus spread across the globe and reached the Netherlands in February, also CILC was forced to take unprecedented measures to protect staff, experts and beneficiaries in our focus countries and contribute to our joint responsibility to delay the spread of this virus as much as possible. In the second week of March 2020, we decided to suspend all incoming and outgoing missions and work from home, which has a profound impact on our core tasks. Bringing home experts, suspended project activities at home and abroad and delayed acquisition trajectories will be felt in the short and long term. In March 2020,

we started to identify and analyse our risks, ranging from ongoing projects to acquisition trajectories and donor responses. Based on these analyses, we developed several scenarios, depending on the length of the period we will have to suspend our main tasks and activities. For each scenario, measures are identified to mitigate the risks. In addition, we focus our attention on the tasks that still can be carried out, even while working from home. The risk analyses, scenarios and measures were discussed and updated on an ongoing basis, as the developments and circumstances change from week-to-week.

16. LOOKING AHEAD

2020 was characterised by an unprecedented situation with the global pandemic of COVID-19. This outbreak has affected our operations resulting in a low delivery and/or suspension of our ongoing projects and it will also have an impact on our work in 2021. Acquisition trajectories are affected, either through suspension or delay of contract awarding.

For the year 2021, our objective remains the sound and solid implementation of our projects within the space given the Covid-19 measures worldwide. We will seek for extensions or renewals of ongoing projects, as well as expand the scope of our portfolio with new funding instruments and countries. Our status as the public technical cooperation agency for international legal cooperation and rule of law in the Netherlands remains the primary guiding principle in the new projects decision-making process. We remain committed to building partnerships as part of the Netherlands foreign policy and the constitutional provision of promoting a rule of law worldwide and as such have deepened our Dutch and global networks.

Our annual budget is based on the value of the projected annual implementation of all running projects, complemented by an estimate of contract budgets from our project acquisition. In 2020, CILC had a turnover of over 4 million euro. At the same time, we acquired new projects with a total volume of more than 12 million euro. The list of project opportunities in the first quarter of 2021 is smaller than last year, but looks again hopeful and with several projects in the core of our work. Covid-19 has shown how vulnerable an organisation like ours can be and we will have to also look for other forms of funding to ensure a more sound and solid financial basis for the future.

As a result of our position as mandated body of the Ministry of Justice and Security, we expect to sustain in 2021 our position in G2G projects. We appreciate these opportunities, but are aware of the impact on the economic viability of the organisation. Eventhough CILC does the utmost to keep overhead costs at a minimum, continuous investments are required to run the foundation and to successfully complete acquisition trajectories. It is important to find alternative ways to compensate for such losses or find core or programmatic funding to maintain a financially healthy foundation that is able to deliver high quality projects with partners on behalf of the Ministry.

We will continue our thematic focus on the criminal justice chain, both regionally and nationally, while staying in line with Dutch priorities of cooperation for combatting terrorism, drugs, cyber and undermining crimes. Herein, we will also pay attention to alternative sanctions and victim support. The geographical focus will remain on the Western Balkans, Ukraine, Indonesia and Suriname Northern Africa and the Middle East, with the addition of Sub-Saharan Africa, especially Rwanda and Uganda. Other thematic focus areas will be justice reform, judicial training and access to justice.

In addition to our focus on sound project implementation, CILC is keen to give a strong boost to personal and organisational development in 2021. In addition, a small team has been appointed to develop specific organisational development initiatives for 2021. We rotate these responsibilities on an annual basis.

The coming years we stay tuned for opportunities to team up with public and not-for-profit partners that are – like CILC – dedicated to providing international legal cooperation that adds value and supports beneficiaries in a direct and practical way. We take pride in developing together tailor-made solutions to strengthen the rule of law in our partner countries. The CILC team works hard to translate the confidence and support it receives from the Dutch justice community and the Ministry of Foreign Affairs into concrete and lasting results for our partners around the world.

The global Covid-19 pandemic impacts CILC's project implementation and turnover of 2021. At the moment of compiling this annual report we do not expect to again match the 2019 turnover and we forecast a small net annual positive result for 2021. CILC will continue to take Covid-19 related measures as a moment to reflect on the way we work. At a pace more rapidly than could ever be foreseen the team adapts working methods and approaches.

Signed, The Hague, 31 August 2021

A handwritten signature in blue ink, consisting of a long horizontal stroke followed by a loop and a small upward flick.

Willem van Nieuwkerk
Director

A handwritten signature in blue ink, featuring a stylized 'E' and 'V' with a small dot above the 'V'.

Eric Vincken
Deputy Director

ANNEX - OVERVIEW OF RELEVANT FIGURES FOR ACQUISITION

Financial data for EU acquisitions

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | € | € | € | € | € | € | € |
| Annual turnover, excluding this contract | 2.686.671 | 3.457.580 | 4.628.742 | 5.536.957 | 5.977.134 | 6.191.322 | 4.067.987 |
| Current assets | 2.093.707 | 2.648.706 | 3.539.353 | 1.781.990 | 3.134.465 | 1.339.253 | 4.511.853 |
| Current liabilities | 1.454.948 | 2.034.523 | 2.901.144 | 1.161.979 | 2.393.674 | 680.422 | 3.766.688 |
| Current ratio (current assets/current liabilities) | 1,4 | 1,3 | 1,2 | 1,5 | 1,3 | 1,9 | 1,2 |

Average manpower for EU acquisitions

| | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|-----------------|---------|-----------------|---------|-----------------|---------|-----------------|---------|-----------------|---------|-----------------|
| | Overall | Relevant fields | Overall | Relevant fields | Overall | Relevant fields | Overall | Relevant fields | Overall | Relevant fields |
| Permanent staff | 10 | 8 | 15 | 12 | 14 | 12 | 14 | 12 | 14 | 13 |
| Other staff | 52 | 45 | 53 | 45 | 50 | 45 | 50 | 45 | 59 | 48 |

B. FINANCIAL OVERVIEW

| | <u>Budget</u> <u>2021</u> € | <u>Budget</u> <u>2020</u> € | <u>Realisation</u> <u>2020</u> € |
|---|-----------------------------------|-----------------------------------|--|
| <u>Total personnel costs</u> | 1.166.481 | 1.212.411 | 1.229.370 |
| Salary costs | 1.122.981 | 1.159.911 | 1.184.718 |
| Outsourcing | 0 | 10.000 | 2.2866 |
| Other personnel related costs and training | 43.500 | 42.500 | 41.786 |
| Total overhead | 159.731 | 217.495 | 186.937 |
| Total project costs | 2.386.228 | 4.566.750 | 2.893.310 |
| <u>Total costs</u> | <u>3.712.440</u> | <u>5.996.656</u> | <u>4.310.720</u> |
| Total subsidy benefits projects | 3.597.000 | 6.010.000 | 4.067.987 |
| Total other benefits (rental 4 th floor) | 0 | 20.000 | 3.332 |
| Financial benefits | -6.000 | 450 | 307.441 |
| <u>Total benefits</u> | <u>3.591.000</u> | <u>6.020.450</u> | <u>4.378.760</u> |
| Result before corporate taxes | 78.560 | 33.794 | 66.937 |
| Corporate taxes | 15.712 | 6.759 | 40.537 |
| <u>Result after corporate taxes</u> | <u>62.848</u> | <u>27.035</u> | <u>26.400</u> |

1. BALANCE

| | 31-12-2020 | 31-12-2019 |
|--|------------------|------------------|
| | € | € |
| <u>Fixed assets</u> | | |
| Tangible fixed assets | 39.524 | 62.275 |
| Deferred corporate tax | 0 | 3.238 |
| Total Fixed assets | <u>39.524</u> | <u>65.513</u> |
| <u>Current assets</u> | | |
| Account receivables | 2.997 | 138.002 |
| Claimable VAT | 24.671 | 24.228 |
| Other receivables | 114.931 | 77.639 |
| Cash | 4.329.730 | 1.099.384 |
| Total current assets | <u>4.472.329</u> | <u>1.339.253</u> |
| Total assets | <u>4.511.853</u> | <u>1.404.766</u> |
| <u>Capital and reserves</u> | | |
| <i>Disposable capital</i> | | |
| Going concern reserve | <u>750.744</u> | <u>724.344</u> |
| <u>Liabilities</u> | | |
| Account payables | 388.080 | 262.860 |
| Still to spend subsidies/deferred income | 3.103.951 | 48.322 |
| To be paid Pension fees | 16.516 | 0 |
| Other liabilities | 252.562 | 369.240 |
| Total equity and liabilities | <u>4.511.853</u> | <u>1.404.766</u> |

2. STATEMENT OF REVENUES AND EXPENDITURES

| | Realization 2020 € | budget 2020 € | Realization 2019 € |
|---|--------------------------|---------------------|--------------------------|
| <u>Gross margin</u> | | | |
| Subsidy benefits | 4.067.987 | 6.010.000 | 6.191.323 |
| Subsidy expenditures | <u>3.859.595</u> | <u>5.431.750</u> | <u>6.136.091</u> |
| Total gross margin | <u>208.392</u> | <u>578.250</u> | <u>55.232</u> |
| <u>Rental benefits 4th floor</u> | 3.332 | 20.000 | 22.986 |
| <u>Operating costs</u> | | | |
| Wages and salaries | 899.905 | 901.141 | 786.663 |
| Social security costs | 138.142 | 258.770 | 117.774 |
| Costs Pensions | 146.671 | 0 | 134.208 |
| Depreciation costs | 22.751 | 27.500 | 26.211 |
| Other operating costs | <u>208.908</u> | <u>242.495</u> | <u>252.561</u> |
| | 1.416.377 | 1.429.906 | 1.317.417 |
| Allocated to subsidy expenditures | <u>-966.285</u> | <u>-865.000</u> | <u>-1.098.872</u> |
| Total operating costs | <u>450.092</u> | <u>564.906</u> | <u>218.545</u> |
| Net operating result | <u>-238.368</u> | <u>33.344</u> | <u>-140.328</u> |
| Other operating income | 307.441 | 0 | -5.071 |
| Financial receipts and expenditures | 2.137 | 450 | -182 |
| Result of ordinary business operations | <u>66.937</u> | <u>33.794</u> | <u>-145.217</u> |
| Extraordinary profits and losses | 0 | 0 | 0 |
| Result before taxes | <u>66.937</u> | <u>33.794</u> | <u>-145.217</u> |
| Corporate Tax | <u>-40.537</u> | <u>-6.759</u> | <u>57.154</u> |
| Result for the year | <u>26.400</u> | <u>27.035</u> | <u>-88.063</u> |
| Result allocation | | | |
| Allocation/withdrawal going concern reserve | 26.400 | 27.035 | -88.063 |
| Allocation/withdrawal general reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>26.400</u> | <u>27.035</u> | <u>-88.063</u> |

3. CASH FLOW OVERVIEW

The cash flow overview is set up using the indirect method. Cash flows in foreign currencies are converted to euro on the basis of the currency exchange rates used on the balance date. The cash flow statement provides details about the funds that became available during the financial year and about the use of those funds in the same year.

| | 31-12-2020 | | 31-12-2019 | |
|--|------------|-----------|------------|------------|
| | € | € | € | € |
| <u>Operating cash flow</u> | | | | |
| Result before taxes | 66.937 | | -145.217 | |
| Depreciations | 22.751 | | 26.211 | |
| | | 89.688 | | -119.006 |
| Changes in working capital: | | | | |
| - Receivables | 62.704 | | 604.615 | |
| - Provisions | 0 | | -55.000 | |
| - Current liabilities | 3.080.687 | | -1.661.489 | |
| - Non deferred corporate income tax charge | -33.718 | | 0 | |
| Total mutations | | 3.109.673 | | -1.111.874 |
| Total operating cash flow | | 3.199.361 | | -1.230.880 |
| <u>Investment cash flow</u> | | | | |
| Investments in fixed assets | | 30.984 | | -16.871 |
| Net cash flow | | 3.230.345 | | -1.247.751 |
| Status per 1 January | | 1.099.384 | | 2.347.136 |
| Status per 31 December | | 4.329.730 | | 1.099.384 |
| Mutation cash | | 3.230.346 | | -1.247.751 |

4. GENERAL EXPLANATORY NOTES

Principles of the valuation of assets, liabilities and determination of results

General

The financial statements are prepared in accordance with Directive 640 for Annual Reporting for not-for-profit organisations. The accounting principles used for the valuation of assets and liabilities and the results are based on historical costs. Unless stated otherwise, assets and liabilities are presented at face value minus a provision for bad debts. Project benefits and costs are allocated to the period to which they relate.

Several non material items have been categorized differently compared to the 2019 financial statements. Applicable reclassifications have been made in the 2019 comparatives.

Accounting estimates

In applying the principles and policies for drawing up the Consolidated Financial Statements in conformity with Book 2, Article 362, paragraph 1, the directors of CILC make different estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates inherently contain a degree of uncertainty. Actual results may differ from these estimates under different assumptions or conditions. The nature of these estimates and adjustments, including related assumptions, is disclosed in the notes to the relevant financial statement items.

Principles for conversion of foreign currency items

Receivables and payables resulting from transactions at the end of the year are converted using the closing rate. The foreign currency transactions settled during the reporting period are processed at the exchange rate prevailing at that time. Exchange differences are credited or charged to the income statement under financial income and expenses for the determined period on the balance sheet.

Valuation of tangible and intangible fixed assets

An intangible Fixed asset is recognized in the balance sheet if:

- It is probable that the future economic benefits that are attributable to the asset will accrue to the organisation;
- The cost of the asset can be reliably measured.

Costs relating to intangible fixed assets not meeting the criteria for capitalization are taken directly to the profit and loss account.

Valuation of tangible and intangible fixed assets is based on the purchase price minus straight-line depreciation. Depreciation is based on the estimated economic life and calculated on the purchase price. In the year of purchase amortising is done pro rata.

The depreciation rates include renovations 10%, inventory 20%, for computer equipment and other hardware 33,3% and for computer software 33,3%.

Stock

Valuation of stock is based on fair value.

Account receivables

Short term loans granted and other receivables are initially measured at fair value less a provision for doubtful debts when necessary.

Cash

Cash at bank and in hand includes cash in hand and bank balances.

Financial instruments

Financial instruments include trade and other receivables, cash, trade and other payables. Financial instruments are accounted at initial recognition at fair value. After initial recognition, the financial instruments are measured at amortized costs using the effective interest method. If there is no premium or discount or transaction costs the amortized cost price is equal to the nominal value. The fair value is determined as the present value of future cash flows.

Provisions

A provision is formed if the organisation has a legal or constructive obligation as at the balance sheet date if it is probable that an outflow of resources will be required to settle the obligation and the amount of the liability can be reliably estimated. The amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned at the balance sheet date.

Provisions are carried at present value, unless stated otherwise.

Current liabilities

On initial recognition, current liabilities are carried at fair value.

Still to spend subsidies / deferred incomeValuation of projects

The subsidies that are still to be spent are valued to the extent that no compensation is received against the directly attributable costs plus a surcharge for indirect costs and net of a provision for expected losses. If a result can reliably be determined for an incomplete project before the balance date, the result is recorded in proportion to progress. If that is not possible, the results are taken at completion. If it is probable that total project costs excluding a surcharge for future indirect costs exceed the total revenue, the expected loss will be directly recognised in the profit and loss account. This loss is included in subsidy expenditures.

Reimbursements of projects

The fee for projects concerns the fair value of the costs spent on projects during the financial year. If more compensation for a project is received then costs are paid, the surplus is justified under Still to spend subsidies/deferred income.

Gross margin of projects

The result on projects is proportionally determined in accordance with the percentage of completion

method, considering the precautionary principle. In accordance with the guidelines of RJ 640 the margin on projects is calculated including the operational costs allocated to the subsidy expenditures.

Operating costs

The costs of outsourced work and other external costs and also direct wages and social charges are allocated to the projects. In addition, the indirect costs to the project are allocated through an allocation formula based on the direct hours incurred.

Interest income and expenses

The interest income and expenses concern the interest received from or paid to third parties related to the reporting period.

Corporate taxes

Taxes are calculated on the result as disclosed in the statement of revenues and expenditures based on current tax rates, allowing for tax-exempt items and cost items which are non-deductible, either in whole or in part. Tax assets and liabilities are netted if the general conditions for netting are met.

5. BALANCE EXPLANATORY NOTES

| | 31-12-2020 | 31-12-2019 |
|------------------------------|------------|------------|
| | € | € |
| Fixed assets | | |
| <u>Tangible fixed assets</u> | | |
| Book value per 1 January | 62.275 | 71.615 |
| Mutations: | | |
| Investments | - | 16.871 |
| Disinvestments | - | - |
| Result on disinvestments | - | - |
| Depreciations | 22.751 | 26.211 |
| Book value per 31 December | 39.524 | 62.275 |
| Status per 31 December: | | |
| Cumulative purchase prices | 186.277 | 186.277 |
| Cumulative depreciations | -146.753 | -124.002 |
| Book values per 31 December | 39.524 | 62.275 |

Financial fixed assets

| | | |
|---------------------|---|-------|
| Deferred tax claims | - | 3.238 |
|---------------------|---|-------|

The deferred tax assets relates to the recognised unused tax loss carry-forwards. At the end of 2020, all losses are offset.

Current assets

| | 31-12-2020 | 31-12-2019 |
|--------------------------------------|------------|------------|
| | € | € |
| <u>Other receivables</u> | | |
| Staff related receivables | 339 | 1.922 |
| Third party receivables | 8.043 | 39.742 |
| NOW tranches 1, 2, 3.1 | 76.827 | - |
| Transitory assets | 29.722 | 35.975 |
| Total Other receivables | 114.931 | 77.639 |
| <u>Cash</u> | | |
| ABN AMRO Bank EUR accounts | 4.315.077 | 1.083.254 |
| ABN AMRO Bank USD accounts | 12.735 | 13.946 |
| Petty cash Euro | 1.686 | 1.964 |
| Petty cash non-marketable currencies | 232 | 220 |
| Total Cash | 4.329.730 | 1.099.384 |

Liquid funds are repayable on demand. The interest rate on savings accounts is variable.

| | 31-12-2020 | 31-12-2019 |
|--|-------------|------------|
| | € | € |
| Capital | | |
| Status per 1 January | 724.344 | 812.407 |
| Mutations book year | 26.400 | -88.063 |
| Status per 31 December | 750.744 | 724.344 |
| Liabilities | | |
| <u>Still to spend subsidies/advance payments</u> | | |
| Total incurred costs on pending projects as per 31 December | 9.350.787 | 6.393.868 |
| Deduction: provision of work in progress as per 31 December | - | -28.490 |
| Total | 9.350.787 | 6.365.378 |
| Deduction: amounts received in advance | -12.454.738 | -6.413.699 |
| Total still to spend subsidies/advance payments | -3.103.951 | -48.322 |
| <i>Deduction: provision of work in progress as per 31 December</i> | | |
| Opening balance provisions | -28.490 | -83.490 |
| Provision released | 28.490 | 55.000 |
| Addition to provision | - | - |
| Provision of work in progress | - | -28.490 |

The still to-be-spent subsidies and amounts received in advance reflect the cumulative costs c.q. allowances of the ongoing projects at the end of 2020. In 2020 amounts received in advance were proportionally considerably higher because subsidy providers generally advance earlier and a larger share of the grants.

Other liabilities

| | | |
|---|---------|---------|
| Holidays | 25.792 | 15.932 |
| To pay holiday allowances | 35.729 | 31.344 |
| Taxes and social security contributions | 78.454 | 69.041 |
| Other debts | 0 | 476 |
| Accrued liabilities | 112.587 | 252.447 |
| Liabilities to project partners | 0 | 0 |
| Total other liabilities | 252.562 | 369.240 |

6. OFF-BALANCE SHEET LIABILITIES

Rental agreement

CILC rents the 2nd floor of the office building at Spui 1, 2511 BL, The Hague, the Netherlands as office space. For this purpose a rental agreement is signed for the period April 1, 2015 to April 30, 2025, with an option to extend the contract twice for a period of up to 5 years. The monthly rental obligation as at December 2020 amounts to 3.235 euro. The rent is indexed annually on April, 1. The rental agreement may be terminated at the end of the rental period with a notice period of six months. For this rental agreement a bank guarantee was issued of 12.827 euro.

CILC rents the 4th floor of the office building at Spui 1, 2511 BL, The Hague, the Netherlands as meeting and training space. For this purpose a rental agreement is signed for the period May 1, 2017 to April 30, 2025, with an option to extend the contract twice for a period of up to 5 years. The total rental obligation for the year is equal to 28.258 euro and is indexed annually on April, 1. The rental agreement is terminated, without additional costs, per 1-5-2021. For this rental agreement no bank guarantee was issued.

Other commitments

CILC has several long-term contracts for purchased services on subsidy projects, all in the regular course of business.

7. REVENUES AND EXPENDITURES EXPLANATORY NOTES

| | Realization 2020 € | Budget 2020 € | Realization 2019 € |
|--|--------------------------|---------------------|--------------------------|
| Total subsidy benefits (Excluding Other operating income) | 4.067.987 | 6.010.000 | 6.191.323 |
| <u>Subsidy expenditures</u> | | | |
| Subcontracting costs | 2.484.510 | 3.310.000 | 3.469.945 |
| Material costs | 161.633 | 150.000 | 673.702 |
| Costs direct wages | 966.286 | 1.100.000 | 1.098.872 |
| Other direct costs | 244.775 | 806.750 | 956.486 |
| Subtotal direct costs | 3.857.204 | 5.366.750 | 6.199.005 |
| Provisions | -28.490 | - | -55.000 |
| Result completed projects | 30.881 | 65.000 | -7.914 |
| Subtotal other project costs | 2.391 | 65.000 | -62.914 |
| Total subsidy expenditures | 3.859.595 | 5.431.750 | 6.136.091 |
| <u>Revenues</u> | | | |
| <u>4th floor benefits</u> | | | |
| Revenue rental 4 th floor | 3.332 | 20.000 | 22.986 |
| Revenue other costs 4 th floor | - | - | - |
| Revenue equipment | - | - | - |
| Total 4 th floor benefits | 3.332 | 20.000 | 22.986 |
| <u>Other operating income</u> | | | |
| NOW subsidy | 307.441 | - | - |
| Other income | - | - | -5.071 |
| Total other operating income | 307.441 | 0 | -5.071 |

| | Realization 2020 | Budget 2020 | Realization 2019 |
|---|---------------------|----------------|---------------------|
| <u>Expenditures</u> | € | € | € |
| <u>Personnel costs</u> | | | |
| Salaries | 763.712 | 771.545 | 673.068 |
| Holiday allowance/year-end bonus/gratifications | 136.193 | 129.596 | 113.595 |
| Subtotal salaries | <u>899.905</u> | <u>901.141</u> | <u>786.663</u> |
| <i>fte's</i> | <i>13,1</i> | <i>12,5</i> | <i>13,05</i> |

Management remuneration

There are no salaries, loans, advances or guarantees paid or given to supervisors of CILC. The employer costs (including social premiums and pension contributions) for the board of directors of CILC amounted to € 282.825. Besides this remuneration there are no loans, advances or guarantees paid or given to them.

Pensions

Premiums are recognised as employee costs when they are due. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities. CILC has a pension scheme with ABP to which the provision of the Dutch Pension Act is applicable.

Sources of income

The sources of the income can be categorized as subsidies from the EU with 2.529.090 euro of subsidy benefits, subsidies from the Dutch government with 1.211.633 euro of subsidy and other subsidies for an amount of 327.264 euro of subsidy in 2020. All subsidies are incidental and are calculated with fixed rates with a surcharge percentages.

Differences between budget and realization

The main reason for the differences between budget and realization are due to the effects that COVID-19 had on the world and CILC as an organization. Due to the measures needed to combat the pandemic, CILC was not able to perform many activities it budgeted for. Experts were not able to travel for long periods of time, which led to less expenditure and subsequently less subsidy benefits. Luckily, we found many partners who were willing to extend the subsidy period.

Due to the uncertainty the pandemic brought upon the organization, CILC has been conservative in investing in the operational organization. The study budget for personal development was not totally spent, similarly to the budget for other personnel costs. Furthermore, the training facility did not bring in what CILC budgeted, since it was impossible for trainees to travel to The Hague. Fortunately, the financial measures brought about by the Dutch government (NOW subsidy) was enough to compensate for many expenses, ensuring a positive result.

| | Realization 2020 | Budget 2020 | Realization 2019 |
|---|---------------------|----------------|---------------------|
| <u>Other operating expenses</u> | <u>€</u> | <u>€</u> | <u>€</u> |
| Temporary employees | 2.866 | 10.000 | 22.168 |
| Other personnel costs | 41.786 | 67.800 | 42.232 |
| Accommodation costs | 48.538 | 56.400 | 53.887 |
| Travel and subsistence costs | 1.688 | 6.000 | 5.688 |
| Selling costs | 16.056 | 24.600 | 26.983 |
| Other operating expenses | 97.975 | 77.695 | 101.602 |
| Total other operating expenses | 208.908 | 242.495 | 252.561 |
| <i>Other personnel costs</i> | | | |
| Various fees | 6.310 | 20.500 | 16.443 |
| Study | 7.469 | 45.000 | 18.121 |
| Reservation leave | 13.107 | - | 87 |
| Other personnel costs | 14.900 | 2.300 | 2.280 |
| Subtotal other personnel costs | 41.786 | 67.800 | 36.932 |
| <i>Accommodation costs</i> | | | |
| Fixed costs | 45.351 | 53.400 | 49.959 |
| Incidental costs | 3.187 | 3.000 | 3.928 |
| Subtotal accommodation costs | 48.538 | 56.400 | 53.887 |
| Incidental travel and subsistence costs | 1.688 | 6.000 | 5.688 |
| <i>Selling costs</i> | | | |
| Marketing costs | 252 | 11.000 | 1.587 |
| Selling costs | 15.804 | 13.600 | 25.397 |
| Subtotal selling costs | 16.056 | 24.600 | 26.983 |
| <i>Other operating expenses</i> | | | |
| Office costs | 19.857 | 15.545 | 10.441 |
| Insurance costs | 36.578 | 30.000 | 28.370 |
| Consultancy costs | 39.462 | 25.000 | 45.238 |
| Financial costs | 1.681 | 1.750 | 1.886 |
| Reorganization costs | 7.175 | - | 5.300 |
| Other general operating expenses | -6.778 | 5.400 | 10.367 |
| Subtotal other operating expenses | 97.975 | 77.695 | 101.602 |

Corporate tax

| | | | |
|--|----------------|----------|---------------|
| Movement in deferred tax | -3.238 | - | 3.238 |
| Corporate tax financial year | -8.313 | - | 5.579 |
| Corporate tax previous financial years | -28.986 | - | 48.337 |
| Corporate tax | <u>-40.537</u> | <u>-</u> | <u>57.154</u> |

The effective tax rate for the year amounts to 60,6% whilst the expected tax rate is 16,5%. The difference is caused by a prior year error.

Appropriation of results

The statutes do not contain special provisions concerning the appropriation of the result. The CILC supervisory committee has adopted the appropriation of the result, as reported in the statement of income and expenses.

Events after the balance date

The global Covid-19 pandemic still affects the way of working of CILC. We assume that the pandemic will remain to have a lasting effect on the world and also on CILC. We realise that the current business model is not fully sustainable on the long run and requires rethinking and adaptation in 2021. Further investments are necessary to digitise more work processes and methods, project related and on an organisational level. Meanwhile, we will be looking for opportunities to cut organisational costs and to operate as lean as possible. However, the biggest challenge is on the income side to find new sources and pathways to realise our mission and stay attuned to our mission.

8. OTHER INFORMATION

Independent Auditors' Reports

INDEPENDENT AUDITOR'S REPORT

To: The Management Board and the Supervisory Board of Stichting Center for International Legal Cooperation in The Hague, The Netherlands.

A. Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 of Stichting Center for International Legal Cooperation based in The Hague, The Netherlands.

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Center for International Legal Cooperation as at 31 December 2020 and of its result for 2020 in accordance with the Guidelines for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the balance sheet as at 31 December 2020;
2. the statement of revenues and expenditures for 2020; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Center for International Legal Cooperation in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of the Management Report. Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our

audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. Management is responsible for the preparation of the other information, including the Management Report, in accordance with the Guidelines for annual reporting 640 “Not-for-profit organisations” of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with the Guidelines for annual reporting 640 “Not-for-profit organisations” of the Dutch Accounting Standards Board. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the foundation’s ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to dissolve the foundation or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the foundation’s ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for monitoring the financial reporting process of the organisation.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence

requirements.

Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a foundation to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

The Hague, 23 September 2021

Ruitenburg Audit B.V.

drs. R.L. Kalberg RA