



**CNVP**

**Building a Greener Economic Environment**

**Abbreviated Annual Report**

**1 January – 31 December, 2017**

# CNVP

## Abbreviated Annual Report

1 January – 31 December, 2017

### Table of Contents

<b>Part A: 2017 Annual Report</b> .....	<b>3</b>
<b>Executive summary</b> .....	<b>3</b>
<b>Part B: 2017 - Abbreviated Annual Accounts</b> .....	<b>6</b>
<b>Accounting Principles</b> .....	<b>12</b>
<b>Notes to the Abbreviated Balance Sheet at 31 December 2017</b> .....	<b>15</b>
<b>Notes to the Abbreviated Statement of Financial Performance at 31 December 2017</b> .....	<b>22</b>
<b>Part C: Other Information</b> .....	<b>28</b>
<b>Auditor's Report</b> .....	<b>29</b>

This is the abbreviated version of CNVP's Annual Report for 2017. CNVP obtained an unqualified audit opinion for its financial accounts for 2017. A full version including the auditor opinion is available on request ([info@cnvp-eu.org](mailto:info@cnvp-eu.org)).

# Part A: 2017 Annual Report

## Executive summary

CNVP's main priorities for 2017 were to: consolidate and improve ongoing business development activities; develop a mixed and balanced portfolio of small, medium and large projects; diversify donor revenue streams; build relationships with new local and international partner organisations and networks; continue to diversify project activities; and implement projects in-country, regionally and on a cross-border basis.

CNVP focused on the following main activities in 2017:

1. build its core activities around the **Green Economy/Brown Agenda** axis<sup>1</sup>, addressing issues related to natural resource management, agri-rural development, coastal zone development, agro-forestry, renewable energy, waste management, environment, bio-diversity, protected areas/national parks, nature conservation climate change, and outward rural migration/inward rural repatriation;
2. act as a facilitator that provides advisory services, strengthens local capacities, and builds improved governance;
3. gain access to additional business opportunities by:
  - a. maximising contacts with all key international and national public/private/donor/CSO stakeholders and partners;
  - b. joining all major networks linked to CNVP's core activities, (where free or at low cost), and attending related networking events;
  - c. aiming to be a junior partner in consortia that are bidding for EU tenders;
4. win additional projects in Albania, Kosovo, Macedonia and Montenegro;
5. establish a platform for CNVP to start operating in Serbia and Bosnia-Herzegovina;
6. improve CNVP's web, social media, PR and promotional activities; and
7. start a Young Graduate Internship Scheme.

Business development efforts in 2017 focused on producing quality project proposals that had a reasonable probability of success and offered the highest value contribution to CNVP. Four key targets and their outturn were as follows:

1. **Target:** 15 projects submitted, including concept notes and full proposals; **Actual:** 19 projects submitted;
2. **Target:** three projects won; **Actual:** four projects won (Eco-tourism in Dibra Region, Albania; Rural development driven by rural CSOs, Montenegro (EU); Rural Youth, Macedonia (EU); and Communities Communicating Climate Change, Macedonia (EU); extension of the SSPDF project in Kosovo to 31 December 2020; and additional PEFC activities in the Balkans;
3. **Target:** 500,000 euro contracted; **Actual:** 1.4 million euro contracted<sup>2</sup>; and
4. **Target:** break even at year end; **Actual:** loss of 39,602 euro (after depreciation of Sida-funded vehicles).

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<sup>1</sup> The Green Economy focuses on agri-rural, NRM, forestry, renewable energy and governance activities that will reduce environmental risks and ecological scarcities, as well as achieve sustainable development without degrading the environment. The Brown Agenda addresses issues of: unsafe water provision, sanitation and drainage; inadequate solid, plastic and hazardous waste management; and air pollution, including uncontrolled emissions from motor vehicles, factories and low grade domestic fuels.

<sup>2</sup> Including: (a) additional funding of 5.125 million SEK for SSPDF (or 503,000 Euro at the exchange rate at the time of contract signature); (b) US\$57,600 contracted for the Dibra project (of which the donor and CNVP contributions are US\$51,200 and US\$6,400, respectively) ; (c) 240,000.65€ contracted for the Rural development driven by rural CSOs, Montenegro project (EU 216,001.49 € and CNVP 23,999.16 €) ; (d) 150,000 Euro for Support for Rural Youth, Macedonia; (e) 440,000 Euro for Communities Communicating Climate Change, Macedonia; and (f) additional funding of 17,000 Euro for PEFC activities in the Balkans.

CNVP was active to varying degrees in Albania, Kosovo, Macedonia, Montenegro, Serbia and Bosnia-Herzegovina. The following ongoing projects were under implementation during 2017:

- Forests for Local Economic Development (FLED), Albania;
- Strengthening Sustainable Private and Decentralised Forestry (SSPDF), Kosovo;
- Rural CSOs/National Rural Parliament as a voice of rural citizens, Macedonia;
- Food Security and Climate Change Training, Macedonia; and
- Short consultancy to FAO – piloting land consolidation in Konce, Macedonia.

The following projects were won during the year:

- Strengthening Sustainable Private and Decentralised Forestry (SSPDF), Kosovo (extension to 31 December 2020);
- Dibra Traditions and Tourism (D2T), Albania;
- Rural development driven by rural CSOs, Montenegro;
- Support for Rural Youth, Macedonia;
- Communities Communicating Climate Change, Macedonia; and
- PEFC Balkans 2, including additional short consultancy contract.

There were 3,841 billable days in 2017 (or 76% of total working days available i.e. not including either leave or support staff). A total of 1,154 working days were allocated to business development.

<b>Budget realisation 2017</b>	<b>Total</b>
Personnel cost	851,373
Operational costs	280,413
Project cost	650,968
Project Revenue	-650,968
Project Advisory Revenue	-1,022,964
<b>Operational Result</b>	<b>108,822</b>
Other Revenue	-1,895
<b>CNVP Result (Loss)</b>	<b>106,927</b>

The actual expenditure for the whole programme, including all costs was 1,782,754€. This reflected significant cost reductions, particularly in office rents and associated expenditures, as a result of actions taken by CNVP management in Albania, Kosovo and Macedonia. The income from current projects and services was 1,673,932€. The operational result was a loss of 108,822€. Adding interest income and sale from assets, the total result was a loss of 106,927€. Depreciation of Sida project investments of 67,325€ was included in this amount.

The most important risk in 2017 concerned inadequate business development leading to not winning new projects to provide long term funding. Other risks included:

1. loss of motivation in the CNVP team; inadequate project management; engaging in loss making activities; uncompetitive fee rates caused by high overhead costs; insufficient cash flow (all internal risks); and
2. weak political situation and unrest; stagnation of ongoing reform processes; unfavourable exchange rate changes; limited donor interest in forestry; and corruption and fraud (all external risks).

Progress in realising the priorities was monitored and reported to the Supervisory Board at meetings held in April, September and December 2017.

CNVP had 26 full time employees at 31 December 2017, (Netherlands, 2; Albania, 13; Kosovo, 7; Macedonia, 3; Montenegro, 1). Xhevat Lushi started as the new Country

Director for Kosovo on 3 April 2017. Luan Zubaku of CNVP Pristina died on 7 April 2017. Almira Xhembulla of CNVP Peshkopi resigned from CNVP as a result of being elected to the Albanian Parliament in spring 2017.

Improved marketing, networking and business development activities meant that CNVP was better known and more visible than earlier in each of the Balkan countries where it is active, as well as internationally.

Overall, CNVP's steady progress in 2017 has built a strong platform for further development, such that the outlook for 2018 looks promising. This will allow for further diversification of project activities. In addition, CNVP will seek to obtain additional funding from bilateral and multilateral donors. Finally, CNVP will aim to develop project activities in 2018 in Montenegro, Serbia and Bosnia-Herzegovina. This will facilitate further cross-border and regional cooperation between each of the six Balkan countries where CNVP is active.

## **Part B: 2017 - Abbreviated Annual Accounts**

Part B of the 2017 Abbreviated Annual Report contains the abbreviated annual accounts of 'Stichting' Connecting Natural Values & People Foundation (CNVP) registered in The Hague, The Netherlands.

CNVP's mission is to use evidence-based analysis to improve the sustainable livelihoods of rural communities within the ongoing process of environmental and climate change.

CNVP achieves its objectives by helping to develop the capacity of local actors through the provision of advisory services and technical assistance, using the expertise and experience of Team CNVP and its partners.

### **CNVP's Structure**

The Foundation is a not-for-profit organisation. It designs, implements and manages projects financed by international donors and other sources of finance. Its work is currently focused in the Balkans with three branches active in Macedonia, Albania and Kosovo. CNVP Montenegro was registered as a branch office of CNVP Netherlands in December 2017.

The annual accounts constitute solely the financial statements of one legal entity, CNVP. They reflect the main activities of the Foundation, including management of the externally financed projects and provision of advisory services.

CNVP's main activities are financed by international donors and own contributions. CNVP's initial capital contribution consists of cash and tangible fixed assets.

In the statement of financial performance, the income generated from CNVP's activities is reported under income from grants i.e. funds made available to CNVP by other parties and donors, to be managed for the benefit of third parties located in the Balkan countries where CNVP operates. Beneficiaries do not pay for services provided by CNVP. Funds are transferrable from donors to CNVP upon fulfilment and compliance with certain requirements as foreseen in the legal contracts that CNVP enters into with donors.

Expenditure includes expenses incurred during and for the implementation of projects, as well as expenses for the day-to-day operations of CNVP. The balance of income and expenditure, or the result for the period, is transferred to the capital base of the organisation, and is reflected in the balance sheet. This also includes: tangible fixed assets; current assets, which are mainly project related receivables; grants receivable; prepayments; and cash. Current liabilities consist of payables, accruals and pre-received grants.

CNVP's annual accounts consist of the following:

- Abbreviated Balance Sheet after appropriation of balance of income and expenditure at 31 December 2017
- Abbreviated Statement of Financial Performance for the period from 1 January to 31 December 2017
- Abbreviated Cash flow statement for the period from 1 January to 31 December 2017
- Accounting principles
- Abbreviated Notes to the Balance Sheet
- Abbreviated Notes to the Statement of Financial Performance
- Signed Financial Statements
- Independent Auditors' Report

## Abbreviated Balance Sheet at 31 December 2017

After appropriation of result from 01 January to 31 December 2017

<b>Assets</b>	Note	<b>2017</b>	<b>2016</b>
<b>Tangible Fixed Assets</b>		<b>EUR -</b>	<b>EUR -</b>
Vehicles	1	39,271	106,596
Office equipment	1	8,363	18,098
Subtotal		<u>47,634</u>	<u>124,694</u>
<b>Current Assets</b>			
Grant receivable	2	6,635	10,958
Other receivable	3	38,579	-
Prepayments	4	2,084	3,589
Cash	5	2,040,939	2,158,588
Subtotal		<u>2,088,237</u>	<u>2,173,134</u>
<b>Total Assets</b>		<u><b>2,135,871</b></u>	<u><b>2,297,828</b></u>

## Abbreviated Balance Sheet at 31 December 2017

After appropriation of result from 01 January to 31 December 2017

<b>Liabilities</b>	Note	<b>2017</b>	<b>2016</b>
<b>Foundation's Capital</b>		<b>EUR -</b>	<b>EUR -</b>
General reserve	6	816,749	856,351
Appropriated reserve	6	<u>39,271</u>	<u>106,596</u>
Subtotal		<u>856,020</u>	<u>962,947</u>
<b>Current Liabilities</b>			
Payables	7	14,059	22,765
Taxes, social security & pension	8	16,680	17,753
Grants provided	9	1,234,870	1,282,502
Accruals	10	14,242	11,861
Subtotal		<u>1,279,851</u>	<u>1,334,881</u>
<b>Total Liabilities</b>		<u><b>2,135,871</b></u>	<u><b>2,297,828</b></u>

## Abbreviated Statement of Financial Performance

For the period from 01 January to 31 December 2017

		<b>Actuals</b> from 01 January to 31 December 2017	<b>Budget</b> from 01 January to 31 December 2017	<b>Actuals</b> from 01 January to 31 December 2016
<b>Income</b>	No te	<b>EUR -</b>	<b>EUR -</b>	<b>EUR -</b>
Income from grants	11	1,673,932	2,185,401	1,732,718
Other income	12	1,895	380	6,864
<b>Total Income</b>		<b><u>1,675,827</u></b>	<b><u>2,185,781</u></b>	<b><u>1,739,581</u></b>
<b>Expenditure</b>				
Personnel	13	808,682	839,871	837,531
Depreciation fixed assets	14	78,124	73,264	76,215
Other expenses	15	895,948	1,272,140	889,214
<b>Total Expenditure</b>		<b><u>1,782,754</u></b>	<b><u>2,185,275</u></b>	<b><u>1,802,960</u></b>
<b>Balance Income (Loss) &amp; Expenditure</b>	16	<b><u>(106,927)</u></b>	<b><u>506</u></b>	<b><u>63,379</u></b>

**Appropriation Balance Income & Expenditure**

to:

General reserve	<u>(39,602)</u>	<u>67370</u>	<u>3,946</u>
Appropriated reserve	<u>(67,325)</u>	<u>(66,864)</u>	<u>(67,325)</u>
<b>Foundation Capital</b>	<b><u>(106,927)</u></b>	<b><u>506</u></b>	<b><u>(63,379)</u></b>

**Balance Income & Expenditure after Appropriation**

	<u>-</u>	<u>-</u>	<u>-</u>
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## Abbreviated Cash flow statement at 31 December 2017

	Note	2017	2016
Operating result	11;13-15	(108,805)	(70,241)
Adjustment for:			
Depreciation	14	78,124	76,215
Receivables	2;3	(34,256)	(9,413)
Prepayments	4	1,505	26,610
Payables	7	(8,706)	15,227
Taxes, and leave of employees	8;10	1307	(928)
Project payables	9	(47,632)	(72,391)
Interest received <sup>3</sup>	12	378	1,038
Gain /loss on sale of fixed assets	1	158	
<b>Net Cash from Operating Activities</b>		<b>(117,927)</b>	<b>(33,883)</b>
Purchase of fixed assets	12	(1,223)	(9,695)
Sale of fixed assets	12	1,500	5,825
<b>Cash from investment activities</b>		<b>277</b>	<b>(3,870)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(117,650)</b>	<b>(37,752)</b>
Cash and Bank at January 1, 2017	9	2,158,588	2,196,340
Cash and Bank at December 31, 2017	9	2,040,939	2,158,588

<sup>3</sup> Interest income of 378 euro is excluded from the operating result

# Accounting Principles

## General information and structure

Connecting Natural Values & People (CNVP) Foundation, with RSIN no. 851792479 at the Chamber of Commerce, with its registered seat Tolakkerweg 68 3739 JP Hollandsche Rading, The Netherlands, currently has three registered and active branches in the Balkans in Macedonia, Albania and Kosovo.

The annual accounts of CNVP cover 1 January 2017 to 31 December 2017. They reflect the financial information of the Netherlands based foundation along with the financial information of the three local branches. For the purposes of these financial statements, internal transactions and relations have been eliminated.

The mission of the Foundation is to improve the livelihoods of rural people through providing quality services in forestry, rural development, environment and biomass for renewable energy to increase the capacity of local actors to achieve their sustainable development in, but not restricted to, the Balkans, and anything which may directly or indirectly relate, or be conducive, to these activities in the broadest sense of the terms.

## General accounting principles for the preparation of the annual accounts

The annual accounts are prepared in accordance with the Dutch Accounting Standard RJ 640 for not-for-profit organisations. This abbreviated version of the annual report was prepared for publication purposes. It has been taken from the full annual report which was adopted by the board on 21 April 2018. Deloitte Accountants B.V. expressed an unqualified opinion with the full annual report on 16 May 2018. If a full version is required, including the auditor's opinion, please request a copy (via [info@cnvp-eu.org](mailto:info@cnvp-eu.org)).

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise. If assets and liabilities are stated in foreign currencies, the calculations are based on the exchange rates prevailing on the balance sheet date at 31 December 2017. Exchange rate differences are included in other operational costs, in the statement of financial performance. Incomes and expenses are accounted for on accrual basis. Profit is only included when realised on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the annual accounts.

The financial statements are presented in euros, which is the functional currency of CNVP.

## Financial instruments

Financial instruments are both primary financial instruments (such as receivables and debts), and derivative financial instruments (derivatives).

The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet, the information on the fair value is disclosed in the notes to the 'contingent assets and liabilities'.

## Accounting principles for the valuation of assets and liabilities

### Assets

#### Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life

and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

The assets are depreciated by asset group over their expected economic lives, using the linear method. Residual value is not taken into account. Any new assets purchased from CNVP are included at historical costs and are converted using the exchange rates prevailing at the date of the purchase. The tangible fixed assets purchased by or for the externally financed programmes are also capitalized under the fixed assets.

As requested by Sida, assets that have value higher than 5,000 € will be given to the cooperation partner at the end of the project (31.07.2018). Asset depreciation is calculated for the years that assets (vehicles) will be used by CNVP until the end of the project.

Annual rates of depreciation used are:

- Vehicles, 25%
- Office equipment, 33%
- Sida Project assets with value higher than 5,000 €, 35%-40%

Any costs of repairs or maintenance are reported in the statement of financial performance for the period.

## **Current Assets**

### **Receivables**

Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Receivables consist mainly of project related receivables for work carried out by CNVP on projects, for which the funding has not been received as of the date of the balance sheet.

**Prepayments** consist of short term rent deposits and prepaid expenses for 2017.

### **Cash and bank**

The cash and bank is valued at face value. If cash equivalents are not freely available, this has been taken into account upon valuation.

## **Capital and Liabilities**

**The Foundation's Capital** consists only of a general reserve and appropriated reserve. The account includes the initial donation of SNV to CNVP both in cash and fixed assets. At the end of the period, the balance of income and expenditure for the period is also appropriated to this account.

The general reserve is for unrestricted use of CNVP, and it is maintained to ensure the continuity of the organisation.

The appropriated reserve relates to the project asset reserve. This is for the depreciation of fixed assets that are purchased from donor project funds with a value higher than 5,000 EUR, and will be given to the cooperation partners on project completion.

**Current liabilities** include mostly project-related items and project funds received in advance to be utilized within the coming year. A lesser amount is made up of payables and accruals related to payroll and other employee benefits.

**Transactions in foreign currency** are recorded based on exchange rates updated monthly. At the end of the year, the foreign currency denominated receivables, payables, cash and bank balances are revalued. Results are posted in the statement of financial performance.

### **Social security and pension**

CNVP contributes the employer share of social security schemes in compliance with local legislations of its branches. It also reimburses the employer share of contributions for pension, in case the employee cannot be covered by the state owned social security.

### **Accounting principles for determining the balance of income and expenditure**

#### **Principles for the determination of the result**

Income and expenses are accounted for on accrual basis. Income is recognized only when realized at the balance sheet date. Income generated by CNVP is categorized under income from grants, since CNVP manages donor funds for the benefit of third parties. On their part, beneficiaries do not pay for services received from CNVP work. Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. All expenses related to activities carried out prior to the balance sheet date are taken into account within the year's expenses.

The balance of income and expenditure, or the result for the period, is determined as the difference between income generated by CNVP activities and expenditure related to implementation of these activities.

#### **Principles for preparation of the consolidated cash flow statement**

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents are considered to be highly liquid investments.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Transactions that do not result in exchange of cash and cash equivalents are not presented in the cash flow statement.

## Notes to the Abbreviated Balance Sheet at 31 December 2017

### 1. Tangible fixed assets

In 2017, CNVP purchased assets that were paid mainly through project funds received.

New assets purchased are recorded in the books as of the date the assets were put in use. Depreciation expense starts from that date. Depreciation is based on the estimated useful life of each asset group and it is calculated as a fixed percentage, not taking into account any residual value for the asset. Asset life extends to 4 years for vehicles and 3 years for office equipment. Depreciation expense is accounted for in the statement of financial performance. Costs for periodic major maintenance are also charged to the statement.

Based on Sida requirements, tangible fixed assets purchased by or for externally financed Sida programmes with value higher than 5,000 € are fully depreciated over the total project period, and handed over to project partners at the end of the project period. This is applicable for the purchased vehicles. Their lifespan is calculated until the project end when the assets will be given to the cooperation partners.

The following table reflects movements in the fixed assets by category.

	<b>Vehicles</b>	<b>Office equipment</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Acquisition cost as at January 1, 2017	253,675	41,497	295,172
Cumulative depreciation and other impairments as at January 1, 2017	(147,079)	(23,399)	(170,478)
Carrying amount as at January 1, 2017	<u>106,596</u>	<u>18,098</u>	<u>124,694</u>
Investments	-	1,223	1,223
Carrying amount of disposals	-	(158)	(158)
Depreciation	(67,325)	(10,799)	(78,124)
Carrying amount as at December 31, 2017	<u>39,271</u>	<u>8,363</u>	<u>47,634</u>
Acquisition cost as at December 31, 2017	253,675	42,719	296,394
Cumulative depreciation and other impairments as at December 31, 2017	(214,404)	(34,356)	(248,760)
Carrying amount as at December 31, 2017	<u>39,271</u>	<u>8,363</u>	<u>47,634</u>

## Current Assets

### 2. Grants Receivables

The balance of receivables consists primarily in receivables for project work done for which the funds were not received as of the balance sheet date. These receivables are the outstanding amount for the Diber Tourism and PEFC Balkan project.

	At 31-12-2017	At 31-12-2016
	<b>EUR -</b>	<b>EUR -</b>
Grant receivables	6,635	10,958
Total	<u>6,635</u>	<u>10,958</u>

### 3. Other receivables

The, other receivables represent a balance of advance payments given to the partners, LCBs etc. The amount of 38,579 € is balance of the advance given to the project partners that are together with CNVP implement the EU projects in MK (National Rural Parliament) and MNE (CSO's Support).

	At 31-12-2017	At 31-12-2016
	<b>EUR -</b>	<b>EUR -</b>
Other Debtors	<u>38,579</u>	
Total	<u>38,579</u>	<u>-</u>

### 4. Prepayments

Prepayments include prepaid expenses related to items such as rent deposits, and work advance payment that was not settled. The decrease of the rent deposit is due to change of premises in Kosovo.

	At 31-12-2017	At 31-12-2016
	<b>EUR -</b>	<b>EUR -</b>
Rent deposits	2,084	3,184
Debtors		405
Total	<u>2,084</u>	<u>3,589</u>

## 5. Cash and bank

Cash and bank balance represents liquidity at the disposal of CNVP as of the date of the balance sheet. The total balance consists of the balances of bank accounts owned by CNVP, two dedicated project bank accounts for Sida, (SSPDF and Sida FLED) and one dedicated project account for EU project in Macedonia ( NRP), and cash on hand at 31 December 2017.

The total of project bank balances on 31 December 2017 was €1,675,022 which were pre-received donor funds for Sida SSPDF Sida FLED & EU NRP. The amount of pre-received donor funds still include to be recognized income from project years of the projects. This will be settled in the first months of 2018.

The remaining amount of € 340,153 reflects the balance of cash that belongs to CNVP as of the balance sheet date.

	At 31-12-2017	At 31-12-2016
	<b>EUR -</b>	<b>EUR -</b>
<b>CNVP bank balances</b>		
Rabobank Netherlands	288,779	399,501
ProCredit Bank Albania	26,531	23,258
Reiffeisen Bank Albania	1,693	1,693
Procredit Bank Kosovo	13,065	40,860
Uni Bank Macedonia	7,768	14,767
Subtotal	<u>337,836</u>	<u>480,079</u>
<b>Project bank accounts</b>		
Rabobank Netherlands, Project SIDA SSPDF	849,227	1,050,164
Rabobank Netherlands, Project SIDA FLED	826,507	624,858
Uni Bank NRP EU Project	25,052	
Subtotal	<u>1,700,786</u>	<u>1,675,022</u>

### CNVP cash on hand

CNVP Albania	1,050	2,559
CNVP Kosovo	987	185
CNVP Macedonia	279	742
Subtotal	<u>2,317</u>	<u>3,487</u>
Total	<u>2,040,939</u>	<u>2,158,588</u>

Note: due to rounding, difference of 1 euro may occur

## Liabilities

### Foundation's Capital

#### 6. Reserve

The Foundation's Capital is consisted of a general reserve and an appropriated reserve (project assets reserve).

The general reserve is for unrestricted use of CNVP, and serves to ensure the continuity of the organisation.

The appropriated reserves relates to the project assets reserve. This is for the depreciation of fixed assets that are purchased from donor's project funds with a value higher than 5,000 EUR and will be given to the cooperation partners. The expenditure of these assets is charged to the donor, and funds are transferred to the reserve of CNVP. The value of those fixed assets represents the net book value at the end of 2017 that will be used for the depreciation until the project ends.

The balance of income and expenditure over 2017 is appropriated to the general and appropriated reserve.

The summary of movements in the reserve accounts is given below.

The movements in the general reserve are as follows:

	Balance at 31-12-2017	Add result for period	Balance at 31-12-2016
	EUR -	EUR -	EUR -
General reserve	816,749	(39,602)	856,351
Appropriated reserve	<u>39,271</u>	<u>(67,325)</u>	<u>106,596</u>
<b>Total</b>	<u>856,020</u>	<u>(106,927)</u>	<u>962,947</u>

## Current Liabilities

## 7. Payables

This item is broken down into amounts to be paid, the amount that CNVP owes to SNV and the interest payable on donor funds.

The amounts to be paid consist of organisation expenses incurred in 2017 to be paid in 2018. The amount of €1,516 is payable to SNV. It is the remaining amount from the advance paid to CNVP for costs incurred due to the closure of the SNV regional office. Interest payable on donor funds consists of interest earned in donor funds for the EU NRP MK project.

### Payables

This item can be broken down as follows:

	At 31-12-2017	At 31-12-2016
	<b>EUR -</b>	<b>EUR -</b>
Amounts to be paid	12,539	21,250
Debtors	1,516	1,516
Interest payable to donor funds	4	-
Total	<u>14,059</u>	<u>22,765</u>

## 8. Payroll taxes, social security and pension payable

This consists of the payroll tax withheld from CNVP staff salaries, social security and pension premium, both employee and employer share. Amounts payable for this item are withheld from employees, as well incurred as expenses from CNVP from December 2017 staff salaries to be paid in January 2018.

	At 31-12-2017	At 31-12-2016
	<b>EUR -</b>	<b>EUR -</b>
Payroll tax, social security & pension payable	16,680	17,753
Total	<u>16,680</u>	<u>17,753</u>

## 9. Grants provided

These are pre-received funds from the grant contracts that continue to be implemented beyond 31 December 2017.

In 2017, based on the grant schedule and approved financial reports, grant amounts from the donor (Sida) were provided. Part of the amount was recognised as income at the end of the year. The remaining amount is recognised as a liability. The remaining amounts related to smaller projects (EU NRP & EU MNE).

The following table shows the balance of grants provided by donor to be used after 31 December 2017.

	At 31-12-2017	At 31-12-2016
	<b>EUR -</b>	<b>EUR -</b>
Project Sida FLED	626,738	439,325
Project Sida SSPDF	535,420	775,435
Project PEFC	0	13,221
Project PEFC Balkan	0	9,365
Project Nuffic	0	45,156
EU NRP project	24,508	0
EU CSO project	48,204	0
Total	1,234,870	1,282,502

## 10. Accruals

Accruals consist of amounts of outstanding leave days accrued for 2018. Below is the breakdown of this item.

### Accruals

The breakdown of this item is as follows:

	At 31-12-2017	At 31-12-2016
	<b>EUR -</b>	<b>EUR -</b>
Outstanding leave days	14,242	11,861
Total	14,242	11,861

## Contingent assets and liabilities

Based on Sida requirements for externally financed Sida programmes, tangible fixed assets purchased with a value higher than 5,000 € are fully depreciated over the total project period, and handed over to project partners at the end of project implementation.

The EU Rural Youth Project and EU Communities Communicating Climate Change projects signed end of 2017 will start implementation in 2018.

There are no long term commitments on rental agreements.

# Notes to the Abbreviated Statement of Financial Performance at 31 December 2017

## Income

### 11. Income from grants

Income generated from CNVP activities is all classified as income from grants. Funds are made available to CNVP by donors and are used for the benefit of third parties.

Beneficiaries do not pay for services provided by CNVP. Funds are transferrable to CNVP upon fulfilment and compliance with certain stipulations, as foreseen in various legal contracts that CNVP enters into with different donors. Income is recorded on an accrual basis, meaning that it is recognized when earned, not received.

Income from grants is divided into advisory services that CNVP offers to third party beneficiaries, and project expenses which are covered by donor contributions. In projects with cost sharing, such as the Sida projects, CNVP fulfils its financial contribution by sharing in the costs of advisory services.

The income for 2017 from Sida FLED project was €960,124, of which €624,991 came from advisory services and €335,133 from recoverable project expenses. The FLED project subsidy period is from August 2014 to 31 December 2018. The income for 2017 from Sida SSPDF was €554,954 of which €326,790 was from advisory services and €228,164 from recoverable project expenses. The SSPDF project subsidy period is from August 2014 to 31 December 2020.

The other projects range in small size and were financed the by EU (NRP & CSO), PEFC (National SFM standards), PEFC Balkan Certification, Nuffic and FAO. The subsidy period of these projects is from June 2014 to December 2020.

The following table gives a breakdown of income from grants for 01 January to 31 December 2017.

<b>Actuals</b> from 01 January to 31 December <hr/> 2017	<b>Budget</b> from 01 January to 31 December <hr/> 2017	<b>Actuals</b> from 01 January to 31 December <hr/> 2016
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## Income

<b><u>Income from grants</u></b>	<b>EUR -</b>	<b>EUR -</b>	<b>EUR -</b>
Project SIDA Fled - Advisory services	624,991	702,495	644,362
Project SIDA Fled - Reimbursable project expenses	335,133	550,700	379,883

Subtotal	<u>960,124</u>	<u>1,253,195</u>	<u>1,024,244</u>
Project SIDA SSPDF - Advisory services	326,790	462,662	423,407
Project SIDA SSPDF - Reimbursable project expenses	<u>228,164</u>	<u>290,600</u>	<u>226,078</u>
Subtotal	<u>554,954</u>	<u>753,262</u>	<u>649,485</u>
Other projects - Advisory services	71,184	55,604	44,991
Other projects - Reimbursable expenses	<u>87,671</u>	<u>123,340</u>	<u>13,998</u>
Subtotal	<u>158,855</u>	<u>178,944</u>	<u>58,989</u>
Total Income from grants	<u>1,673,932</u>	<u>2,185,401</u>	<u>1,732,718</u>

## 12. Other income

Other income consists of net proceeds generated by the sale and/or removal of assets, interest earned on CNVP funds. Details are given below.

### Other Income

Net gain from sale of assets	1,500	0	5,825
Interest income from CNVP funds	378	380	1,039
Miscellaneous income	<u>16</u>	<u>          </u>	<u>0</u>
Subtotal	<u>1,895</u>	<u>380</u>	<u>6,864</u>
<b>Total Income</b>	<b><u>1,675,827</u></b>	<b><u>2,185,781</u></b>	<b><u>1,739,581</u></b>

### Note on the difference between actual and budget figures of income

The project income is with 77% realisation. The income is lower than planned due to changes made in the project budgets of both Sida project due to exchange rate loss (FLED) and decrease of the advisory rate fee for the SSPDF project.

## Expenditure

### 13. Personnel

CNVP had 28 full time employees (FTEs) at 01 January 2017, including the Executive Director. During 2017 a new Country Director was recruited for Kosovo, an advisor in Kosovo died, one advisor in Albania left the organisation, and the business developer contract was not extended. The total number of employees as of 31 December 2017 was 26.

Details about the remuneration of the Executive Director, the Supervisory Board, staff salaries and benefits, as well as other personnel related expenses are given below.

Remuneration for the Executive Director, Ross Bull, consisted in 2017 of salary earned as well as other benefits, totalling 143,004€.

Supervisory Board members receive no remuneration for their activities. They are compensated for reasonable travel and business expenses incurred for board meetings. The total expense incurred for board meetings was € 9,802.

	<b>Actuals</b> from 01 January to 31 December 2017	<b>Budget</b> from 01 January to 31 December 2017	<b>Actuals</b> from 01 January to 31 December 2016
	<b>EUR -</b>	<b>EUR -</b>	<b>EUR -</b>
Executive Director - salary P.Kampen	0	0	54,304
Executive Director - benefits (school fees) P.Kampen	0	0	26,965
Executive Director -other benefits P.Kampen	0	0	2,844
Subtotal Peter Kampen	<u>0</u>	<u>0</u> #	<u>84,113</u>
Executive Director - salary R.Bull	120,000	120,000	40,000
Executive Director - other benefits R.Bull	<u>23,004</u>	<u>23,700</u>	<u>7,668</u>
Subtotal R.Bull	<u>143,004</u> #	<u>143,700</u>	<u>47,668</u>
Subtotal cost Executive Director	<u>143,004</u>	<u>143,700</u>	<u>131,781</u>
Board members - remuneration	0	0	0
Board meetings	<u>9,802</u>	<u>7,500</u>	<u>9,595</u>
Subtotal	<u>9,802</u>	<u>7,500</u>	<u>9,595</u>
Staff salaries	586,873	602,355	608,090
Social security contribution	30,923	28,767	28,737
Pension premiums			2,997

Medical benefits	22,210	27,000	18,461
Other benefits & expenses	5,238	3,000	25,801
Outstanding Leave Days	<u>2,381</u>	<u>0</u>	<u>(1,891)</u>
Subtotal	<u>647,624</u>	<u>661,122</u>	<u>682,195</u>
<hr/>			
External & Temporary Support	<u>8,252</u>	<u>27,549</u>	<u>13,961</u>
<hr/>			
Total personnel expenses	<u>808,682</u>	<u>839,871</u>	<u>837,532</u>

#### 14. Depreciation of tangible fixed assets

The following shows the details of depreciation incurred in the period.

##### Depreciation fixed assets

Depreciation vehicles	67,325	66,864	67,325
Depreciation office equipment	10,799	6,400	8,890
<hr/>			
Total depreciation expense	<u>78,124</u>	<u>73,264</u>	<u>76,215</u>

#### 15. Other expenses

Other expenses include operating business expenses and project expenses.

	<b>Actuals</b> from 01 January to 31 December 2017	<b>Budget</b> from 01 January to 31 December 2017	<b>Actuals</b> from 01 January to 31 December 2016
<hr/>			
<b><u>Other expenses</u></b>	<b>EUR -</b>	<b>EUR -</b>	<b>EUR -</b>
A. <u>Operating expenses</u>			
Fuel & vehicle expenses	34,934	58,500	49,703
Travel & lodging	42,691	49,500	40,757
Office rent	60,395	70,200	66,872

Utilities & office maintenance	22,211	16,800	23,374
Communication & mailing	9,964	11,550	11,046
Office expense	30,344	48,550	29,470
Accounting & audit fees	29,887	30,600	32,466
Bankcosts & x-rate differences	5,045	5,200	5,987
Other expenses	<u>9,509</u>	<u>16,600</u>	<u>9,705</u>
Subtotal	<u>244,980</u>	<u>307,500</u>	<u>269,379</u>

B. Project expenses

Programme Support	346,004	510,200	300,186
Local Capacity Building	184,992	307,940	256,086
Consultancy	97,422	146,500	63,563
Partnership cost	<u>22,549</u>	<u>-</u>	<u>-</u>
Subtotal	<u>650,968</u>	<u>964,640</u>	<u>619,835</u>
Total operating expenses	<u>895,948</u>	<u>1,272,140</u>	<u>889,214</u>
<b>Total expenditure</b>	<b><u>1,782,754</u></b>	<b><u>2,185,275</u></b>	<b><u>1,802,961</u></b>
<b>Balance of income and expenditure</b>	<b><u>(106,927)</u></b>	<b><u>506</u></b>	<b><u>(63,379)</u></b>

Note on the difference between actual and budget figures of expenditure

The personnel cost are lower than planned due to one employee left the organisation and one died (Kosovo). Operating expenses were lower than planned due to decision made in the MT for reducing some of the office cost with change of premises and renegotiating rental contracts. The project cost are less than planned due to agreed implementation changes in the FLED and SSPDF projects.

**16. Result for the period**

Appropriation of balance of income and expenditure

	<b>Actuals</b> from 01 January to 31 December 2017	<b>Budget</b> from 01 January to 31 December 2017	<b>Actuals</b> from 01 January to 31 December 2016
General reserve	(39,602)	67,370	3,946
Appropriated reserve	(67,325)	(66,864)	(67,325)
<b>Result for the period</b>	<b>(106,927)</b>	<b>506</b>	<b>(63,379)</b>

Note on the difference between actual and budget figures of result

The loss is higher than planned due to higher income planned than realised mainly effected by the revision of budgets of both Sida projects.

16 May 2018

**Board of Trustees**

Mr. Ross Bull  
Executive Director

**Supervisory Board**

Mr. Maarten Bremer  
Chair of Supervisory Board

Mr. Thijs van Buuren  
Supervisory Board member

Mr. Arno Willems  
Supervisory Board member

Mr. Aurel Jupe  
Supervisory Board member

## **Part C: Other Information**

### **Independent auditor's report**

Reference is made to the auditor's report attached below.

### **Appropriation of result according to articles of association**

The CNVP Foundation articles of association do not indicate specific requirements for appropriation of the result. Appropriation of the result will be made by the Foundation Board after adoption of the annual accounts by the Supervisory Board within the limits of the goals of CNVP as set out in the articles of association.

## Independent auditor's report

To the Supervisory Board of stichting Connecting Natural Values & People Foundation

### Opinion

In our opinion, the abbreviated annual accounts, which comprise the abbreviated balance sheet as at December 31, 2017 and abbreviated statement of financial performance for the year then ended, and related notes, derived from the audited annual accounts 2017 of stichting Connecting Natural Values & People Foundation are consistent, in all material respects, with those annual accounts, in accordance with the principals for the valuation of assets and liabilities and the principles for determining the balance of income and expenditure as disclosed in the abbreviated annual accounts.

### Abbreviated annual accounts

The abbreviated annual accounts do not contain all the disclosures required by the Dutch Accounting Standard 640 "not-for-profit organizations". Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Stichting Connecting Natural Values & People Foundation. Those financial statements, and the abbreviated annual accounts, do not reflect the effects of events that occurred subsequent to the date of our report, May 22, 2018, on those financial statements.

### The audit Annual accounts and our opinion there on

We expressed an unqualified audit opinion on those financial statements in our report dated May 22, 2018.

### Responsibility Board of Trustees

The Board of Trustees is responsible for the preparation of an abbreviation of the audited financial statements on the basis described in the principles for the valuation of assets and liabilities and the principles for determining the balance of income and expenditure.

### Auditor's responsibility

Our responsibility is to express an opinion on the abbreviated annual accounts based on our procedures, which were conducted in accordance with Dutch law, including the Dutch Standard on Auditing 810 "Engagements to report on summary financial statements".

Amsterdam, June 5, 2018

Deloitte Accountants B.V.

Signed on the original: S. Kramer



## Building a Greener Economic Environment

CNVP is a civil society organisation that is active in all countries of the Balkan region. It focuses on natural resource management, forestry, agri-rural development, renewable energy and waste management, as well as the impact of climate change on the environment.

CNVP acts as a facilitator to:

- Strengthen individual, group and community capacities to achieve local development goals;
- Maximise the production and service potential of rural areas through sustainable and locally controlled natural resource management;
- Promote the use of natural resources to improve socio-economic development and rural livelihoods; and
- Conserve the bio-diversity of natural resources at a time of serious environmental and climate change.

### Core Values

- **Green** - intervening to build a greener socio-economic environment within the ongoing process of climate change
- **Clean** - promoting renewable energy and improved household/industrial waste management
- **Seen** - operating in the Balkans and the European Neighbourhood Space
- **Lean** - improving the efficiency of service delivery continuously and systematically

**CNVP**

### Building a Greener Economic Environment

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