

**Bulgarian Center  
for Not-for-Profit Law**



**Annual Report  
2008**

## The Mission

Of the Bulgarian Center for Not-for-Profit Law is to provide legal & policy support for the development of civil society, public participation and good governance in Bulgaria.

## About Us

The Bulgarian Center for Not-for-Profit Law (BCNL) was established in July 2001 as a public benefit foundation and registered with the Central Register at the Ministry of Justice.

BCNL has established itself as the leading indigenous expert on NPO legal and financial issues and an important resource center for NPOs throughout Bulgaria. BCNL focuses on legislative assistance to NPO-related issues, the implementation of NPO legislation, and capacity-building, as well as providing legal support services to NPOs.

Our main activities include:

- Consultations on the general legal and tax framework of foundations and associations;
- Maintenance of an online database with updated NPOs legislation, a specialized NPO news section and e-newsletters, maintenance of an internet based forum as well as a an accounting services database;
- Registration and amendments to associations, foundations and companies;
- Preparation of legal surveys, analyses and documentation;
- Organization of training dealing with the legal and the tax framework of NPOs – their management, economic activity, social services provision, advocacy;
- Preparation of strategies and development plans for non-profit organizations.



## What happened in 2008

*Dear colleagues and friends,*

Yet another year filled with a lot of challenges passed. How will we remember 2008:

A. The state has started to play the role of a principal factor in the funding of non-profit organizations. The OPAC programme distributed almost 25 million levs for NPO projects – a very considerable sum which is expected to stabilize funding in view of the diminishing number of foreign donors. On the other hand, however, the majority of organizations with funded projects, not only lack websites but are not even shown after an internet search. In 2008 the PHARE Programme for Development of Civil Society came to an end which deprived civil organizations in our country from over 2 million Euros.

B. The tradition of the state allocating the basic part of the budget subsidy for non-profit organizations without open tender continued. A new increase in the funds for non-profit organizations (with almost 2 million levs) was envisaged for 2009, but the increase in the funds for an open tender cannot even cover last year's inflation rate. We hope that in the coming year, after the implementation of the Conflict of Interest and Disclosure Act, organizations in whose management active members of the government participate will not be funded.



C. The Ministry of Finance tried again to eliminate the tax concessions for donations to non-profit organizations (the proposal was to eliminate all existing concessions including of the exemption from local taxes on received donations). This time the explanation was in the European

Commission. Luckily for us, after a very active campaign of a group of organizations, the Ministry of Finance changed its proposals and re-established all existing exemptions for non-profit organizations. But the truth is that for a second year in a row instead of improving the environment in Bulgaria, we fight for its preservation.

I hope that 2009 will bring changes to the overall attitude of the state to non-profit organizations and that it will realize that they are important partners (as well as an important corrective in a number of cases) and to consider ways to support their activity and their more active involvement in the debate on key issues in the government of the country.

The Bulgarian Center for Not-for-Profit Law will continue to advance the idea of establishing with state funds a Fund for Support of Civil Society which will be independent from the state. We will focus our attention on the more active participation of NPOs in the process of decision-making, adoption of strategies and statutory acts. The third sphere in which we are going to work actively is the creation of an updated database of active civil organizations. We hope to create a website which will centralize the patchy or currently irrelevant databases and which in the future can be maintained with a minimum effort.

2009 will be important for us from organizational point of view as well. My term of office as Director of the organization ended in February and I will be succeeded in my post by Ralitsa Velichkova, former legal expert at BCNL.

With best wishes for a successful year

*Luben Panov, Director*

**Ralitsa Velichkova** has a degree in law and eight years practice as a lawyer. She was a legal consultant to the “Judicial



Strengthening Initiative” of the United State’s Agency for International Development, and in the past two years she was a member of the legal staff of Bulgarian Center for Not-for-Profit Law.

## Financial Framework of NPOs

### Campaign for preservation of tax exemptions for donations

At the end of 2008 the Ministry of Finance made proposals for amendment of tax legislation which envisaged the elimination of tax exemptions on donations made to non-profit public benefit organizations as well as the exemption from payment of local taxes on donations and inheritance. The reason cited for this was the requirement of the European Commission that Bulgaria as a member-country of the European Union (EU), should provide equal tax treatment to all persons from the EU, which in turn means to provide the possibility for tax exemptions on donations to non-profit organizations within the whole EU. In implementation of this requirement the Bulgarian Ministry of Finance proposed to completely eliminate the existing exemptions for donations in favor of Bulgarian NPOs.

In relation to the proposal of the financial ministry we conducted a survey on the problem and its solution by other member-states of the EU. The conclusion was that none of them has implemented in their national legislation such an approach to overcome unequal tax treatment

On the contrary, two of the member-states – Poland and the Netherlands have even expanded the possibilities for tax exemptions for donations by including NPOs from all over the EU. Considering the example of other European countries as well as the principal policy of Europe to encourage the expansion of civil society, we took the stand that in conditions of gradual reduction of the funding of the non-profit sector, the complete elimination of tax exemption for donations manifests the lack of willingness on the part of the state to encourage not only the practice of donations but also the lack of constructive policy to support the existence and development of an active, independent and stable civil society.

**In order to retain the exemptions for donations to NPOs, we organized a campaign together with Bulgarian Donors' Forum, Bulgarian Business Leaders Forum, Tulip Foundation, Programme and Analytical Centre for European Law, Workshop for Civic Initiatives Foundation, Bulgarian Charities Aid Foundation, "Red House" Center for Culture And Debate, Caritas Bulgaria and Bulgarian Association of Persons with Intellectual Disabilities. A Memorandum was drafted and sent to national and European institutions.**

It was signed by ten non-profit organizations and was backed by the media as well as by foreign organizations among which Polish Donors' Forum and the European Foundation Center. The campaign was supported by over 140 organizations and over 700 people from all over Bulgaria.

The first results of the mutual effort were present at the beginning of November when the Council of Ministers put forward in Parliament drafts of tax bills which tax exemptions for Bulgarian NPOs were preserved and there was an “opening” of this possibility for donations to organizations in the EU. At the end of November, after a one-month debate on the bill, the National Assembly ratified the amendments to the Law on Local Taxes, according to which tax exemptions are preserved and foreign organizations are also granted the right to use them. At the beginning of December the amendments to the Law on Income Taxes of Natural Persons and the Law on Corporate Income Tax were adopted. The positive result of the campaign and the joint effort of Bulgarian non-profit organizations, citizens, European institutions and the media is the preservation of tax exemptions for donations to public benefit organizations. Unlike the amendments to the Law on Local Taxes, however, the possibility for tax exemptions for corporate and individual donations are

not extended to donations to public benefit organizations established in other member-states of the EU.

### **Campaign for introduction of financial sustainability measures**

In 2008 as a continuation to our work in 2007 we initiated actions for implementation of a package of measures for financial sustainability of Bulgarian NPOs. The package includes: implementation of mechanism for allocating the VAT accrued on text-messages for charity events for charity purposes; implementation of a 1 % mechanism through which tax payers who are natural persons can choose a



non profit organization to receive 1 % of the tax they paid; increase in the amount of the funds from the state budget distributed annually after an open tender for non-profit legal entities; establishment of a Fund for Support of Civil Society. They were presented to NPOs, institutions and the media at a conference in April as well as at subsequent meetings with government bodies and the media.

With the purpose of understanding the opinion of NPOs in Bulgaria on the measures which they think are the most appropriate and necessary we conducted a survey in which 160 non-profit organizations from all over the country took part. Based on the results we concentrated our efforts on the presentation and implementation of the measure which was supported by most – the Fund for Support of Civil Society.

### Fund for Support of Civil Society

The principal aim of the Fund for Support of Civil Society is the financing of projects of non-profit public benefit organizations. The initial capital of the fund will be given by the state. The capital will be invested in a manner stipulated by the law and only the generated profit will be used for financing the projects. Thus the long-term existence of the Fund can be ensured.

Similar structures exist in other countries from Central and Eastern Europe like Estonia, Hungary as it became evident after the conducted comparative surveys and legal research. On their basis we started to work on a draft bill which will regulate the structure, activity and functions of the Fund.

### Unified financial standard for social services

For a second year in a row a representative of BCNL participates in an inter-agency work group between the Ministry of Labor and Social Policy, the Ministry of Finance and the National Association of Municipalities in the Republic of Bulgaria for reaching a decision on distribution of the delegated central government and local government activities in the fields of social services, education and healthcare. The most important change was the adoption of the unified financial standard (Resolution of the Councils of Ministers № 20 of 21 January 2008 for dividing the activities funded by municipal budgets into local and delegated by the state and for setting standards for financing the activities delegated by the state in 2008), which eliminates the difficulty which municipalities experienced in organizing open tenders for social services and contracting with external providers. Until now some

municipalities refused to transfer the funds for salaries to the organization which had won the tender (or they refused to organize an open tender at all), stating the lack of unified financial standard as a reason.

## Legislative framework for NPOs

### **Citizen and NPO participation in the process of decision making**

In 2008 BCNL started to work on the improvements of the legislative framework connected to the participation of NPOs in the process of decision making, policy formation and the legislative process.

The experts of BCNL prepared two legal analyses on the problems of citizen participation. The first analysis is a critical review on the existing statutory regulation in Bulgaria of the NPO participation in the process of decision making and lawmaking at various levels: the parliament, government, separate ministries. Different examples of this participation are presented as well: work groups, advisory councils, government-public bodies, etc. The other legal analysis presents the practices of NPO participation in decision making in selected European countries and emphasizes the adoption of strategic documents for partnerships between NPOs and the state and on the creation of different departments for contacts with NPOs in separate institutions. The conclusions form the basis of a



strategic document which recommends a model of cooperation between the state and the NGOs suitable for the Bulgarian environment and their inclusion in decision making on different levels.

As part of the activities supporting citizen participation, a BCNL expert took part in a work group at the Legal Matters Commission of the National Assembly on the new draft bill for direct participation of citizens in the governance. The bill envisages a more liberal regime for conducting referendums on the initiative of citizens.

In 2008 BCNL experts participated in various public debates in relation to the expansion of citizen participation: participation in the discussion on the new Statutory Acts Law which provides for obligatory consultations on the statutory acts with interested parties including NPOs; participation in public discussion on the draft bill on referendums, etc.

Also BCNL experts prepared legal opinions on the possibilities for broader citizen participation which were presented before various government institutions.

## Draft bill on Lobbying in Bulgaria

During the process of debating of the draft law on lobbying by the Bulgarian parliament BCNL presented its position according to which the applicable scope of the bill should be restricted only to the private benefit organizations, while public benefit NPOs should participate freely in the formation of new policies.

## Campaign for the adoption of the Volunteerism Act

In 2008 on the occasion of the International Volunteer Day – 5 December, BCNL, together with the Tulip foundation and the National Alliance for Volunteer Action organized another campaign for adoption of a Volunteerism Act. The proposed draft bill was supported by 150 non-profit organizations. The cooperation of the parliament was also sought but this year our proposal again did not reach the plenary floor.

Every year voluntary activities mobilize over 100 million Europeans for good causes. These activities form 3 % of the GDP of Bulgaria and has a yield of return of 5 Euros on every 1 Euro. Voluntary activities encourage also solidarity among different generations, intercultural dialogue and social solidarity. These facts form the basis of

our long-term efforts for ratification of the act which will regulate voluntary activities and thus provide the legislative backing to volunteers themselves.

### **Work Group on Rural Development Programme 2007–2013**

Our experts were included in the standing work groups on Axis 3 (“Quality of Life in Rural Regions and Diversification of Rural Economy”) and Axis 4 (“Building Capacity and Improvement of Local Government”) to the Monitoring Committee at the Rural Development Programme 2007-2013. The rules for organizing the work of the groups were defined during the first sessions of the groups.

### **Social Policies Platform**

BCNL as a member of the Social Policies Platform<sup>1</sup> actively participates in the project carried out by the Platform: “Advocacy campaign, directed towards legislative changes which will give the civil organizations

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<sup>1</sup> *Social Policies Platform* unites 13 civil organizations with excellent experience and professionalism in the social sphere in Bulgaria whose aims is to advocate the positions of civic organization before government institutions and the public and to mobilize their expertise potential for participation in the formation of social policies.

the possibility to provide healthcare services”. Within this initiative the experts of BCNL, which is one of the leading organizations in the Platform, took part in the drafting of a strategic document which analyses the participation of non-profit legal entities in the provision of healthcare services in the Republic of Bulgaria. An important part of the document are the proposed long-term and short-term measures and changes which can allow the inclusion of NPOs on the market of healthcare services provision and their regulation as an equal provider. The strategic document was presented by the BCNL experts at a round table on the topic “Changes in the Healthcare System in Bulgaria. Status of Healthcare Institutions”, held on 18 June with the support of “Open Society Institute – Sofia”.

**Non-profit organizations believe that they could participate in the provision of services done by health cabinets at schools, kindergartens, homes for children deprived of parental care where they will hire only persons with medical degree. As a whole the analysis of the international practice done by our team shows that traditionally NPOs are providers of both social and healthcare services. The advantages which they have are: the possibility to attract additional financial resources trough projects and campaigns and volunteer**

labor; a greater tendency of donors to give money to such organizations and the provision of an easier access to services and less bureaucracy.

## Events

### International Conference “Funding of Non-Governmental Organizations”

On 2 April 2008 we organized an international conference “Funding of Non-Governmental Organizations”. The conference was held with the financial support of the Trust for Civil Society in Central and Eastern Europe in partnership with “Open Society Institute – Sofia” and Tulip Foundation. The conference was the first step in the campaign for financial sustainability of NPOs initiated at the beginning of March 2008. Representatives of more than 120 non-governmental organizations and of various governmental agencies were present.





David Moore (USA) presented an overview of the various mechanisms for financing NPOs. Nilda Bullain (Hungary) focused her attention to issues relating to state funding and the specific experience of the Hungarian National Civic Fund in the period 2004–2008. Together with Milan Andreikovic (Slovakia) they presented the essence and the advantages of the 1% mechanism which is applied in Hungary and Slovakia. The mechanism of management and the structure of the National Foundation for Civil Society Development in Croatia were presented by Vania Skoric (Croatia). Of great interest was the lecture of Wim Jacobs (the Netherlands) – Chairperson of the Association of Charity Lotteries in the EU who spoke about the experience of his country in the distribution in favor of non-profit organizations of the revenues from charity lotteries amounting to over 220 million Euros. The highlight of the

conference was the discussion of the situation in Bulgaria and the possibilities for creating alternative sources of funding for NPOs, such as the establishment of a Fund for Support of Civil Society.

### **National Conference of NPOs**

Luben Panov took part as a speaker in the national conference of Bulgarian non-profit organizations held on 28 May 2008 at the National Palace of Culture and presented the ideas for improvement of the financial situation of civil organizations in Bulgaria.

### **Strategic Planning of BCNL**

In June a strategic planning was carried out by BCNL in which members of the staff and the Board took part. Issues relating to the expansion of the organization in new spheres were discussed. The ideas for its future development were enlisted by amending its mission and aims.

### **Conference on the quality of social services**

A national conference “Provision of Quality Community-Based Social Services – Necessary Changes” was organized in Sofia on 26 September 2008 by the Programme and

Analytical Centre for European Law. At the event the legal framework of the quality and control of Community-Based Social Services was presented as well as the strategic document “Good and effective regulation of quality standards for Community-Based Social Services” prepared and delivered by BCNL. Representatives of local administration and authorities, the Social Support Agency, State Agency for Protection of Children, NPOs – social services providers and organizations of persons with disabilities took part. The successful forms of partnership, good practices and possibilities for making them sustainable, the tendencies and challenges in providing quality social services in Bulgaria were discussed.

### **Public Lecture on the topic “Citizen Participation in the Process of Lawmaking”**

On the initiative of the European Law Students' Association (ELSA), a BCNL expert was invited as a lecturer at the Law Faculty of “St. Kliment Ohridski” Sofia University. The topic of the lecture was “Civil Participation in the Process of Lawmaking “, and current issues on the participation of NPOs in the process of lawmaking were discussed.

### **Meeting with a senator from Alaska**

In October 2008 our staff met with a member of the Alaskan Senate representing the North District, USA– Lesil McGuire who was visiting Bulgaria within the grant programme of the German Marshall Fund. The spheres of operation of Bulgarian NPOs, their activity, advocacy campaigns and the possibilities for their participation in the process of decision-making were discussed during the meeting. Senator McGuire on her part presented her experience as a representative of the state in her work with local NPOs in Alaska.



# International participation and activities

## International Projects

In 2008 continued the participation of Luben Panov as expert in Armenia in the project “Strengthening the legal framework for citizen action through freedom of association” of the European Center for Not for Profit law.

Luben Panov was actively involved in the consultations and in the drafting of Code of participatory cooperation between Ministry of Labour and Social Affairs and Public Organizations in Armenia. This innovative idea

was accepted by many other government agencies and currently over 8 other ministries discuss the adoption of similar documents.

As part of the project Luben Panov participated in a regional conference on the relations between the government and civil organisations held in Georgia in July which included over 50 experts and government representatives



from Armenia, Azerbaijan, Georgia and Moldova to exchange experience in the field of partnership between NPOs and the state. BCNL presented the experience of Bulgaria in social contracting and the participation of NPOs in decision making on local level.

In October 2008 BCNL, represented by Luben Panov was invited to Albania to participate in the discussion of

the Fund for Civil Society Development Act as well as the drafting of various documents connected with its practical implementation such as procedures for awarding grants, mechanism for electing members of the Managing Board, etc. Albania has allocated 1 million dollars for the fund from its budget for 2009.

### **Participation in International Events**

In October our representative participated in a study visit to Brussels, Belgium. Representatives of Bulgarian NPOs, nominated and supported by organizations working in the social sphere participated in the visit. Nadya Shabani was included in the study visit as a representative of BCNL and the “Social Policies” Platform. The study visit was organized by “Open Society Institute – Sofia” and the purpose was



to meet Bulgarian NPOs with representatives of European platforms of NPOs and the institutions of the EU such as Euronet, ESAN, EU Civil Society Contact Group Social Platform, representatives of the European Commission (Secretariat General и DG Employment, Social Affairs, Equal Opportunities). Part of the programme was an official lunch with Commissioner Meglena Kuneva.

The Chairman of the Board of Trustees of BCNL, David Moore, participated in the first Forum of Non-Governmental organizations from the Black Sea region which took place from 31 October to 2 November in Bucharest, Romania. The principal aim of the event was the improvement of the dialogue and the mutual acquaintance of non-governmental organization from Armenia, Azerbaijan, Belarus, Bulgaria, Georgia, Greece, Moldova, Turkey, Ukraine, Romania and Russia. The Forum gathered more than 220 participants from over 100 organizations. David Moore presented the legal framework for NPOs in Bulgaria and the problems which the organizations in our country face.

A representative of BCNL took part in an international work group consisting of legal consultants affiliated to the pan-European network Inclusion Europe, which aims to monitor the process of ratification of the Convention on Persons with Disabilities, ratified by the United Nations in various member-states as well as to discuss the possible approaches and solutions to harmonizing national

legislation systems in accordance with the Convention. BCNL presented the experience of Bulgaria in relation to the ratification of the Convention, participated in the discussion on the necessary reforms which should be accomplished in various national legislative systems and the drafting of strategic documents which will serve as a common ground for action on EU level.

A representative of BCNL took part in a two-day seminar “Step Up: Sharing Successes and Challenges in Deinstitutionalization” in April in Budapest, Hungary. The event was organized by “Open Society Institute–Budapest”, the Initiative for Mental Health and Homes for Children. The participants in the seminar were representatives from the 10 countries from Central and Eastern Europe which discussed the problems of decentralization and supply of community-based social service by the NPOs in the region.

BCNL was one of the three Bulgarian organization participants in the Black Sea conference on the freedom of speech held in Kishinev, Moldova in April 2008.

In August a representative of BCNL took part in an international summer school organized by “Konrad Adenauer” foundation in Sarajevo, Bosnia and Herzegovina. The topic was “The Rule of Law in Theory and Practice”, and legal consultants and political scientists from Europe and the USA as well as lecturers from European universities took part.

## Training and Support for NPOs

### Training

In 2008 BCNL organized a series of trainings with the support of the “Social Support” Fund. The topics of the trainings were connected with the provision of quality social services, decentralization and deinstitutionalization and social contracting. A particular emphasis was made on the topic of the quality of social services and the successful experience of specific municipalities in delegating social services to external providers. 4 trainings for municipal councilors, mayors and administrators were organized and the staff of the local Social Support Agency (Directorate “Social Support” and Regional Directorates) was also invited. The trainings were one day long and were carried out in three regions. They were organized in partnership with the Association of the Danube Municipal Councils (Svishtov 23.10.2008), Hebros Association of the Municipal Councils from the South Central Region (Plovdiv, 27.10.2008) and Stara Planina Regional Association of Municipal Councils (Gabrovo, 21.10.2008). The last training was organized in Sofia on 5 December 2008.

Consultations on the organization and conducting of open tenders under the procedure of the Social Support Act and the Rules for its Implementation were given. Assistance in relation to the preparation and organization of



open tenders was sought by the municipalities of Kazanluk and Gabrovo. Providers of social services from Samokov and Sofia (the local structures of the Bulgarian Association of Persons with Intellectual Disabilities – BAPID) also sought assistance in connection with their relations with municipalities in organizing open tenders and asked for specific advice in cases that might occur in the process.

In 2008 BCNL experts participated as lecturers and organizers in other trainings. At the beginning of the year one of our lecturers presented the topics: “Legal framework of social enterprises in Bulgaria”, “Social Enterprise in Europe. Comparative Analysis”, “Social Enterprise in Europe. Good practices” at a training organized by the Open Society Club in Smolyan. In May, as part of the project “Challenges to Bulgaria in Social Europe: provision of quality community – based Social Services” PHARE, Civil Society Development” 2005, carried out by the Programme and Analytical Centre for European Law BCNL lecturers took part in a work meeting in Sofia on the topic “Provision of Quality



Community -Based Social Services – legislation and practices” and in September at the final conference on the project they presented the analysis prepared by them – “Review of the Legal Regulation and the Quality and Control of Social Services in Bulgaria” and the strategic document “Is it feasible to have Good

an Effective Regulation of Standards for Quality of Social Services?”.

In June lecturers from BCNL presented in Plovdiv the topic “Advocacy” and “Social Contracting” at a training organized by 3 Net Association for organizations working in the sphere of combating trafficking of people and children. At the beginning of October our experts spoke about the challenges to social contracting in Bulgaria and the provision of quality social services at an international conference “Forum of Social Services Providers in Bulgaria” organized by Vision Agency in Varna. At the end of November a BCNL expert made a presentation on the topic “Social contracting, mechanisms, challenges, opportunities” at a conference organized in Pernik by BAPID “Vyara, Nadezhda i Lyubov” about forming successful public partnerships in the social sphere and social contracting. Over 100 people took part in the event as well as the Deputy Minister of Labor and Social Policies Yasen Yanev.

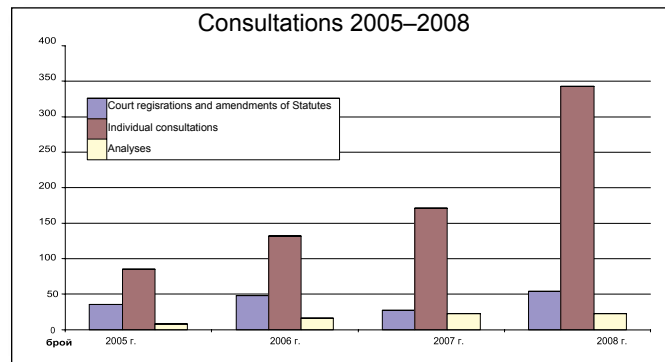
## Support for NPOs

451

This is the total number of consultations and legal assistance which we provided to non-governmental organizations and natural persons in 2008. This includes 54 court registrations and amendments to registrations, over 30 applications to the Central Registry of Non-Profit Legal Entities at the Ministry of Justice, 343 consultations in relation to the status, the

activity of NPOs and taxation, consultations regarding social contracting, good management, etc.

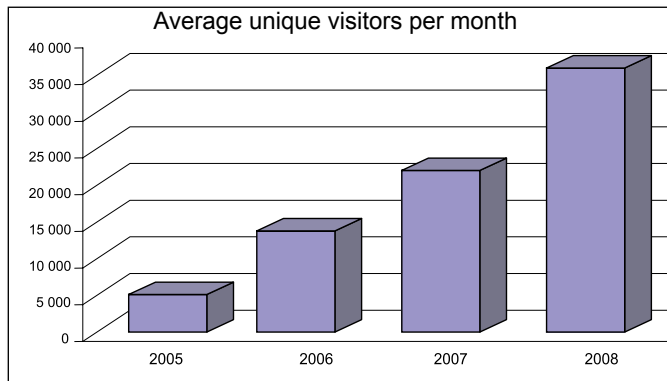
It should be noted that the expert legal assistance provided by us continues to grow yet another year.



[www.bcnl.org](http://www.bcnl.org)

In 2008 our website reached its greatest number of average monthly visits since its construction – 35 984 individual users (22 007 in 2007). We replied to questions asked in 81 topics on the website forum and posted 41 messages in the news section. The database for accounting services started in 2007 contains information about specialized accounting for foundations and associations in Sofia, Blagoevgrad, Varna, Veliki Preslav, Veliko Turnovo,

Vidin, Vratsa, Dobrich, Mezdra, Montana, Plovdiv, Razgrad, Rouse, Smolyan, Turgovishte and Shumen.

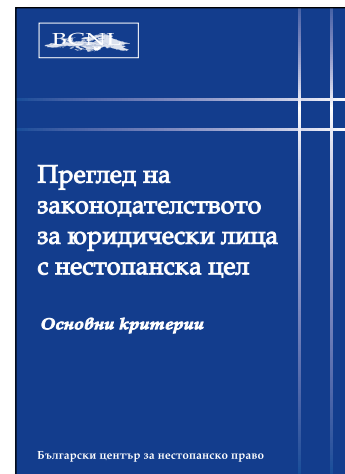


## Publications and Analysis

### Publications

*Review of the legislation on legal non-profit entities*

The publication presents an overview of the NPO legislation which includes not only the existing legal framework but the practice of its implementation. Its purpose is to make an assessment of the framework regarding NPOs in Bulgaria on the basis of preliminary developed criteria as well as to outline the spheres where improvement of the legislative regulation and initiation of measures for overcoming the existing bad practices is necessary.



### Analyses

In 2008 BCNL prepared the following legal analyses:

- *Review of the Bulgarian legal regulations of NPO participation in decision making by: the parliament, government and separate ministries.*

- *The practices of NPO participation in decision making in various European countries, in which examples are given:* for implementation of strategic documents for partnership between NPOs and the state; for drafting codes of consultations with NPOs; for creating special departments in various institutions for contact with NPOs.

- *Comparative analysis of the regime of lobbyist activity in the EU member states, USA, the European Commission and the European Parliament.* The analysis outlines the basic models for public visibility of lobbyism and for avoiding conflict of interest in performing this activity.

### **USAID NGO Sustainability Index**

BCNL coordinates the preparation of the NGO sustainability index for Bulgaria for 2008. This instrument is used for measuring the level of development and vitality of the third sector in Central and Eastern Europe and Eurasia. Every year a group of experts and representatives of NPOs assesses the conditions of the sector in a particular country on the basis of preliminary set criteria and compliance with issues connected with the legal framework, organizational capacity, financial sustainability, advocacy, service provision, infrastructure and the public image of NPOs. The index is implemented for the 12th consecutive year and will be published in 2009.

## **Staff and Board of Trustees**

### **Staff**

Luben Panov – director, manages the overall work of BCNL, *since February 2009 – programme director*

Ralitsa Velichkova – legal consultant, expert in NGO legal framework, financial sustainability and NGO economic activity, *since February 2009 – director*

Nadya Shabani – programme director, legal consultant, expert in the field of NGO legal framework, social contracting and antidiscrimination

Alexander Yolovski – organizational development and financial reporting to donors, *since 2009 – financial director*

Marieta Dimitrova – legal consultant, expert in social contracting and antidiscrimination

Atanas Slavov – legal consultant, expert in social contracting and NGO legal framework

Pavleta Alexieva – legal consultant, expert in NGO legal framework

Mila Boyanova (*currently on maternity leave*) – legal consultant, expert in social contracting and antidiscrimination

Nadya Lazarova – accountant

## Board of Trustees

David Moore – chairman

Vyara Mukova-Toneva

Svetlana Georgieva

Stephan Klingerhofer

Ivo Hristov

Luben Panov – *until February 2009* – director and ex officio member

Ralitsa Velichkova – *since February 2009* – director and ex officio member

## BCNL thanks for the financial support to:



Trust for Civil Society  
in Central & Eastern Europe

**B | T | D** The Balkan Trust  
for Democracy

A PROJECT OF THE GERMAN MARSHALL FUND



**USAID**  
FROM THE AMERICAN PEOPLE





## INDEPENDENT AUDITOR'S REPORT

To the management of  
Bulgarian Center for Not-for-Profit Law  
Sofia

### REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Bulgarian Center for Not-for-Profit Law (the Foundation), which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes (from page 8 to page 13).

### REPORT ON OTHER LEGAL AND REGULATORY REQUIERMENTS – Management's report for the year ended 31 December 2008

We have reviewed the management's report for the year ended 31 December 2008 of *Bulgarian Center for Not-for-Profit Law*, which is not part of the financial statements. The historical financial information in the Management's report, prepared by the management, complies in its main aspects with the financial information, presented in the financial statements for the year ended 31 December 2008, prepared in accordance with National Financial Reporting Standards for Small and Medium Enterprises (NFRSSME) and the national legislation. The preparation of the management's report is responsibility of the management.

FOR AND ON BEHALF OF  
ATA CO LTD

  
Radosveta Vesselinova  
Certified public accountant

February 26, 2009

Sofia, Bulgaria



Prepared by: BCNL

**BALANCE**  
of Bulgarian Center for Not-for-Profit Law as at 31.12.2008

ASSETS				LIABILITIES			
Sections, groups, items	Notes	Amount		Sections, groups, items	Notes	Amount	
		Current year	Previous year			Current year	Previous year
		thous.BGN	thous.BGN			thous.BGN	thous.BGN
<b>A. Non-current assets</b>				<b>A. Equity</b>			
<b>I. Tangible</b>	3			<b>I. Registered capital</b>			
1. Equipment, computers		1	1	<b>II. Reserves</b>			
				1. Purposive reserves		114	108
<b>Group I Total:</b>		<b>1</b>	<b>1</b>	general reserves incl.		87	42
				<b>Group II Total:</b>		<b>114</b>	<b>108</b>
				<b>Section A Total (I+II)</b>		<b>114</b>	<b>108</b>
<b>III. Intangible financial assets</b>	4			<b>B. LONG-TERM LIABILITIES</b>			
Available-for-sale investments		11	25				
Subsidiary company		5	5				
<b>Group III Total:</b>		<b>16</b>	<b>30</b>				
<b>Section A Total</b>		<b>17</b>	<b>31</b>	<b>I. Financing</b>	6	<b>1</b>	<b>1</b>
<b>B. Current assets</b>				<b>Section B Total (I+II)</b>		<b>1</b>	<b>1</b>
<b>I. Receivables</b>							
1. Advance payments for project		2	2	<b>C. SHORT-TERM LIABILITIES</b>			
<b>Group I Total</b>		<b>2</b>	<b>2</b>	<b>I. Short-term payables</b>	7		
				1. Payables to the budget		2	2
<b>II. Cash</b>	5						
1. Cash		208	120	<b>Group I Total:</b>		<b>2</b>	<b>2</b>
2. Demand deposits		27	27				
<b>Group II Total</b>		<b>235</b>	<b>147</b>	<b>II. Financing</b>	8	<b>137</b>	<b>69</b>
<b>III. Deferred expenses</b>							
				<b>Section C Total (I+II)</b>		<b>139</b>	<b>71</b>
<b>Section B Total (I+II+III)</b>		<b>237</b>	<b>149</b>				
<b>Total assets (A+B)</b>		<b>254</b>	<b>180</b>	<b>Total liabilities (A+B+C)</b>		<b>254</b>	<b>180</b>

February 26th, 2009

Prepared by: BCNL

**PROFIT AND LOSS ACCOUNT**  
of Bulgarian Center for Not-for-Profit Law for the year ended 31.12.2008

EXPENSES	Notes	Current Year	Previous Year	REVENUE	Notes	Current Year	Previous Year
		thous.BGN	thous.BGN			thous.BGN	thous.BGN
<b>I. OPERATION EXPENSES</b>				<b>I. OPERATING REVENUE</b>			
<b>A. Cost of regulated activities</b>	10			activities	9		
1. Programs costs		108	151	1. Financing		108	152
<b>TOTAL A:</b>		<b>108</b>	<b>151</b>	<b>TOTAL I</b>		<b>108</b>	<b>152</b>
<b>B. Administrative expenses</b>				<b>II. FINANCIAL INCOMES</b>	11		
<b>TOTAL I:</b>		<b>108</b>	<b>151</b>	1. Interest incomes		5	3
<b>II. FINANCIAL EXPENSES</b>	11			rates		4	3
1. Losses from currency exchange rates		8	5	<b>TOTAL II:</b>		<b>9</b>	<b>6</b>
<b>TOTAL II:</b>		<b>8</b>	<b>5</b>	<b>III. PROFIT FROM ECONOMIC ACTIVITIES</b>		<b>5</b>	<b>40</b>
<b>III. TOTAL EXPENSES</b>		<b>116</b>	<b>156</b>	<b>IV. TOTAL REVENUES</b>		<b>122</b>	<b>198</b>
<b>IV. RESULT</b>		<b>6</b>	<b>42</b>	<b>GRAND TOTAL</b>		<b>122</b>	<b>198</b>
<b>GRAND TOTAL</b>		<b>122</b>	<b>198</b>				

February 26th, 2009