



**BULGARIAN
CENTER FOR
NOT-FOR-PROFIT
LAW**

**ANNUAL
REPORT
2012**



BCNL's **mission** is to provide support for the drafting and implementation of legislation and policies aiming to advance civil society, civic participation and good governance in Bulgaria.

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

BCNL pursues its mission with the strong belief that the improvement of the NGO legal framework is instrumental for the creation of an independent and prosperous civil society.

Main activities

- Legislative initiatives, advocacy campaigns and provision of technical assistance to NGOs and institutions for drafting and implementing legislation;
- Enhance the capacity of NGOs on issues related to the legislation regulating their activities, advocacy and good governance;
- Provision of legal support to NGOs through consultations on the legal and tax framework of the activities of foundations and associations;
- Conduct legal studies, analyses and research on topics related to the legal regulation and the activities of NGOs, draw up strategies and organization development plans;
- Organize trainings on topics such as the legal regulation and the activities of NGOs, good governance, provision of social services, advocacy, etc.

Team

Ralitsa Velichkova – Director of BCNL, lawyer, expert on the legal framework for NGOs;

Luben Panov – Program Director, expert with international experience in the field of legal and financial framework for NGOs;

Nadia Shabani – Program Director, lawyer, expert on the legal framework for NGOs and social contracting;

Pavleta Aleksieva – Program Director, lawyer and expert on the general legal and tax framework for NGOs;

Elina Petkova – Office Manager;

Ivan Georgiev – lawyer, expert on the legal framework for NGOs;

Marieta Dimitrova – lawyer, expert on social contracting and anti-discrimination;

Ruzha Toneva – intern;

Hristo Blidov – intern.

Board of Trustees

Desislava Bizheva – Chairman of the Board (lawyer);

Vyara Mukova – Treasurer of the Board (attorney-at-law)

David Moore – member (Vice President of the International Center for Not-for-Profit Law)

Svetlana Georgieva – member (journalist);

Stephan Klingelhofer – member (Senior Vice President of the International Center for Not-for-Profit Law)

Ivo Hristov – member (associate professor, Doctor of Juridical Science, professor at Sofia and Plovdiv Universities);

Ralitsa Velichkova – Ex officio member (Director of BCNL)

I. THE STATE OF CIVIL SOCIETY IN BULGARIA

STATE STRATEGY FOR INTERACTION WITH CIVIL SOCIETY ORGANIZATIONS

In January 2012, the Bulgarian Center for Not-for-Profit Law (BCNL) together with the Minister of EU Funds Management Tomislav Donchev initiated a discussion about the need for a clear government policy in support of civil society development. Prospects for the strategic development of the sector and the interaction between CSOs and government institutions were discussed during the meeting.

In February 2012, by an order of the Prime Minister a working group was set up, comprising of representatives of government institutions and NGOs, whose main task was to develop a *complete Vision and Strategy for the Development of CSOs in the Republic of Bulgaria*. BCNL was actively involved in the activities of the working group. In May, the draft Strategy was published for discussion on the Portal of Public Consultations (www.strategy.bg), on BCNL's website (www.bcnl.org) and on the Information Portal of NGOs (www.ngobg.info). A public discussion of the Strategy with the participation of CSOs was held in June 2012. As a result of the joint efforts of representatives of CSOs and government institutions on 5 September 2012 the Council of Ministers adopted the *Strategy to Support of the Development of Civil Society Organizations in the Republic of Bulgaria for the period 2012-2015*. A *Vision to Create a Mechanism for Funding the Civic Sector* was adopted along with the Strategy. In December, the Council of Ministers also adopted a *Plan to Implement the Strategy Measures*.

The vision of the Strategy is: "Civil Society Organizations in the Republic of Bulgaria are active, independent, sustainable and related to the people". The Strategy is based on the principles of partnership, mutual respect, independence, civic participation, transparency and publicity and conflict of interests' prevention.

The Strategy envisages three main measures and the following activities are provided for their performance:

- Forming a working partnership between the state and CSOs;
- Achieving financial sustainability of CSOs in Bulgaria;
- Creating conditions for civic activity.

The Strategy envisages the establishment of a Council for the Development of Civil Society under the authority of the Prime Minister of the Republic of Bulgaria, which:

- Coordinates and monitors the implementation of the Strategy to Support the Development of CSOs in the Republic of Bulgaria and the Action Plan under the Strategy;
- Adopts an Annual Plan (including a financial one) about the implementation of the Strategy for each subsequent year and reviews and evaluates its execution;
- Collects information on the CSO funding under the Consolidated Fiscal Program to determine the effectiveness of the granted public funds;
- Does an annual review on/of the needs and problems of CSOs and their results/outcomes and achievements;
- Supports the process of interaction of the state and local authorities with CSOs;
- Performs other activities and responsibilities directly related to the implementation of the Strategy and development of civil society in the Republic of Bulgaria.

Equal number of participants in the Council will also be appointed by the NGOs themselves.

Another important document adopted by the Council of Ministers – the Vision to Create a Mechanism for Funding of the Civic Sector, paves the way for a new and transparent mechanism for allocating government funds to NGOs through a competition. Through the mechanism, the state will allocate funds to projects related to the implementation of the Strategy. Although such funds are not provided for in the state budget for 2013 the existence of a financial mechanism is a prerequisite for its implementation in the near future. The Vision also envisages the creation of *Rules for all Budget Funds Administrators when granting funds to NGOs*. The document envisages from 2014 the budget funds for NGOs to be allocated by an independent organization (not by a government structure).

SUSTAINABILITY INDEX FOR NON-GOVERNMENTAL ORGANIZATIONS

The Bulgarian Center for Not-for-Profit Law coordinated the activity of drafting the *Sustainability Index for Non-Governmental Organizations for 2011*. The Index is developed by the US Agency for International Development (USAID) in 29 countries from Central and Eastern Europe and the former Soviet Union and 30 other countries in Africa, the Middle East and Asia.

Bulgaria's overall score for 2011 is 3.4¹, which indicates a serious deterioration in comparison with previous years.

The graph illustrates the results of Bulgaria from 1997 to 2011. Although in none of the seven areas included in the Index (Legal framework for NGOs; Organizational capacity; Financial sustainability; Advocacy; Provision of services; Infrastructure; Public prestige) the decline is not dramatic, the results in six of the areas have deteriorated. Only the result from evaluating the provision of services has not deteriorated.

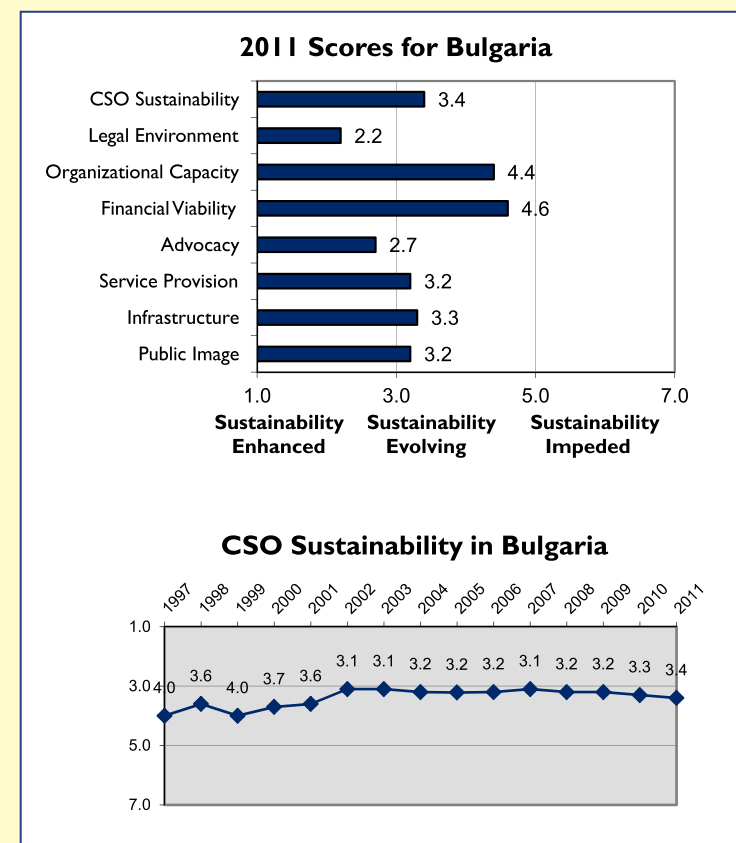
The worst estimates that Bulgaria has are in the sphere of financial sustainability (4.6) and organizational capacity (4.4). These two estimates are very close to 5 – the score which indicates the beginning of difficult sustainability. In terms of financial sustainability, Bulgaria is ranked 12th among the countries in Central and Eastern Europe and the former Soviet Union. It is ranked after all new EU member states and after Croatia, Macedonia and Ukraine, and it is on par with Albania and Kazakhstan.

Although the score for organizational capacity is higher than the one for financial sustainability, we are at the 23rd place on this indicator in the overall ranking. Only Azerbaijan, Belarus, Tajikistan, Turkmenistan and Uzbekistan are ranked after us.

THE CIVIC PARTICIPATION FORUM

Over the past year BCNL has been actively involved in the activities of the Civic Participation Forum. The Forum oversaw the process of nomination and participation of CSO representatives in the working groups developing operational programs for the period 2014-2020. Under the auspices of the Forum, a meeting was organized between the CSO representatives in the working groups developing operational programs. As a result, specific recommendations were made to improve the activity of the working groups.

In September 2012 the Forum was registered as a public benefit association that combines the efforts of the organizations in the field of civic participation in the decision making processes. BCNL was elected as one of the members of the Board of the association.



¹ The estimates are grouped into three categories: high sustainability (1 to 3); developing sustainability (3.1 to 5); difficult sustainability (5.1 to 7).

II. THE UN CONVENTION ON THE RIGHTS OF PERSONS WITH DISABILITIES

In 2012, the Government of the Republic of Bulgaria ratified an exceptionally important document which concerns the environment for effective exercise of fundamental rights of people with disabilities – *the UN Convention on the Rights of Persons with Disabilities*. Within the project “*Capability and Responsibility: True Prospects for People with Disabilities*” BCNL’s team worked actively for Bulgaria’s accession to this international document and for a specific amendment in the Bulgarian legislation that will help to implement the standards of the Convention. A working group of lawyers was formed at the Ministry of Justice (MJ) which included experts from the institutions involved (Ministry of Justice, Ministry of Labour and Social Policy, the Ombudsman’s office), BCNL’s and the Helsinki Committee’s lawyers, active judges and university professors. The working group made a draft of the *Concept for changes to national legislation, related to the implementation of the standards of Art. 12 of the Convention*, which gives the main guidelines for changing the legislation, the scope of the new legal institutes and measures, which should replace the traditional system of guardianship and restricting legal capacity in Bulgaria. The drafted Concept was publicly discussed at a public hearing, organized by BCNL in partnership with the Ministry of Justice, representatives of organizations of persons with intellectual disabilities and mental health issues, relatives and professionals and was adopted by the Council of Ministers in November 2012.



Within this project, we organized:

- 6 round tables in the country organized together with the regional branches of the Bulgarian Association for Persons with Intellectual Disabilities – BAPID (Varna, Stara Zagora, Ruse, Burgas, Lovech, Plovdiv), each with 30 participants;
- Training of the members of the working group of lawyers at the MJ by representatives of the Mental Disability Advocacy Center (MDAC);

Training for practicing judges (from 20 district courts) on the opportunities for implementing the new provisions of the Convention. The training was organized in cooperation with the Sofia City Court.



BCNL's experts participated in the activities of the working group established by the Ministry of Labour and Social Policy, whose aim was to prepare proposals for changes to the Social Assistance Act and the related legislation with the purpose of implementing the Convention. BCNL's team produced a complete Concept for changes that includes proposals for changes to the legislation on the provision of social services to people with disabilities and their placement in specialized institutions outside the community. The Concept is still to be discussed.

BCNL's team also helped to draft the two-year Action Plan for implementing the Convention, adopted in the autumn of 2012 by the Council of Ministers.

In the past year BCNL started executing a new project on implementing the Convention in partnership with BAPID, Global Initiative on Psychiatry (GIP) Sofia and the National Organization of Mental Health Users (NOMHU), supported by the Open Society Institute – Switzerland. The project aims to continue to amend the national legislation related to the implementation of the UN Convention on the Rights of Persons with Disabilities and to pilot supported decision making for people with intellectual disabilities and mental health issues.

Another interesting project that BCNL was involved in together with the Global Initiative on Psychiatry – Sofia is “Piloting the Concept of “Experts by Experience” who have suffered social exclusion in the Bulgarian context” funded by Operational Program “Human Resources Development”, “No Borders” Component, Phase 1. The initiative aims to build on existing best practices in Europe in order to tackle social exclusion by introducing a qualitatively different approach to working with vulnerable groups through creating the “Expert by Experience” profession.

Within the project BCNL's lawyers prepared an analysis of the Bulgarian legislation and gave specific recommendations for changing the regulations to introduce this new profession, to secure the relevant training and educational qualifications of the future “experts by experience” and also proposals for the financial security of the “experts by experience”. A few meetings with representatives of the relevant government institutions were organized to draft the future plan for implementing the recommendations.

During the past year BCNL drafted the *Analysis on the New Models for Regulating the Mediation Approach to Working with Vulnerable Communities* on behalf of the National Council on Ethic and Integration Issues. The analysis was presented to the members of the National Council and the Deputy Prime Minister Tsvetan Tsvetanov, Chairman of the National Council.

One of the most important legislative initiatives of BCNL in 2012 was the preparation of proposals to the Law on the Pre-School and School Education. The proposals we made stipulated the regulation of the legal possibility part of the activities of the Support Centers for personal development to be assigned to private suppliers who have a license for providing social services to children. On the one hand, this would allow for more effective and efficient provision of the service, as it will allow the municipal mayors to integrate their available services, directed at working with children at risk, in the community. Similar European models have been existent for years and demonstrate the successful integration of the public and private sectors' efforts to have better quality services which are more adaptable to the needs of the people.



III. VOLUNTEERISM AND PHILANTHROPY

Over the past year BCNL continued its advocacy actions for the adoption of the Law on Volunteerism. The Law was drafted in 2011 but in practice more than half a year passed until the Council of Ministers put it forward to the National Assembly. In cooperation with the Tulip Foundation and the Bulgarian Donors Forum we organized press conference, participated in various TV formats during which we raised the issue about the need for regulation through a statute on the voluntary relationships. At the end of the year the draft law was distributed between Commissions at the National Assembly and its consideration for first reading began.

THE PERNIK CAMPAIGN

Another important event for us last year was the volunteering campaign in the Pernik region, held from early October until late November. Its aim was to restore the houses, damaged by an earthquake that took place on the 22 May and key to the campaign was recruiting volunteers to support the state and local government efforts to overcome the consequences. The campaign was organized by the Minister Tomislav Donchev's office in cooperation with the Bulgarian Center for Not-for-Profit Law, the Information Portal of NGOs (www.ngobg.info), Cooperation for Voluntary Service (CVS) Bulgaria, Habitat Bulgaria, Caritas and TimeHeroes.



BCNL was actively involved in the campaign and was an integral part of the organization and coordination of the volunteering groups that every Saturday from 6 October to 24 November 2012 participated in the restoration activities of the more mildly affected houses located in the villages Yardzhilovtsi, Divotino and Meshtitsa, Pernik region. The activities were focused mainly on clearing out the land, strengthening the foundations of the houses, throwing away the waste. BCNL aided the campaign not only by the weekly coordination of the volunteers but also by providing insurance and purchasing pharmaceutical and work equipment (gloves, masks, goggles). Nearly 50 people mostly from Sofia city joined the campaign as volunteers, including people from BCNL's team. The action was also assisted by the

local authorities – mayors of the villages, who provided construction specialists to conduct safety trainings at the start of the work activities. The campaign ended with an official event, organized by Minister Donchev's office and the Bulgarian Red Cross on the 5 December 2012 – the International Volunteer Day. On the event letters of thanks and participation certificates were handed to all volunteers and organizations which were involved in the campaign. BCNL received an honorary certificate for its contribution.

A cause which BCNL formally owned is Grandpa Boris' faith whom we learnt about through our colleagues who were actively involved in the campaign. The earthquake had demolished his house and he was going through a hard time living in a little caravan given to him by the state. Our support to Grandpa Boris started with clearing out the bricks in the yard of the collapsed house and subsequently we brought him warm clothes and a heater to help him survive the winter easier. The campaign is over but our cause to help Grandpa Boris has not ended yet. We will continue to stay informed of his doings and support him.

VAT on DMS

In 2012, after years of trying the problem with the VAT on the charitable SMS (DMS) was partly solved. In February 2012 a serious discussion began (in the government as well) about solving this problem. The Bulgarian Center for Not-for-Profit Law supported the Commission on Education, Science and Children, Youth and Sport Matters at the National Assembly by providing information about the legal regulation of the VAT on the charitable SMS in other European states. In March a draft amendment to the VAT Act was submitted to the National Assembly.

On 22 August 2012, 6 months after the sitting of the Council of Ministers and 5 months after the submission of the draft law to the National Assembly, the Bulgarian Center for Not-for-Profit Law, the Bulgarian Donors Forum and the website "Spasi, dari na..." organized a press conference during which they called on the state to look seriously at this issue and promptly find a solution. On 31 August 2012 the Ministry of Finance issued a Guideline on implementing the VAT Act in the case of a donation by a short text message – SMS or a public telephone service (a phone call). The mobile operators reset their systems and in practice from December 2012 the charitable SMS will not be subject to VAT. The issue still to be resolved concerns the prepaid cards of mobile operators who still charge VAT on the DMS.



IV. SUPPORT TO NGOs

THE INFORMATION PORTAL OF NGOs

In 2012 the Information Portal of NGOs in Bulgaria (www.ngobg.info) turned 2 years. Over the past 12 months we continued to renovate it so that it will be interesting and useful to the users. Each registered organization can now publish its own news. In 2012 over 400 news and announcements of NGOs were published on the Information Portal, as well as information about 60 campaigns, organized by CSOs.

In 2012 NGOBG was a media partner of:

- The Workshop for Civic Initiatives Foundation for:
 - The TechSoup program about free software for NGOs ;
 - The Living Heritage program;
 - The program for sport talents;
- The awards for the best community center initiative of the Agora Platform;
- The “Person of the Year” awards of the Bulgarian Helsinki Committee;
- The Bulgarian Donors Forum’s awards for the largest corporate donor;
- The “Little Prince” awards for contribution to improving the lives of children with autism in Bulgaria of the Tacitus Association and the Step for the Invisible Children of Bulgaria Foundation.

The Portal supported the organization of the “Key” Forum held under the “Causes” motto in 2012. Dozens of young people gathered at the Forum, heard the stories of interesting people and learnt about various opportunities offered by the non-governmental organizations in Bulgaria.

NGO with the most publications on the Portal:

- Workshop for Civic Initiatives** – 47 publications;
- Bulgarian Donors Forum** – 44 publications;
- Tulip Foundation** – 39 publications;
- Business Institute**– 30 publications;
- Institute for Market Economics** – 28 publications;
- Caritas - Bulgaria** – 20 publications.

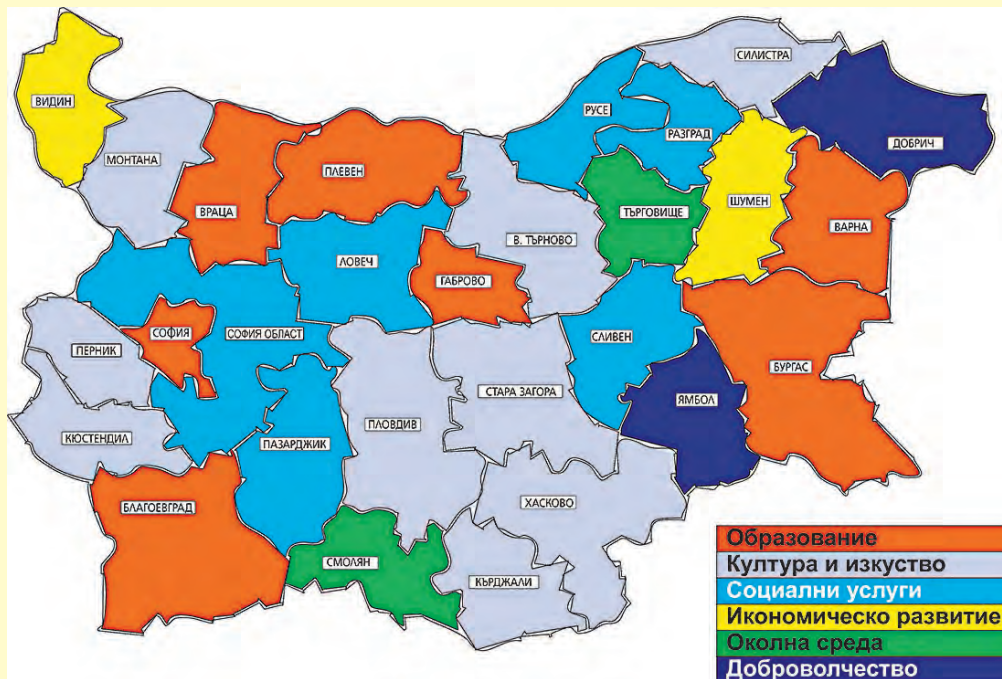
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www.ngobg.info



The most viewed NGO profile:

- **Professional Education Forum**, Sofia – over 430 unique page views;
- **The Equilibrium Association**, Ruse - over 390 unique views;
- **Institute for Career Development**, Varna – over 340 unique views;
- **National Fund “Sv. Nikola”**, Sofia – over 330 unique views;
- **Tulip Foundation**, Sofia - over 310 unique views;
- **Bulgarian Institute for Legal Initiatives**, Sofia - over 300 unique views.



NGO in numbers (2012)

- NGOs registered at the start of the Portal in 2010 - **4850**;
- NGOs registered up to December 2012 – **5570**;
- Number of views of web pages – **1 155 000**;
- Number of views of the Portal in 2012 – over **336 000** (**202 000 unique or over 550 unique views per day**);
- Recipients of the Newsletter – **over 4200**;
- The most visited sections (in order of an interest to them): Work and Volunteering, Funding, Library;
- NGO profiles with over 50 views– **over 950**;
- Free websites of NGOs created at the Portal – **over 110**;
- NGO publications – **over 700**.

Map of Non-Governmental organizations in Bulgaria according to the Information Portal data

The color of each area shows in which sphere work the highest number of organizations in the respective region.

THE FIRST SUMMER SCHOOL FOR NGOS

In 2012 the Bulgarian Center for Not-for-Profit Law organized the first Summer School for NGOs in Bulgaria. The School included main topics related to the activity of the non-governmental organizations such as legal issues, taxation, opportunities and constraints for business activity, organizational development, opportunities to participate in the decision making processes, fundraising, etc. During the 5 days of the School the participants were able to gain practical knowledge and skills useful for their future employment. The fundraising session was led by Marketa Krausova from the Czech Foundation VIA which apart from specific fundraising ideas presented many examples for Czech organizations and other countries which successfully fundraise.



22 representatives of organizations from across the country participated in the first Summer School. It took place from 1 to 5 October 2012 at the International Center Arkutino and was directed at people whose experience in the organizations is less than 3 years.

Our goal is the Summer School to become a trademark for quality knowledge on the NGO matters and to be held annually.

SOCIAL ENTREPRENEURSHIP PROGRAM 2012

In June 2012 we announced the start of our Social Entrepreneurship Program for the second consecutive year.

21 organizations took part in the Program.

The idea behind the Program which ends with giving awards for the best business plan is simple: if one organization receives a donation of 10 000 BGN, it will help improve the lives of a limited circle of people and after spending the funds the organization will once again need support. If the organization is supported with the same sum in order to develop business activity related to its mission, the revenue from this activity can help support the target group in the long term.

The Social Entrepreneurship Program has the following three stages:

- **First stage** – training workshops where the participants are introduced to the main topics related to development of an idea and preparation of a business plan as well as examples for successfully developed business activities with a social nature in Bulgaria. During the first training conducted in September the participants were introduced to instruments by which to evaluate their business ideas (mandala of the business idea, canvas of the business model) and NGOs were invited to share how they conduct business activity related to their mission (Pia Mater, which provides social services to the elderly and Robopartans – school for robotics for children aged 10 to 16). The second training in November introduced the legal forms by which business activity can be conducted, as well as the content of the business plan;
- **Second stage** – after completing the trainings the participants prepare their own business plans. During this stage they can get free consultations by specialists;
- **Third stage** – the developed business plans are evaluated and the best of them are presented to a special jury that selects the winners. The applicants will receive tips on how to improve their ideas and the projects winning projects will be granted funding.

In 2012, the Bulgarian Center for Not-for-Profit law together with the Tulip Foundation and the Program and Analytical Center for European Law (PACEL) organized *Awards for the best business plan of an NGO* for the first time.

14 business plans of NGOs were sent for evaluation. 7 finalists were selected who presented their ideas to the jury, composed of representatives of the America for Bulgaria Foundation, Center for Entrepreneurship and Executive Development (CEED), Mikrofond AD, Zadrujno.bg, the Microfinance Institution Jobs and the Capital Weekly newspaper, which was a media partner of the competition.

The ideas received were various. Here is a list of the finalists and their business ideas:

- Bulgarian Association for People with Intellectual Disabilities. A Web application for individual planning;
- Civil Association Alternative 55: Resource center for the problems of autism;
- Ecomission 21 century : Children’s adventure camps;
- “Znanie” Association, Lovech: An online training platform;
- Association Partners-Dupnitsa”: Establishment of a youth center;
- Sofia Energy Agency SOFENA: Consultative services on energy management;
- Betel Bulgaria Foundation: Department for restoration of old furniture.

On 16 February 2012 at the Grand Hotel Sofia was held an official event to award the three best business plans. The prize fund amounted to 23 000 BGN.

First award (10 000 BGN and participation in a one-year mentoring program for managers and entrepreneurs “Top class” and the possibility for additional fundraising through the web portal zadrujno.bg) was won by the **Bulgarian Association for Persons with Intellectual Disabilities (BAPID)** – an association of people with intellectual disabilities, their families and friends.

The jury awarded two second awards (each amounting to 6500 BGN) to:

- **Civil Association “Alternative 55”**, whose mission is to strengthen the role of women in the development of civil society and support the vulnerable groups in the Stara Zagora region and to
- **Betel Bulgaria Foundation**, whose mission is to support socially excluded groups of people – addicts, homeless, etc.



FUNDRAISING PROGRAM

In July 2012 BCNL in partnership with the PACEL foundation, the Bulgarian Donors Forum and with the support of the “America for Bulgaria Foundation” launched a new program – fundraising for the advanced. The program was directed at people and organizations which have experience and spend part of their time to raise funds from corporate or individual donors. Apart from developing new skills and receiving advice from professional experts on fundraising from the USA, the program aims to encourage the exchange of experience between the people who deal with fundraising in Bulgaria.

BCNL invited representatives of 16 organizations with experience in fundraising to participate in the program. From 12 to 15 November 2012 fundraising training with the lecturers Nancy Rabin and Heather Lubov – experts with international experience in fundraising in the USA - was held in Borovets. After the training each one of the participants started preparing their organization’s fundraising strategy.

During the training the participants decided to establish a Club of the experts in fundraising (fundraisers). The first meeting of the Club took place on 13 December 2012 in Sofia.

FUND TO COVER THE COSTS OF ORGANIZING FUNDRAISING CAMPAIGNS

During the Summer School for NGOs in October BCNL announced the start of the Fund to provide small grants for organizing campaigns to raise funds from individual and corporate donors.

The purpose of the grants is to cover the costs of organizing the campaigns (such as renting a hall for a charity concert, printing promotional materials, etc). The funds granted to an organization on one application cannot exceed 1000 BGN.

By the end of 2012, 8 grants were awarded totaling 6908 BGN.



Organization	City	Granted sum	Aims of the campaign
BAPID - Pleven Association	Pleven	1000 BGN	Fundraising for conducting individual consultations for parents of children aged 0 to 3, organizing groups for swimming and hypo therapy of children and persons with disabilities.
„Future for Children with Disabilities“ Non-Profit Association	Kazanluk	1000 BGN	Fundraising to expand the activity and capacity of the Center for social rehabilitation and integration of children and young people with disabilities in Kazanluk.
“Podari usmivka” Foundation	Dimitrovgrad	678 BGN	Fundraising that will annually support children aged 0-18 and their families who have financial difficulties to raise their children in a family environment. The raised funds are used to buy food, diapers, and medicines.
„Club of the Non-Governmental Organizations” Association, Targovishte	Targovishte	730 BGN	To support needy families; to stimulate the social solidarity towards the faith of people with a difficult social circumstances by motivating and engaging young people and students to be the direct executors of the campaign itself.
Community Center “Napredak – 1869”, Gorna Oriahovitsa	Gorna Oriahovitsa	500 BGN	Fundraising for organizing and conducting events, related to the preparation and carrying out of an anniversary concert “60 years - Folklore ensemble Sider Voivoda”.
Association “For the future of Child Center “Sv.Mina”	Sofia	1000 BGN	Fundraising to support and improve the quality of the service <i>Daily Center for Children with Disabilities</i> for the children with special educational needs in Sofia who are visiting it, by providing contemporary and innovative work techniques in Child Center “Sv.Mina”.
Tacitus Association	Sofia	1000 BGN	To stimulate people and organizations to support children with autism; to raise awareness about autism; to raise funds for training teachers in the public education system to support children with autism.
“Radost” Association	Varna	1000 BGN	To continue the activity of the only one in Varna Center for integration and employment opportunities for young people with disabilities.

STATISTICS, CONSULTATIONS

In 2012, the number of NGO consultations reached 329 for 309 different organizations.

PUBLICATIONS/ANALYSES

In 2012 we updated and reissued:



BCNL's experts wrote:

- Analysis of the legal framework on the possibilities to introduce the “Experts by Experience” profession;
- Analysis on the new models of regulating the mediation approach for working with vulnerable communities, commissioned by the National Council for Cooperation on the Ethnic and Integration Affairs at the CM;
- Concept for legislative amendments related to Art.12 of the UN Convention on the Rights of Persons with Disabilities.

BCNL's publications and analyses can be found on BCNL's website - www.bcnl.org.

As commissioned by the UN Development Program in Bulgaria, BCNL's experts Luben Panov and Nadia Shabani wrote a *Concept on Implementing a Grant Scheme Program for Projects under the Bulgarian Official Development Assistance*. The aim of the document was to review the current Bulgarian legislation in order to provide guidelines for implementing the programs and projects within the Bulgarian Official Development Assistance. Specific recommendations for implementing the grant scheme were made in the analysis.

V. INTERNAITIONAL INITIATIVES AND PARTICIPATION

STUDY VISIT WITH REPRESENTATIVES OF KYRGYZSTAN AND TAJIKISTAN

In June 2012, a study visit for representatives of the state administration and NGOs from Kyrgyzstan and Tajikistan (10 people in total) was organized. The theme of the visit in Bulgaria was decentralization of the social services and the opportunities for contracting between the state and NGOs. Meetings with the Deputy Minister of Labor and Social Policy, the President of the State Agency for Child Protection, the Mayor of the Kiustendil municipality, social service providers. Based on the information received and the experience provided, the teams from Kyrgyzstan and Tajikistan drafted their plans for amendments to their national legislations with specific deadlines and commitments to changes.

STUDY VISIT IN BULGARIA OF REPRESENTATIVES OF THE STATE ADMINISTRATION IN BELARUS FOR EXPLORING THE BULGARIAN EXPERIENCE IN SOCIAL CONTRACTING

In November BCNL's team organized a study visit for a delegation from Belarus. The Deputy Minister of Labour and Social Policy of Belarus R. Aliaksandr participated in it, as well as representatives of government institutions and NGOs. The theme of the visit was participation of NGOs in the provision of services in the social sphere and the opportunity for public-private partnerships. Meetings were held with the Bulgarian Deputy Minister of Labour and Social Policy, the President of the State Agency for Child Protection, Deputy Mayor of Sofia Municipality, and leading NGOs – social service providers in Sofia. At the end of the trip a specific plan for reforms was prepared with the purpose of assigning social services to NGOs in Belarus.

VIABILITYNET PROGRAMME

In 2011 BCNL became a part of the ViabilityNet Network – a group consisting of five leading organizations in Central and Eastern Europe which includes: ARK (Romania), Partners for Democratic Change (Slovakia), the VIA Foundation (the Czech Republic) and NIOK (Hungary). The idea of the ViabilityNet program is to help the organizations involved in it by assisting them in the process of their organizational development and in the development of a product which will be useful and necessary for other CSOs in the respective country.

In 2012, 3 regional meetings of the group were held in Slovakia, Bulgaria and Romania.



BCNL organized the regional meeting in Bulgaria. The meeting was held from 30 May to 2 June 2012 and its main focus was the topic about the status of public benefit organizations and its regulation in those countries which participated in the meeting. The various tax reliefs for charitable organizations and their relationship with the development of philanthropy in the respective country were also discussed.

Within this program BCNL will prepare and begin the streaming of *webinars (web seminars)* on topics of interest to CSOs and the citizens in the country. The webinars will be streamed from 2013 through the Information Portal of NGOs (www.ngobg.info).

PARTICIPATION IN OTHER INTERNATIONAL INITIATIVES – MOLDOVA, ALBANIA, MACEDONIA

BCNL's Program Director Luben Panov was invited to participate in a working group with experts on the legislation of NGOs from Albania, Bosnia, Macedonia, Kosovo, Serbia, Slovenia, Turkey, Croatia and Montenegro. The purpose of the working group was to develop standards and indicators for the NGO legal framework which will be used for measuring the progress in terms of NGO legislation, including by the European Union. An official introduction of the standards is still to be done.

In 2012 Luben Panov was invited by the European Center for Not-for-Profit Law to consult the drafting of the Strategy to Develop Civil Society in Moldova. He participated in meetings with representatives of the Parliament, the Government and NGOs in Moldova and prepared comments on the *draft Strategy*, which were almost entirely adopted when the final version of the Strategy was voted in 2012. In October Luben Panov presented the Bulgarian experience in the field of social contracting on a conference organized by the Minister of Labour and Social Policy in Moldova – a topic which attracts strong interest as the rules for delegating social services to NGOs are being drafted in Moldova at the moment.

In November 2012 our expert was involved in a delegation of NGO representatives at a visit to Albania. The visit aimed to familiarize the participants with the practice of civic participation and civic monitoring on the work of institutions.
















STUDY VISITS – THE CZECH REPUBLIC, GERMANY

In October, BCNL's team together with colleagues from BAPID and GIP – Bulgaria, visited the partner organization QUIP – Association for a Change in Prague, to become acquainted with their progress on the supported-decision making project.

In November BCNL's team visited Bremen, Germany as a part of the project "Piloting the Concept of "Experts by Experience who have suffered social exclusion" in the Bulgarian context", funded by Operational Program "Development of Human Resources", "No Borders" Component, Phase 1. The purpose of the study visit was to visit organizations which employ and train experts by experience in conjunction with representatives of the target groups, and to discuss the possibilities for introducing this approach in Bulgaria.

VI. FUNDING

PROJECTS, FUNDING, DONORS

Donor	Project	Timeframe of the project	The sum spent on the project in 2012
 <p>Trust for Civil Society in Central and Eastern Europe</p>	www.ngobg.info: from Database to Web Portal	January 2011 – December 2012	86 078.86 USD
 <p>AMERICA FOR BULGARIA FOUNDATION Фондация Америка за България</p>	Profits for Non-Profits: Unleashing the Hidden Potential of Bulgarian NGOs	October 2010 – April 2012	73 958.34 BGN
 <p>The Balkan Trust for Democracy A PROJECT OF THE GERMAN MARSHALL FUND</p>  <p>сдружение ЗНАНИЕ</p>	Civic Participation Initiative	September 2011 – June 2012	2299.25 BGN
 <p>Trust for Civil Society in Central and Eastern Europe</p>  <p>Център за НЕЗАВИСИМ ЖИВОТ</p>	Transparency for better quality policies in the field of disabilities – participation of people with disabilities in the political process	January 2011 – May 2012	1153.81 USD
 <p>OPEN SOCIETY FOUNDATIONS</p>  <p>ИНСТИТУТ „ОТВОРЕНО ОБЩЕСТВО“ – ШВЕЙЦАРИЯ</p>	Capability and Responsibility: True Prospects for People with Disabilities	December 2010 – October 2012	4654.68 USD
 <p>ЕСФ България</p>  <p>GLOBAL INITIATIVE ON PSYCHIATRY</p>	Piloting the Concept of “Experts by Experience who have suffered social exclusion” in the Bulgarian context	May 2012 – June 2013	15 656.53 BGN
 <p>NADACE VITA</p>	ViabilityNet	September 2011 – August 2013	11 929.43 EUR
 <p>OPEN SOCIETY FOUNDATIONS</p>  <p>ИНСТИТУТ „ОТВОРЕНО ОБЩЕСТВО“ – ШВЕЙЦАРИЯ</p>	Art.12 – the Next Step in Bulgaria	October 2012 – May 2014	5555.09 USD
 <p>CHARLES STEWART MOTT FOUNDATION</p>	NGOBG: Legitimacy through Visibility, Knowledge and Shared Resources	January 2012 – December 2014	11 554.83 USD
 <p>AMERICA FOR BULGARIA FOUNDATION Фондация Америка за България</p>	Effective Approaches to Sustainability of Nonprofits	May 2012 – April 2015	64 250.71 BGN



INDEPENDENT AUDITOR'S REPORT

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

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, 2012, 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 12).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Bulgarian Financial Reporting Standards for Small and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements

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

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of "Bulgarian Center for Not-for-Profit Law" as of December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with the Bulgarian Financial Reporting Standards for Small and Medium-sized entities.

**FOR AND ON BEHALF OF
ATA CONSULT LTD**

Radosveta Vesselinova
**Radosveta Vesselinova
Certified public accountant**



*February 5, 2013
Sofia, Bulgaria*

BALANCE SHEET
as at 31 December 2012

Bulgarian Center for Not-for-Profit Law

ASSETS	Notes	31.12.2012 thous. BGN	31.12.2011 thous. BGN
Non-current assets, net	3		
Computers			1
Shares and portion in subsidiary company		5	5
Long-term investments		9	18
		<u>14</u>	<u>24</u>
Current assets			
Trade debtors and creditors		1	
Other debtors		12	43
Cash and cash equivalents	4	473	400
		<u>486</u>	<u>443</u>
Total assets		<u>500</u>	<u>467</u>
EQUITY AND LIABILITIES			
Equity and reserves			
Other reserve		253	219
		<u>253</u>	<u>219</u>
Current liabilities			
Current liabilities	5	2	2
Unspent from financed project	6	245	246
		<u>247</u>	<u>248</u>
Total equity and liabilities		<u>500</u>	<u>467</u>

Manager:
Ralitca Velichkova

Compiler:
Donjka Ivanovska

5.2.2013

As per auditors report:

0317 Радосвета
Веселинова
Регистриран одитор

INCOME STATEMENT
for the year ended 31 december 2012

Bulgarian Center for Not-for-Profit Law

	Notes	2012 thous. BGN	2011 thous. BGN
Revenue from regulated activity	7	403	400
Revenue from conditional donations		403	400
Financial incomes		46	39
Interest income		17	14
Foreign currency exchange rate gains		29	25
Expenses by regulated activity	8	404	400
Other costs		403	400
Donations		1	
Financial expenses		21	33
Foreign currency exchange rate loss		21	33
Result from non-economic activities		<u>24</u>	<u>6</u>
Profit from economic activities		<u>10</u>	<u>25</u>
Result for the year		<u>34</u>	<u>31</u>

Manager:
Ralitca Velichkova

Compiler:
Donjka Ivanovska

5.2.2013

As per auditors report:

0317 Радосвета
Веселинова
Регистриран одитор

INCOME STATEMENT FOR ECONOMIC ACTIVITY
for the year ended 31 december 2012

Bulgarian Center for Not-for-Profit Law

	Notes	2012 thous. BGN	2011 thous. BGN
Operating incomes business activities	9	49	39
Net sales incomes from legal services		49	39
Financial incomes		3	16
Interest income		2	1
Foreign currency exchange rate gains		1	7
Positive results from transactions with financial instruments		-	8
Expenses by economic elements	10	28	23
Materials		1	-
Cost of hired services		7	5
Employee expenses		13	10
Depreciation		-	1
Other costs		7	7
Financial expenses		12	5
Foreign currency exchange rate loss		2	5
Negative results from transactions with financial instruments		9	-
Bank charges		1	-
Profit from operating activities		<u>12</u>	<u>27</u>
Profit before income tax		<u>12</u>	<u>27</u>
Income tax	11	2	2
Profit after tax		<u>10</u>	<u>25</u>
Net profit for the period		<u>10</u>	<u>25</u>

Manager:
Ralitca Velichkova

5.2.2013



Compiler:

Donka Ivanovska

As per auditors report:



STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

Bulgarian Center for Not-for-Profit Law

	Reserves thous. BGN	Financial resul thous. BGN	Total equity thous. BGN
Balance as at 31 December 2010	<u>188</u>	<u>-</u>	<u>188</u>
Financial result for the period	31	-	31
Balance as at 31 December 2011	<u>219</u>	<u>-</u>	<u>219</u>
Financial result for the period	34	-	34
Balance as at 31 December 2012	<u>253</u>	<u>-</u>	<u>253</u>

Manager:

Ralitca velichkova

5.2.2013



Compiler:

Donka Ivanovska

As per auditors report:



CASHFLOW

for the year ended 31.12.2012

Bulgarian Center for Not-for-Profit Law

Notes	2012 thous. BGN	2011 thous. BGN
Cash flow from non-economic activities		
Conditional financing received	410	374
Financing received	16	18
Other received	6	4
Payments to employees	(75)	(73)
Payments to social security	(32)	(27)
Payments for services	(205)	(213)
Grants paid	(29)	(79)
Interest and bank tax paid	-	(5)
Other cashflows from operating activities	(18)	(9)
Net cash flow from non-economic activities	73	(10)
Cash flow from economic activities		
Received amounts on contracts	49	44
Financing received	3	2
Payments to suppliers	(33)	(32)
Payments for services	(1)	(2)
Interest and bank tax paid	(3)	(1)
Tax payments	(2)	(1)
Other cashflows from operating activities	(13)	(10)
Net cash flow from economic activities	73	(10)
Net change in cash and cash equivalents	73	(10)
Cash as at 01 January	400	410
Cash as at 31 December	473	400

 Manager:
 Ralitsa Velichkova


Compiler:



5.2.2013



As per auditors report:

NOTES TO THE FINANCIAL STATEMENTS
 for the year ending on December 31, 2012
I. Incorporation and registration.

The Foundation Bulgarian Center for Not-for-Profit Law (BCNL) was established in 2001 and is registered in accordance with the Law for the non-profit corporate bodies. The foundation works for the public benefit and is registered in the Ministry of Justice.

The Foundation is established with a view to stimulate and develop the democratic structures of civil society by:

- supporting the development of an enabling legal framework for the NGO's in Bulgaria;
- promoting transparency, accountability and proper internal governance of NGOs;
- supporting the development of ethic rules as well as other self-regulating mechanisms for NGOs;
- improving the citizen perception for civil society in Bulgaria;
- supporting the development of professional skills and knowledge, which are appropriate for improving the legal framework for NGOs in Bulgaria and providing assistance in identifying legislative priorities and in drafting legislation concerning NGOs;
- encouraging international cooperation in the field of not-for-profit law and supporting Bulgarian and regional participation in co-programs.

To achieve its objectives the Foundation implements a number of contracts. The most important ones for the year 2012 are:

- ✓ **Project: Pilot implementation in the Bulgarian context of the concept "expert by experience", that has suffered social exclusion**, financed by the European Social Fund and the Republic of Bulgaria through Operational Programme "Human Resources Development" scheme "Without Borders - Component 1
- ✓ **Project: Effective Approaches to Sustainability of Nonprofits (2012-2015)**, financed by America for Bulgaria Foundation
- ✓ **Project: Article 12 – The Next Step in Bulgaria**, financed by Foundation Open Society Institute, Switzerland
- ✓ **Project: Profits for Non-Profits: Unleashing the Hidden Potential of Bulgarian NGOs**, financed by America for Bulgaria Foundation
- ✓ **Project: Transparency for a better disability policy process – participation of disabled people in the policy process**, financed by Trust for Civil Society in Central and Eastern Europe
- ✓ **Project: Capability and Responsibility: True Prospects for People with Disabilities**, financed by Open Society Institute – NY
- ✓ **Project: www.ngobg.info: from database to web portal**, financed by Trust for Civil Society in Central and Eastern Europe
- ✓ **Project: From planning to effective provision of community based social services for people with intellectual disabilities in Bulgaria**, financed by De Passerel
- ✓ **Project: Civic Participation Initiative**, financed by Balkan Trust for Democracy (Partnership project with Knowledge Association Lovech)
- ✓ **Project: ViabilityNet**, financed by Nadace VIA (Via Foundation)
- ✓ **Project: NGO-BG: Legitimacy Through Visibility, Knowledge and Shared Resources**, financed by Charles Stewart Mott Foundation

NOTES TO THE FINANCIAL STATEMENTS
for the year ending on December 31, 2012

2. Description of the significant accounting policies

2.1. Basis for the preparation of the financial statements

The Foundation annual financial statements for the year 2012 have been prepared in accordance with the requirements of all the National Accounting Standards applicable in 2012, as of the Balance sheet date of December 31, 2012.

The Foundation organizes and carries out the current accounting reports and prepares its financial statements in accordance with the requirements of the Bulgarian accounting, taxation and commercial legislation.

The Foundation financial statements for the year 2012 are prepared according to the requirements of the principles of accrual basis; going concern; primacy of content over form; prudence; comparability of income and expense; consistency.

These financial statements have been prepared on the basis of the accounting convention of historical price, modified in certain cases with the revaluation of some assets and liabilities in accordance with their fair value, that have been shown in the disclosures accompanying the statements.

All information disclosed for 2012 and 2011 is presented in this financial statement in thousands of Bulgarian leva (BGN in thousands).

2.2. Comparative data - changes in accounting policies

With a view to achieving comparability, the balances in the respective accounts of Retained Earnings and Reserves as of December 31, 2012, have been reclassified, combined and recalculated. All adjustments have been reflected in Reserves and Retained Earnings so that they would not influence the current financial result.

2.3. Use of accounting estimates and assumptions

The preparation of financial statements under the National Accounting Standards requires that the management makes some accounting estimates and assumptions, which are related to the Balance sheet reported assets and liabilities as well as to the recognized income and expenses for the period.

2.4. Transactions in foreign currencies

Transactions, concluded in foreign currencies during the period, have been translated in Bulgarian leva in accordance with the exchange rate for the respective currency on the date of the transaction. Any assets and liabilities in foreign currencies have been recalculated in accordance with the closing exchange rate of the Bulgarian National Bank as of the Balance sheet date. Any profit or loss as a result of this has been presented in the Income Statement.

2.5. Recognition of income and expense

The sources of this **income** are the grants received. Solely the disbursed parts of these grants are accounted as income during the year. The disbursed as income grants, for which there are attended clauses, are specified as financing under conditions in the Profit and Loss Account. The income from the grants for fixed assets is recognized only to the extent of the allowances for depreciation and the balance is reflected in the Balance sheet as long-term liabilities /deferred income and financing/. Unrealized financial resources during the year are specified in the Balance sheet as short-term or long term financing, depending on the period for which they will be disbursed. The realized expenses, exceeding the grants received to the date of the financial statement, are recognized as income and reported as other short-term receivables in the Balance sheet.

Expenses are recognized in accordance with the principles of accrual basis and comparability with Income. Most of the depreciation expenses are directly assigned to reduction of equity of the Foundation and are not recorded in the Income Statement.

Income and Expenses of economic activity are rendered according to the requirements of the principles of accrual basis and comparability.

NOTES TO THE FINANCIAL STATEMENTS
for the year ending on December 31, 2012

2.6. Fixed assets

Fixed assets are the established non-financial resources, which have been acquired and are owned by the Foundation, and have a physical existence. It is expected that they will be used during more than one reporting period. The fixed tangible and intangible assets have been valued at acquisition cost which includes their purchase price plus all expenses in relation to their commissioning and are reduced with the accrued depreciation and impairment.

Any derecognition of fixed assets is made as a result of a sale, reject or retirement when no other economic benefit is expected.

2.7. Depreciation of fixed assets and amortization of intangible assets

The Foundation accrues depreciation of fixed assets and intangible assets in view of the useful life of the individual assets, determined for each class of assets. No depreciation is accrued for lands and assets that are under construction or being supplied.

When depreciable assets of the company are depreciated, the straight-line method is used.

In 2012 the following depreciation rates have been used:

- Computers - 50%

2.8. Receivables

The receivables have been valued at their incidence cost.

2.9. Cash

Any cash in BGN has been valued at face value, while cash in foreign currencies - in accordance with the closing exchange rate of the Bulgarian National Bank on December 31, 2012. For the purposes of the Cash Flow Statement, the cash includes all cash in hand and at bank as of December 31, 2012.

2.10. Current liabilities

Any current liabilities in BGN are valued at their incidence cost.

2.11. Income taxes

Under the Bulgarian tax legislation, the Foundation is liable to corporate taxation only for its economic activity. The tax percentage is 10 % of the taxable profit. In the period only the payment for technical services rendered by foreigners is liable to withholding taxation. The Foundation did not make any social expenses during the period.

3. Long – term financial assets

	31.12. 2012	31.12. 2011
	BGN in	BGN in
	thousands	thousands
Available-for sale investments	9	18
Subsidiary company	5	5
Total	14	23

4. Cash

	31.12. 2012	31.12. 2011
	BGN in	BGN in
	thousands	thousands
Cash in BGN	466	394
Cash in foreign currency	7	6
Total	473	400

**NOTES TO THE FINANCIAL STATEMENTS
for the year ending on December 31, 2012**

5. Current Liabilities

	31.12. 2012 BGN in thousands	31.12. 2011 BGN in thousands
Tax liabilities	2	2
Total	2	2

6. Financing

	31.12. 2012 BGN in thousands	31.12. 2011 BGN in thousands
Reminders of financed projects	245	246
Total	245	246

The not expended balances of the received financing for projects in realization by the end of the year.

7. Revenues from regulated activity

	For the year ending on 31.12. 2012 BGN in thousands	For the year ending on 31.12. 2011 BGN in thousands
Recognized income from grants under condition-programs	403	400
Total	403	400

8. Expenses for regulated activity

	For the year ending on 31.12. 2012 BGN in thousands	For the year ending on 31.12. 2011 BGN in thousands
Project costs	403	400
Donation	1	
Total	404	400

9. Income of economic activity

	For the year ending on 31.12. 2012 BGN in thousands	For the year ending on 31.12. 2011 BGN in thousands
Income from services rendered	49	39
Total	49	39

**NOTES TO THE FINANCIAL STATEMENTS
for the year ending on December 31, 2012**

10. Expenses for economic activity

	For the year ending on 31.12. 2012 BGN in thousands	For the year ending on 31.12. 2011 BGN in thousands
Costs of materials	1	
Costs of hired services	7	5
Payments to employees	13	10
Depreciation		1
Other costs	7	7
Total	28	23

11. Tax expenses

	For the year ending on 31.12. 2012 BGN in thousands	For the year ending on 31.12. 2011 BGN in thousands
Current tax expense	2	2
Total	2	2

The foundation does not report temporary tax differences and respectively income and expenses from deferred tax.