



NATO STRATEGIC COMMUNICATIONS CENTRE OF EXCELLENCE

ANNUAL REPORT

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MANAGEMENT REPORT

General Information

Since 1 October 2014, the NATO Strategic Communications Centre of Excellence (Centre) in Latvia has held the status of an international organisation as defined by the 1952 Paris Protocol. The Centre was initially founded by seven Sponsoring Nations – Estonia, Germany, Italy, Latvia, Lithuania, Poland, and the United Kingdom. In the following years, the Netherlands, Canada, the Slovak Republic, Denmark, and the United States joined the Centre as Sponsoring Nations, whereas Finland and Sweden joined as Contributing Partners. Two more NATO Nations, France and Hungary, are undergoing joining procedures.

2021 was the Centre's seventh full financial year of operation and sixth year at full operational capability. During the reporting period, the Centre implemented substantive activities in line with its Programme of Work for 2021 (POW 2021) and Budget for 2021 as approved by the Steering Committee at its 13th meeting.

Over its six years of full operational capability, the Centre has established itself as one of the primary research and information fusion hubs on the subjects of strategic communications (StratCom) and countering disinformation, revealing trends in digital security and understanding the strategies, tactics, methodologies, and techniques of hostile actors in the transatlantic area.

The heart of the Centre is its personnel – a diverse group of international experts, trainers, educators, analysts, and researchers with military, government, and academic backgrounds. This allows the Centre to address identified shortfalls and provide modern solutions to emerging challenges in the field of StratCom to NATO, its Allies, and its Partners.

The Centre is a unique asset, helping to clarify and enhance NATO's role in the areas of transformation and innovation. It shall not duplicate any existing NATO subject matter areas, core assets, resources, or capabilities, but shall rather cooperate with relevant structures and bodies to foster StratCom capabilities.

The Centre's Mission and Tasks for 2021

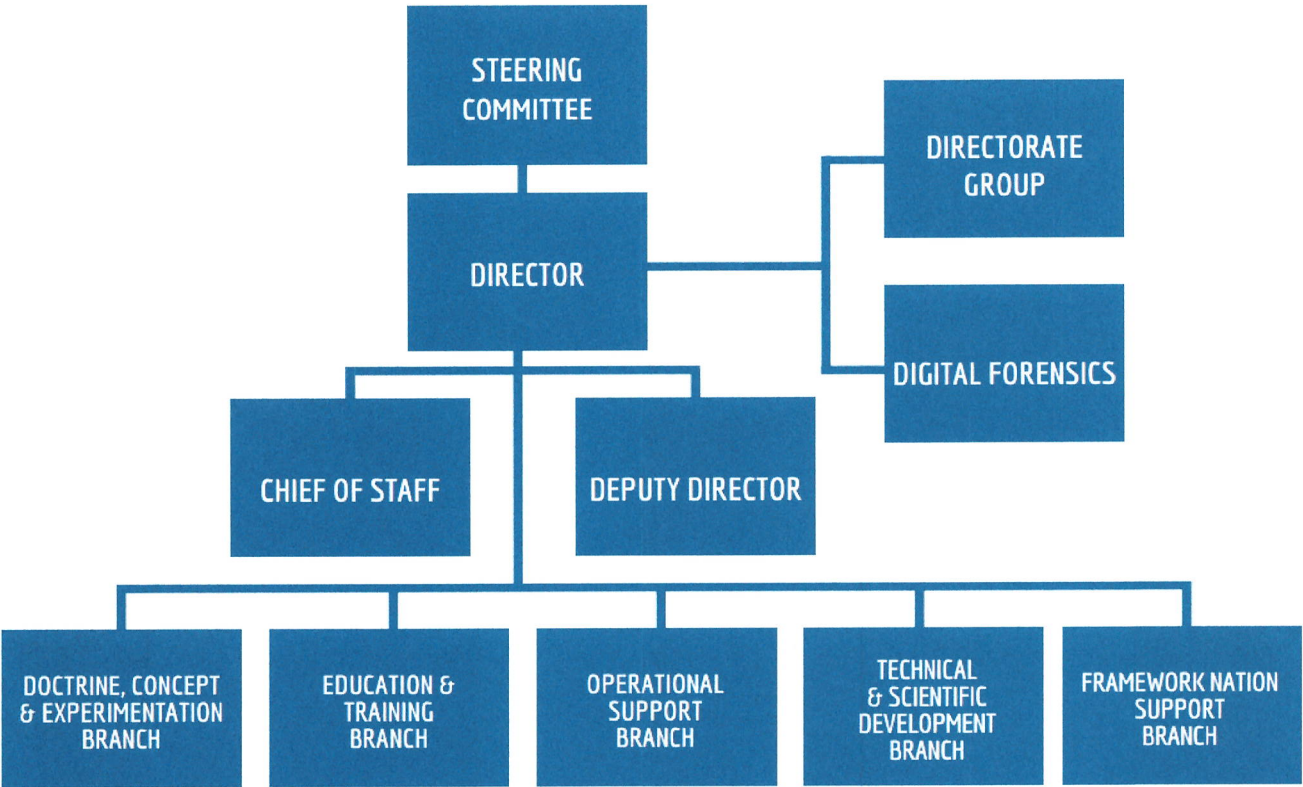
The Centre's mission is to support NATO's StratCom capability development process, mission effectiveness, and interoperability by bringing together military, government, academic, commercial, and third-sector knowledge and expertise. The Centre's aim is to contribute substantially to the improvement of the StratCom capabilities of NATO, its Allies, and its Partners through research, analysis, concept development, experimentation, doctrine development, standardisation, Lessons Learned process, and also investing in continuing development of StratCom education and training.

The Centre helped to address identified shortfalls and provide modern solutions to emerging challenges in the field of StratCom. This was done by pooling resources, sharing best practices, building networks of experts, providing platforms for debate, as well as by monitoring and evaluating the ongoing revolution in the current information environment, driven by rapid technological development, which is having a substantial impact on the cognitive domain.

In 2021, the Centre was engaged in a wide range of activities and events connected to various StratCom disciplines. The POW 2021 comprised 59 projects; these included tasks assigned by Sponsoring Nations and Contributing Partners as well as Requests for Support from NATO entities and the European External Action Service.

Structure

The Centre’s highest decision-making body – the Steering Committee – consists of representatives of all Sponsoring Nations and is headed by a representative of the Framework Nation Latvia. Representatives of the Contributing Partners are always invited to share their views at Steering Committee meetings in an advisory capacity.



97 percent of the approved staff positions were filled by the end of December 2021. During 2021, eight newcomers arrived at the Centre, seven of whom were on a rotation/replacement basis. In addition to the contributions of the Sponsoring Nations and Contributing Partners, joining nation Hungary continued to contribute to the Centre with a subject matter expert.

Three interns successfully completed their internships during 2021, substantially contributing to the ongoing research and organisation of the Centre’s conducted events.

Main Activities in 2021

In 2021, the Centre continued operating in COVID-19-affected environment, effectively adapting its modus operandi. The Centre has organised on-site and online events supporting global efforts in countering disinformation and misinformation, as well as reaching multiple stakeholder groups and boosting the engagement of interested audiences through various social media platforms. Above all, the Centre aimed to facilitate general knowledge of strategic communications, raise awareness of information manipulation tools, recognition mechanisms, and media literacy, as well as contribute to the analysis of the digital environment and its impact on critical thinking.

The Centre carried out a number of research projects that took into account cases of COVID-19 disinformation, misinformation, and other hostile activities in the Digital Domain.

In accordance with POW 2021, numerous studies were conducted, and several research papers were finalised for publication.

The main publications on Centre's webpage in 2021 include:

- *The Double-Edged Sword of AI: Enabler of Disinformation*
- *China as a Narrative Challenge for NATO Member States*
- *China's Influence in the Nordic-Baltic Information Environment: Latvia and Sweden*
- *Inoculation Theory and Misinformation*
- *Russia's Footprint in the Western Balkan Information Environment: Susceptibility to Russian Influence*
- *Russian Media Landscape: Structures, Mechanisms, and Technologies of Information Operations*
- *Robotrolling 2021/1 and 2021/2*
- *Strategic Communications Hybrid Threats Toolkit*
- *Georgia's Information Environment through the Lens of Russia's Influence*
- *How Did the Nordic-Baltic Countries Handle the First Wave of COVID-19?*
- *Russia's Strategy in Cyberspace*
- *China's Social Credit System: Current Status, Role of Data and Surveillance, and Influence Outside of China*
- *The Future is Now (in collaboration with students from King's Centre for Strategic Communications at King's College London)*
- *Exercise Kavkaz 2020 – a Final Test of Russian Military Reform?*
- *Russia's Activities in Africa's Information Environment (Case Studies: Mali, Central African Republic)*
- *Abuse of Power: Coordinated Online Harassment of Finnish Government Ministers*
- *Extremist Communication Capabilities in North Africa and the Sahel*
- *Social Media Monitoring: A Primer*
- *The Academic Journal Defence Strategic Communications (Volume 9)*
- *Fact-checking and Debunking*
- *Falsification of History as a Tool of Influence*
- *Data Brokers and Security*
- *Belarus Protests: Information Control and Technological Censorship*
- *Terrorist and Armed Groups in the Fezzan-Sahel Region: Recruitment and Communication Tactics*

The Centre organised and conducted StratCom related online and onsite events in 2021, like:

- StratCom Talks: China's Levers of Influence, 13 January 2021
- StratCom Talks: Fact-checking and Debunking, 20 January 2021

- StratCom Talks: Vaccines and Disinformation, 27 January 2021
- StratCom Talks: Information Laundering, 3 February 2021
- StratCom Talks: Protecting Armed Forces on Social Media, 10 February 2021
- StratCom Talks: Japan's Strategic Communications, 17 February 2021
- StratCom Talks: Social Media Platform Regulation, 24 February 2021
- StratCom Talks: Russia's Exercises, 3 March 2021
- StratCom Talks: Disinformation in CEE, 10 March
- StratCom Talks: Coordinated Online Harassment, 17 March 2021
- StratCom Talks: Audience Analysis, 24 March 2021
- StratCom Talks: Russia's Activities in Africa, 31 March 2021
- StratCom Talks: Countering Violent Extremism in North Africa and Sahel, 7 April 2021
- StratCom Talks: COVID-19 Vaccine Wars, 14 April 2021
- StratCom Talks: Media and Digital Transformation, 21 April 2021
- StratCom Talks: Introducing Riga StratCom Dialogues 2021, 28 April 2021
- Conference: The Riga StratCom Dialogue 2021, 6–7 May 2021
- Seminar: Emerging Trends in Social Media 2021, 7 June 2021
- Presentation: Georgia's Information Environment, 2 September 2021
- Presentation: Gamified Inoculation against Disinformation, 20 October 2021
- Symposium: Beyond Information Influence, 25–26 November 2021, Warsaw, Poland
- Conference: Information Environment in the Age of Pandemic: Threats and Trends, 17 December 2021, Stockholm, Sweden

There have been no events requiring adjustments to these financial statements or disclosure in these financial statements from the last day of the reporting year to the date of signing these financial statements.

The Centre will continue its activities according to the Development Plan for 2021-2025.



Jānis Sārts, Director, 31 March 2022

FINANCIAL STATEMENTS

MANAGEMENT REPRESENTATION TO THE FINANCIAL STATEMENTS

We hereby take responsibility for the preparation of the financial statements of the NATO Strategic Communications Centre of Excellence set out on pages 8 to 16 and confirm that:

1. The accounting principles used in preparing the financial statements are in compliance with the generally accepted accounting principles of the Republic of Latvia and Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.
2. The financial statements give a true and fair view of the financial position of the organisation and the results of its operations and cash flows.
3. The organisation is able to continue as a going concern.



Jānis Sārts, Director, 31 March 2022

BALANCE SHEET

	31.12.2021 Total EUR	31.12.2021 incl. Budget A (SH) EUR	31.12.2020 Total EUR	31.12.2020 incl. Budget A (SH) EUR	Notes
Intangible assets	21 048	497	32 347	2 880	2
Advance payments for intangible assets	805	805	0	0	3
Fixed assets	101 350	2 757	135 881	2 854	4
Other fixed assets/office equipment	5 484	4 913	5 597	4 541	5
Total fixed assets and intangible assets	128 687	8 972	173 825	10 275	
Accounts receivable and prepayments	35 385	5 328	36 262	3 983	6
Cash and cash equivalents	5 307 258	679 081	4 692 033	376 619	7
Total current assets	5 342 643	684 409	4 728 295	380 602	
TOTAL ASSETS	5 471 330	693 381	4 902 120	390 877	
Accounts payable	199 237	12 745	141 870	2 026	8
Deferred income	5 272 093	680 636	4 760 250	388 851	9
Total current liabilities	5 471 330	693 381	4 902 120	390 877	
TOTAL LIABILITIES AND NET ASSETS	5 471 330	693 381	4 902 120	390 877	

STATEMENT OF FINANCIAL PERFORMANCE

	31.12.2021 Total EUR	31.12.2021 incl. Budget A (SH) EUR	31.12.2020 Total EUR	31.12.2020 incl. Budget A (SH) EUR	Notes
Contributions and related income	2 888 143	454 559	2 919 437	629 671	9
Other income	2 430	2 430	10 798	10 798	10
Total revenue	2 890 573	456 989	2 930 235	640 469	
Operating expenses	980 678	448 881	1 127 644	631 505	
Personnel expenses	1 840 802	0	1 711 399	0	
Depreciation of fixed assets and intangible assets	69 093	8 108	91 192	8 964	2,4,5
Total expenses	2 890 573	456 989	2 930 235	640 469	
Surplus from operating activities	0	0	0	0	
Surplus for the period	0	0	0	0	



Jānis Sārns, Director, 31 March 2022

CASH FLOW STATEMENT

	31.12.2021 Total EUR	31.12.2021 incl. Budget A (SH) EUR	31.12.2020 Total EUR	31.12.2020 incl. Budget A (SH) EUR	Notes
Surplus from operating activities	0	0	0	0	
Depreciation	69 093	8 108	91 192	8 964	2,4,5
Change in accrued expenses for unused vacations	53 728	0	8 652	0	
Change in accounts receivable	877	-1 345	11 003	185	
Change in liabilities and prepayments	3 639	10 719	-63 619	-22 854	
Total cash flows from operating activities	127 337	17 482	47 228	-13 705	
Fixed and intangible assets purchase	-23 955	-6 805	-76 171	-5 716	2,4,5
Total cash flows used in investment activities	-23 955	-6 805	-76 171	-5 716	
Receipt of contributions, other deferred income	3 344 828	725 026	3 031 233	411 431	9
Contributions, other deferred income used	-2 832 985	-433 241	-2 851 471	-606 632	9
Total cash flows from financing activities	511 843	291 785	179 762	-195 201	
Total cash flows	615 225	302 462	150 819	-214 622	
Cash and cash equivalents at the beginning of the period	4 692 033	376 619	4 541 214	591 241	
Net increase/(decrease) in cash and cash equivalents	615 225	302 462	150 819	-214 622	
Cash and cash equivalents at the end of the period	5 307 258	679 081	4 692 033	376 619	7



Jānis Sārns, Director, 31 March 2022

STATEMENT OF CHANGES IN ASSETS

	Retained earnings	Total for the period	Total for the period incl. Budget A (SH)	Total
	EUR	EUR	EUR	EUR
Total assets 31.12.2017	0	3 613 606	279 620	3 613 606
Changes in assets for 2018	0	899 500	177 051	899 500
Total assets 31.12.2018	0	4 513 106	456 671	4 513 106
Changes in assets for 2019	0	264 219	152 261	264 219
Total assets 31.12.2019	0	4 777 325	608 932	4 777 325
Changes in assets for 2020	0	124 795	-218 055	124 795
Total assets 31.12.2020	0	4 902 120	390 877	4 902 120
Changes in assets for 2021	0	569 210	302 504	569 210
Total assets 31.12.2021	0	5 471 330	693 381	5 471 330



Jānis Sārts, Director, 31 March 2022

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 BASIS OF PREPARATION

The legal address of the NATO Strategic Communications Centre of Excellence (Centre) is Kalnciema 11b, Riga, LV-1048. The Centre was established by seven member states – Estonia, Germany, Italy, Latvia, Lithuania, Poland, and the United Kingdom – that signed memorandums of understanding. The Netherlands joined the Centre as a Sponsoring Nation in 2016 as did Canada in 2018, the Slovak Republic in 2019, and Denmark and the United States of America in 2020. Finland and Sweden joined the Centre as Contributing Partners in 2016 and 2017, respectively. The Centre is registered with the Latvian State Revenue Service under registration number 90010376683. Jānis Sārts is the Director of the Centre. PricewaterhouseCoopers SIA is the Centre's certified audit company. The audit for 2021 was conducted by certified auditor Ms Elīza Gulbe.

The financial statements of the Centre have been prepared in accordance with the Law on Accounting and the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia. Paragraph 4 of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia requires that the Annual Accounts should give a true and fair view of the financial position of the Centre. In view of the special status of the Centre, and in order to comply with the provisions of Paragraph 4, it should be noted that during the preparation of these Financial Statements a deviation from the requirements of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia Paragraph 5 and 7 was made. The mentioned deviation relates to the change of headings and layout of the Profit and Loss Statement and Balance Sheet Items in order to reflect the specific status of the Centre. The deviation has no effect on the total assets and liabilities, financial position of the Centre, or the overall result for the year in question.

The monetary unit used in the financial statements is the Euro (EUR).

The Cash Flow Statement has been prepared using the indirect cash flow method.

Statement of Financial Performance is classified according to nature of expense.

The period from 1 January 2021 to 31 December 2021 was the seventh full financial year of operation for the Centre.

The Financial Statements have been prepared using accruals-basis accounting, and the Budget Report has been prepared using cash-basis accounting.

Significant Accounting Policies and Measurement Bases:

A. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and balances of current accounts in the bank.

B. Foreign Currency

Foreign currency transactions have been converted into euros applying the exchange rate determined by the conversion procedure between the central banks of the European System of Central Banks and other central banks, published on the website of the European Central Bank.

C. Deferred Income

Deferred income comprises contributions received for the next financial year and other deferred income that has not been included in the revenue of the reporting period.

D. Property and Equipment

Assets are recognised as fixed assets if the Centre expects to use them for more than one year and if their cost exceeds 500 EUR. Assets that have a useful lifecycle extending beyond one year, but the cost of which is less than 250 EUR, are recognised as expenses upon implementation. The useful lifecycle for assets with an acquisition value of 250 to 500 EUR is two years. The depreciation of fixed assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives using the following rates set by management:

Depreciation rates for classes of property and equipment are as follows: Percent per annum

- | | |
|----------------------------------|-----|
| • Intangible assets (software) | 25% |
| • Communication and IT equipment | 25% |
| • Vehicles | 20% |
| • Other fixed assets | 20% |
| • Furniture, office equipment | 10% |

E. Tax Refunds

The Centre submits a quarterly application to the Ministry of Foreign Affairs of the Republic of Latvia for refunding value added tax (VAT), attaching invoice copies to the application. The Ministry of Foreign Affairs shall certify the right of the applicant to apply for the VAT refund. The Ministry of Foreign Affairs shall submit the application together with the necessary documents to the Latvian State Revenue Service. The Tax Administration shall make the decision concerning the validity of the application and transfer the sum of the refund to the bank account specified in the application.

F. Financial Liabilities

A financial liability is classified as current when it is due to be settled within twelve months after the reporting period.

G. Revenue and Expenses

Revenue is comprised of contributions received and used during the reporting period to ensure the operations of the Centre. Revenues and expenses are recognised on an accrual basis. Revenues and expenses are represented net of discounts and VAT. The expenses for the reporting period are covered by contributions.

H. Accruals

The amount of accruals for unused annual leave is determined by multiplying the average daily wage of employees for the last six months of the reporting period by the amount of accrued but unused annual leave at the end of the reporting period. Accruals have been recorded for the audit based on the agreement. Accruals for vendors are calculated based on reliably estimated liabilities.

I. Budgets

The Centre has two main sources of funding – Framework Nation Support funding (Framework Nation Support Budget), which ensures the functioning of the Centre, and Sponsoring Nations funding (Shared Budget), which supports the Centre’s substantive activities. In the tables the Shared Budget is referred to as ‘Budget A’ and the Framework Nation Support Budget is referred to as ‘Budget B’.

NOTE 2 INTANGIBLE ASSETS

	Budget A (SH) intangible assets	Budget B (FN) intangible assets	Total intangible assets		Budget A (SH) intangible assets	Budget B (FN) intangible assets	Total intangible assets
Net book value 01.01.2021	2 880	29 467	32 347	Net book value 01.01.2020	6 443	31 191	37 634
Purchases in 2021	0	4 520	4 520	Purchases in 2020	0	7 211	7 211
Reclassified to intangible assets from advance payments	0	0	0	Reclassified to intangible assets from advance payments	0	2 970	2 970
Depreciation for 2021	-2 383	-13 436	-15 819	Depreciation for 2020	-3 563	-11 905	-15 468
Disposals in 2021	0	-4 433	-4 433	Disposals in 2020	0	0	0
Accumulated depreciation of disposals 2021	0	4 433	4 433	Accumulated depreciation of disposals 2020	0	0	0
Purchase cost 31.12.2021	27 166	90 851	118 017	Purchase cost 31.12.2020	27 166	90 764	117 930
Accumulated depreciation 31.12.2021	-26 669	-70 300	-96 969	Accumulated depreciation 31.12.2020	-24 286	-61 297	-85 583
Net book value 31.12.2021	497	20 551	21 048	Net book value 31.12.2020	2 880	29 467	32 347

NOTE 3 ADVANCE PAYMENTS FOR INTANGIBLE ASSETS

	Budget A (SH)	Budget B (FN)	Total		Budget A (SH)	Budget B (FN)	Total
Net book value 01.01.2021	0	0	0	Net book value 01.01.2020	0	2 970	2 970
Purchases in 2021	805	0	805	Purchases in 2020	0	0	0
Reclassified to fixed assets in 2021	0	0	0	Reclassified to fixed assets in 2020	0	-2 970	-2 970
Purchase cost 31.12.2021	805	0	805	Purchase cost 31.12.2020	0	0	0

NOTE 4 FIXED ASSETS

	Budget A (SH) fixed assets	Budget B (FN) fixed assets	Total fixed assets		Budget A (SH) fixed assets	Budget B (FN) fixed assets	Total fixed assets
Net book value 01.01.2021	2 854	133 027	135 881	Net book value 01.01.2020	2 849	138 838	141 687
Purchases in 2021	1 488	12 235	13 723	Purchases in 2020	1 519	65 609	67 128
Depreciation for 2021	-1 333	-46 669	-48 002	Depreciation for 2020	-1 514	-68 273	-69 787
Disposals in 2021	-1 628	0	-1 628	Disposals in 2020	0	-26 975	-26 975
Accumulated depreciation of disposals 2021	1 376	0	1 376	Accumulated depreciation of disposals 2020	0	-23 828	-23 828
Purchase cost 31.12.2021	8 194	580 981	589 175	Purchase cost 31.12.2020	8 334	568 746	577 080
Accumulated depreciation 31.12.2021	-5 437	-482 388	-487 825	Accumulated depreciation 31.12.2020	-5 480	-435 719	-441 199
Net book value 31.12.2021	2 757	98 593	101 350	Net book value 31.12.2020	2 854	133 027	135 881

NOTE 5 OTHER FIXED ASSETS/OFFICE EQUIPMENT

	Budget A (SH) equipment	Budget B (FN) equipment	Total equipment		Budget A (SH) equipment	Budget B (FN) equipment	Total equipment
Net book value 01.01.2021	4 541	1 056	5 597	Net book value 01.01.2020	4 231	2 324	6 555
Purchases in 2021	4 764	395	5 159	Purchases in 2020	4 197	782	4 979
Depreciation for 2021	-4 392	-880	-5 272	Depreciation for 2020	-3 887	-2 050	-5 937
Disposals in 2021	-4 780	-2 180	-6 960	Disposals in 2020	-596	-265	-861
Accumulated depreciation of disposals 2021	4 780	2 180	6 960	Accumulated depreciation of disposals 2020	0	0	0
Purchase cost 31.12.2021	16 804	39 942	56 746	Purchase cost 31.12.2020	16 820	41 727	58 547
Accumulated depreciation 31.12.2021	-11 891	-39 371	-51 262	Accumulated depreciation 31.12.2020	-12 279	-40 671	-52 950
Net book value 31.12.2021	4 913	571	5 484	Net book value 31.12.2020	4 541	1 056	5 597

NOTE 6 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Budget A (SH) 31.12.2021	Budget B (FN) 31.12.2021	Total 31.12.2021	Budget A (SH) 31.12.2020	Budget B (FN) 31.12.2020	Total 31.12.2020
Prepaid taxes	0	7 986	7 986	0	9 574	9 574
Next period expenses	4 395	20 818	25 213	3 923	20 195	24 118
Prepayments for equipment and services	751	2	753	0	2	2
Accumulated VAT	167	1 251	1 418	0	2 508	2 508
Other receivables	15	0	15	60	0	60
Total accounts receivable and prepayments	5 328	30 057	35 385	3 983	32 279	36 262

NOTE 7 CASH AND CASH EQUIVALENTS

	Budget A (SH) 31.12.2021	Budget B (FN) 31.12.2021	Total 31.12.2021	Budget A (SH) 31.12.2020	Budget B (FN) 31.12.2020	Total 31.12.2020
Cash on bank account	679 081	4 628 176	5 307 257	376 619	4 315 413	4 692 032
Cash in cash box	0	1	1	0	1	1
Total cash and cash equivalents	679 081	4 628 177	5 307 258	376 619	4 315 414	4 692 033

NOTE 8 ACCOUNTS PAYABLE

	Budget A (SH) 31.12.2021	Budget B (FN) 31.12.2021	Total 31.12.2021	Budget A (SH) 31.12.2020	Budget B (FN) 31.12.2020	Total 31.12.2020
Trade payables	11 391	9 810	21 201	41	17 188	17 229
Accrued liabilities	1 354	25 611	26 965	1 985	23 914	25 899
Vacation accruals	0	151 071	151 071	0	97 343	97 343
Calculated taxes	0	0	0	0	1 399	1 399
Total accounts payable	12 745	186 492	199 237	2 026	139 844	141 870

NOTE 9 DEFERRED INCOME

	Budget A (SH) 2021	Budget B (FN) 2021	Total 2021		Budget A (SH) 2020	Budget B (FN) 2020	Total 2020
Net book value 01.01.2021	388 851	4 371 399	4 760 250	Net book value 01.01.2020	584 052	3 996 436	4 580 488
Contribution Latvia (for 2021)	180 283	1 964 852	2 145 135	Contribution Latvia (for 2020)	67 271	1 964 852	2 032 123
Contribution Latvia (for 2022)	130 000	654 950	784 950	Contribution Latvia (for 2021)	99 339	654 950	754 289
Contribution Poland (for 2021)	21 509		21 509	Contribution Poland (for 2020)	17 562		17 562
Contribution Germany (for 2021)	43 019		43 019	Contribution Germany (for 2020)	35 125		35 125
Contribution Germany (for 2022)	20 000		20 000	Contribution Estonia (for 2020)	17 562		17 562
Contribution Estonia (for 2021)	21 509		21 509	Contribution Italy (for 2020)	17 562		17 562
Contribution Estonia (for 2022)	3 491		3 491	Contribution Great Britain (for 2020)	17 562		17 562
Contribution Italy (for 2021)	21 509		21 509	Contribution Lithuania (for 2020)	10 125		10 125
Contribution Great Britain (for 2021)	21 509		21 509	Contribution Lithuania (for 2021)	4 875		4 875
Contribution Great Britain (for 2022)	10 000		10 000	Contribution Lithuania (for 2020 paid by Poland) *	25 000		25 000
Contribution Lithuania (for 2021)	16 634		16 634	Contribution Finland (for 2020)	17 162		17 162
Contribution Lithuania (for 2021 paid by Poland) *	21 509		21 509	Contribution Netherlands (for 2020)	17 562		17 562
Contribution Finland (for 2021)	21 509		21 509	Contribution Sweden (for 2020)	2 162		2 162
Contribution Netherlands (for 2021)	21 509		21 509	Contribution Sweden (for 2021)	15 000		15 000
Contribution Sweden (for 2021)	6 509		6 509	Contribution Canada (for 2020)	17 562		17 562
Contribution Canada (for 2021)	6 509		6 509	Contribution Canada (for 2021)	15 000		15 000
Contribution Canada (for 2022)	10 000		10 000	Contribution Slovakia (for 2021)	15 000		15 000
Contribution Slovakia (for 2021)	6 509		6 509				
Contribution Slovakia (for 2022)	10 000		10 000				
Contribution Denmark (for 2019)	25 000		25 000				
Contribution Denmark (for 2020)	25 000		25 000				
Contribution Denmark (for 2021)	21 509		21 509				
Contribution United States of America (for 2020)	25 000		25 000				
Contribution United States of America (for 2021)	25 000		25 000				
Contribution United States of America (for 2022)	10 000		10 000				
Received VAT reimbursement	20 643	34 515	55 158	Received VAT reimbursement	20 339	47 627	67 966
Received deferred income	745 669	2 654 317	3 399 986	Received deferred income	431 770	2 667 429	3 099 199
Used in 2021	-454 559	-2 433 584	-2 888 143	Used in 2020	-629 671	-2 289 766	-2 919 437
Conference fee 2021	675	-675	0	Conference fee 2020	2 700	-2 700	0
Total deferred income 31.12.2021	680 636	4 591 457	5 272 093	Total deferred income 31.12.2020	388 851	4 371 399	4 760 250

* Position filled by Polish representative

** Contribution from Denmark for FY 2019 and FY 2020 was received in January 2021 after completion of joining procedures

*** Contribution from the United States of America for FY 2020 was received in February 2021 after completion of joining procedures

NOTE 10 OTHER INCOME

2020	Budget A (SH)	Budget B (FN)	Total
Other income	10 798	0	10 798
Total other income	10 798	0	10 798

2021	Budget A (SH)	Budget B (FN)	Total
Other income	2 430	0	2 430
Total other income	2 430	0	2 430

BUDGET REPORT

2021 BUDGET

Summary

The Centre's budget consists of the Shared Budget – funding provided by the Sponsoring Nations (SN) and Contributing Partners (CP) in support of the Centre's substantive activities, and the Framework Nation Support (FNS) Budget – funding that ensures the functioning of the Centre. The budget report has been prepared on a cash basis.

Shared Budget

During its 13th meeting, the Steering Committee agreed on SN contributions for 2021 in the amount of 650,000 EUR based on 26 paid positions times 25,000 EUR for each position, and CP contributions in the amount of 50,000 EUR based on 2 paid positions times 25,000 EUR for each position. The Shared Budget for 2021 was approved in the amount of 712,500 EUR. From that amount, 700,000 EUR were planned as contributions from SN and CP, and 12,500 EUR were planned as a revenue from value added tax reimbursements.

Contributions for Shared Budget 2021:

First Call for Funds for FY 2021	436,509
Second Call for Funds for FY 2021 (Reduced by surpluses from FY 2019 and advance)	164,368
Surplus from FY 2019	94,248
Advance for FY 2021 (LTU paid in 2020)	4,875
Total (EUR) for FY 2021	700,000

As of 31 December 2021, the total amount of expenditures was 348,630 EUR; in addition, 330,678 EUR were carried forward to FY 2022.

When planning the activities for the year 2021, it was assumed that the first trimester of the year would be under strict epidemiological safety restrictions due to the pandemic, and that halfway through the year, the Centre's activities would return to normality. In reality, only about two months of the year were close to normal for the Centre. The pandemic and containment measures (i.e. lockdowns and other mandates) in Latvia also influenced the Centre's activities in the autumn.

Nevertheless, the Centre successfully conducted an onsite Online and Social Media Analysis Course, Terminology Workshop, and an Editorial Board meeting for the Academic Journal; as well as numerous online events, such as the Riga StratCom Dialogue 2021, Social Media Seminar, Annual Discipline Conference, and webinars on different StratCom topics.

In Budget Chapter 710000 Personnel, 63 percent of tuition fees set aside for courses planned for the Centre's personnel were used. At the beginning of the year, in-person courses were suspended due to the pandemic. Some courses conducted online. By the middle of the year, course attendance returned to pre-pandemic levels. A total of six training courses were attended as projected during 2021. For two of the courses the fees were waived for the Centre's personnel.

Due to the pandemic, the main savings in Budget Chapter 720000 Contractual Supplies and Services were for duty trips, hospitality funds, room rental, as well as - publication costs (decrease in printouts for research papers/reports).

In 2021, the budget was amended (transfers of budget credits) several times. On two separate occasions, amendments required Steering Committee's approval (amendments between Budget

Chapter 720000 and Budget Chapter 730000), the first, to implement POW 2021 Project No. 38, and the second, to develop online lectures for POW 2021 Project No. 51. Therefore, the new Budget Item 734000 was created.

In addition, Chapter 720000 was amended (transfers of budget credits within the chapter), in order to ensure COVID testing before events, to purchase new mobile devices, to cover the costs of the live stream equipment and services for the Centre's organised event, to contract legal consulting services for the copyright policy development for the Academic Journal, and to ensure the funding necessary for contractors for their work on research papers.

Regarding the funding carried forward from FY 2020 to FY 2021 (94,605 EUR), the amount was spent as follows: 22,605 EUR to cover commitments; 60,000 EUR for the implementation of POW 2020/2021 Project No. 38 (the project budget was amended with SC approval); and 8,814 EUR for the language editing and the layout design of several POW 2020 projects. At the end of 2021, 1,300 EUR were still committed (for the layout design of POW 2020 Project No. 31). Those committed funds have once again been carried forward to FY 2022. 1,886 EUR were not spent/lapsed since fewer funds were needed for the layout and editing of various research papers and reports than anticipated.

The 6,264 EUR carried forward from FY 2019 for the layout design of POW 2019 Project No. 6 and for research contractors and language editing for POW 2019/2020 Project No. 66 were completely spent during FY 2021.

Due to several reasons, in 2021, a number of contracts were concluded close to the end of the year, meaning that a significant amount of funds was committed but not spent from the bank accounts. The following funds (330,678 EUR) from 2021 have been carried forward to 2022:

1) committed funds 244,678 EUR, including:

- 202,207 EUR for contractors (research and research assistance) for POW 2021 Projects No. 2, No. 6, No. 11; No. 12; No. 40; No. 56 (Budget Sub-Item 726200);
- 5,445 EUR for consultants (legal aspects) for POW 2021 Project No. 8 (Budget Sub-Item 726100);
- 9,988 EUR for conference space, equipment rental, livestream services, and hospitality costs for POW 2021 Project No. 63;
- 3,390 EUR for layout design and language editing for POW 2021 Projects No. 8; No. 9; No. 25; No. 39; No. 41 (Budget Sub-Sub-Item 721110 and Budget Sub-Item 726200);
- 5,740 EUR for office supplies, printouts, representational gifts, IT consultations, travel expenses;
- 17,908 EUR for online lectures illustrations and animations (Budget Item 734000).

2) Special carry forward of 50,000 EUR from the budget surplus for the implementation of POW 2021 and POW 2022 Project No. 1, and 26,000 EUR from the budget surplus for the POW 2022 project No. 58.

3) 10,000 EUR for the layout and editing of various research papers and reports for POW 2021.

In 2021, 14,620 EUR were received as revenue, including 11,515 EUR from value added tax reimbursements and 3,105 EUR collected in conference fees for POW 2021 Project No. 3.

The lapsed amounts (35,312 EUR from 2021 Shared budget, and 11,013 EUR from Carried Forward from FY 2020) will be offset against SN and CP contributions in the upcoming years based on the participation of each country for particular financial years (posts assigned and contributions paid), unless the Steering Committee decides on a different course of action.

*Refer to **Appendix 1** and **Appendix 2** for further details.*

Framework Nation Support Budget

The FNS Budget for 2021 was planned in the amount of 6,280,266 EUR to cover the costs of remuneration for the Centre's FN staff, the Centre's hired foreign experts, travel costs, administrative expenses, maintenance of the premises, and the purchase of office equipment and supplies. The budget was formulated so that it could be amended in case a solution for new (or additional) premises would be approved.

As of 31 December 2021, the total amount of expenditures was 2,352,316 EUR. Overall, there were no significant changes in expenditures in comparison to 2020. Number of duty trips remained low and there were fewer onsite activities than prior the pandemic. Adapting to the pandemic, one of the Centre's most significant annual events – the Riga StratCom Dialogue (RSD) conference – was held online, which resulted in some savings. Due to the pandemic, fewer interns than usual were taken on. In 2021, 107,497 EUR were spent from budget item 2500, which funds the Centre's substantive activities, including the RSD conference, the rental of the event registration system service, the financing of several internships, and the services of the Editor-in-Chief of the Centre's Academic Journal 'Defence Strategic Communications'.

The only budget amendments of the FNS Budget were conducted for budget Chapter 3000 for the additional security and visual upgrade to the Centre's webpage, and for upgrading the information technologies equipment of the Technical and Scientific Development branch.

Unused funding and contributions are carried forward to the next financial year to continue supporting the Centre's activities and to facilitate possible solutions for the Centre's projected new (or additional) premises.

*Refer to **Appendix 3** and **Appendix 4** for further details.*

APPENDICES TO THE BUDGET REPORT

APPENDIX 1 BUDGET EXECUTION TABLE – 2020 SHARED BUDGET

Chapter	Item	Sub-Item	Sub-Item	Description	Approved Budget	Transfer of Budget Credits	Final Budget	Spent/Received in 2020	Committed/Carried Forward to 2021	Lapsed
710000				PERSONNEL	2 700		2 700	900		1 800
	716000			Training	2 700		2 700	900		1 800
720000				CONTRACTUAL SUPPLIES AND SERVICES	700 300		700 300	522 431	94 605	83 264
	721000			General Support	151 130		151 130	96 620	18 155	36 355
		721100		Administration	74 535		71 575	29 661	12 350	29 564
			721110	Printing/Photocopying/ Visual/Graphics/ Publications Supplies and Services	56 065	-2 960	53 105	18 034	12 350	22 721
			721120	Office Supplies and Minor Office Equipment	8 070		8 070	7 219		851
			721130	Reference Materials	5 800		5 800	2 293		3 507
			721140	Postal/Shipping/ Banking Services	4 600		4 600	2 115		2 485
		721200		Hospitality	44 940	-30 000	14 940	14 855		85
		721500		Furniture and Equipment	17 040	36 960	54 000	47 008	4 798	2 194
		721800		Non NATO StratCom COEs Facilities	14 615	-4 000	10 615	5 096	1 007	4 512
	722000			Mission Support	41 485		42 645	33 628		9 017
		722100		Fuel/Oil/Gases and Fluids	0		0	0		0
		722300		AIS	21 800		21 800	16 419		5 381
			722310	Purchase/Rental and Operational Lease	11 850	3 150	15 000	13 538		1 462
			722320	Supplies and Consumables	350		350	345		5
			722330	Services and Maintenance	9 600	-3 150	6 450	2 536		3 914
		722400		Communications	19 390		20 550	17 209		3 341
			722410	Purchase/Rental and Operational Lease	2 750	1 160	3 910	3 880		30
			722420	Supplies and Consumables	200		200	0		200
			722430	Telephone/Telefax/ Internet/Services and Maintenance	16 440		16 440	13 329		3 111
		722500		Mission Carriers	295		295	0		295
			722510	Rental and Operational Lease	295		295	0		295
			722520	Services and Maintenance	0		0	0		0
	723000			Travel	137 745		109 585	13 085	60 000	36 500
		723100		Transportation for Business Trips	131 285	-28 160	103 125	10 988	60 000	32 137
		723200		Transportation for Training	2 000		2 000	1 595		405
		723300		Fees	4 460		4 460	502		3 958
	725000			Miscellaneous Costs	500		500	34		466
	726000			Consultants/Contractors	369 440		396 440	379 064	16 450	926
		726100		Consultants	0		0	0		0
		726200		Contractors	369 440	27 000	396 440	379 064	16 450	926
730000				CAPITAL AND INVESTMENTS*	0		0	0		0
	731000			AIS	0		0	0		0
	732000			Communications	0		0	0		0
	733000			Furniture and Equipment	0		0	0		0
TOTAL EXPENDITURES					703 000		703 000	523 331	94 605	85 064
740000				REVENUE	28 000		28 000	25 224		2 776
	741000			Revenue/from StratCom COE Organised Conference, Course, Workshop, etc. Fees	17 400		17 400	13 232		4 168
	742000			Revenue/Value Added Tax Reimbursement**	10 600		10 600	11 992		-1 392
	743000			Revenue/Other	0		0	0		0
TOTAL REVENUE					28 000		28 000	25 224		2 776
CONTRIBUTIONS PLANNED/RECEIVED***					675 000		675 000	650 000		25 000
TOTAL NET-EXPENDITURES					650 000		650 000	498 107	94 605	57 288
CARRIED FORWARD FROM FY 2019										
	721000			General Support	6 549		6 549	4 426	600	1 523
	722000			Mission Support	2 540		2 540	2 528	0	12
	723000			Travel	1 000		1 000	0	0	1 000
	726000			Consultants/Contractors	142 616		142 616	132 212	5 664	4 740
TOTAL EXPENDITURES CARRIED FORWARD FROM FY 2019					152 705		152 705	139 166	6 264	7 275
740000				REVENUE****	0		0	12 127		-12 127
TOTAL NET EXPENDITURES					152 705		152 705	127 039	6 264	19 402
CARRIED FORWARD FROM FY 2018										
	726000			Consultants/Contractors	909		909	909		0
TOTAL EXPENDITURES CARRIED FORWARD FROM FY 2018					0		0	0		0
740000				REVENUE	0		0	0		0
TOTAL NET EXPENDITURES					909		909	909		0

* Credits required for the procurement of the equipment at cost of more than 50% Level A (Level A - 5 000 EUR)

** For the first three quarters of FY 2020

*** 675 000 EUR were approved contributions from Sponsoring Nations and Contributing Partners. As the joining process of Denmark was completed at the end of 2020, the contribution (25 000 EUR) was received in January 2021

**** 10 EUR from the Riga StratCom Dialogue 2019 conference fees (received in 2020); 7 773 EUR VAT reimbursement for the 4th quarter of FY 2019; 3 772 EUR reimbursements for payments made in FY 2019; 572 EUR VAT reimbursement for the funds carried forward from FY 2019

APPENDIX 2 BUDGET EXECUTION TABLE – 2021 SHARED BUDGET

Chapter	Item	Sub-Item	Sub-Sub-Item	Description	Approved Budget	Transfer of Budget Credits	Final Budget	Spent/Received in 2021	Committed/Carried Forward to 2022	Lapsed
710000				PERSONNEL	2 700		2 700	1 702		998
	716000			Training	2 700		2 700	1 702		998
720000				CONTRACTUAL SUPPLIES AND SERVICES	689 800		689 800	345 954	312 770	31 076
	721000			General Support	186 160		186 160	86 212	93 367	6 581
		721100		Administration	65 645		65 645	22 936	37 834	4 874
			721110	Printing/Photocopying/Visual/Graphics/Publications Supplies and Services	49 505		49 505	18 323	30 363	819
			721120	Office Supplies and Minor Office Equipment	5 340		5 340	1 615	3 471	254
			721130	Reference Materials	6 200		6 200	1 406	4 000	794
			721140	Postal/Shipping/Banking Services	4 600		4 600	1 592		3 008
		721200		Hospitality	39 315		39 315	10 842	28 266	207
		721500		Furniture and Equipment	41 780	1 700	43 480	37 988	4 441	1 051
		721800		Non NATO StratCom COEs Facilities	39 420	-1 700	37 720	14 446	22 826	448
	722000			Mission Support	50 840		73 140	61 080	964	11 096
		722100		Fuel/Oil/Gases and Fluids	0		0	0		0
		722300		AIS	26 690		46 940	37 355	964	8 621
			722310	Purchase/Rental and Operational Lease	21 040	4 964	26 004	18 307		7 697
			722320	Supplies and Consumables	350	250	600	519		81
			722330	Services and Maintenance	5 300	15 036	20 336	18 529	964	843
		722400		Communications	23 850		25 900	23 725		2 175
			722410	Purchase/Rental and Operational Lease	3 850	2 050	5 900	5 765		135
			722420	Supplies and Consumables	200		200	189		11
			722430	Telephone/Telefax/Internet/Services and Maintenance	19 800		19 800	17 771		2 029
		722500		Mission Carriers	300		300	0		300
			722510	Rental and Operational Lease	300		300	0		300
			722520	Services and Maintenance	0		0	0		0
	723000			Travel	94 270		49 270	31 051	8 047	10 172
		723100		Transportation for Business Trips	88 810	-44 800	44 010	28 513	8 047	7 450
		723200		Transportation for Training	1 500	700	2 200	2 097		103
		723300		Fees	3 960	-900	3 060	441		2 619
	725000			Miscellaneous Costs	400	800	1 200	1 061		139
	726000			Consultants/Contractors	358 130		380 030	166 550	210 392	3 088
		726100		Consultants	0	5 500	5 500	0	5 445	55
		726200		Contractors	358 130	16 400	374 530	166 550	204 947	3 033
730000				CAPITAL AND INVESTMENTS *	20 000		20 000	974	17 908	1 118
	731000			AIS	20 000	-20 000	0	0		0
	732000			Communications	0		0	0		0
	733000			Furniture and Equipment	0		0	0		0
	734000			Other Investments	0	20 000	20 000	974	17 908	1 118
TOTAL EXPENDITURES					712 500		712 500	348 630	330 678	33 192
740000				REVENUE	12 500		12 500	14 620		-2 120
	741000			Revenue/from StratCom COE Organised Conference, Course, Workshop, etc. Fees	0		0	3 105		-3 105
	742000			Revenue/Value Added Tax Reimbursement**	12 500		12 500	11 515		985
	743000			Revenue/Other	0		0	0		0
TOTAL REVENUE					12 500		12 500	14 620		-2 120
CONTRIBUTIONS PLANNED/RECEIVED					700 000		700 000	700 000		0
TOTAL NET-EXPENDITURES					700 000		700 000	334 010	330 678	35 312
CARRIED FORWARD FROM FY 2020										
	721000			General Support	18 155	-8 000	10 155	8 638	1 300	217
	722000			Mission Support	0	60 000	60 000	60 000		0
	726000			Consultants/Contractors	36 450	-12 000	24 450	22 781		1 669
	731000			AIS	40 000	-40 000	0	0		0
TOTAL EXPENDITURES CARRIED FORWARD FROM FY 2020					94 605		94 605	91 419	1 300	1 886
740000				REVENUE***	0		0	9 127		-9 127
TOTAL NET EXPENDITURES					94 605		94 605	82 292	1 300	11 013
CARRIED FORWARD FROM FY 2019										
	721000			General Support	600		600	600		0
	726000			Consultants/Contractors	5 664		5 664	5 664		0
TOTAL EXPENDITURES CARRIED FORWARD FROM FY 2019					6 264		6 264	6 264		0
740000				REVENUE	0		0	0		0
TOTAL NET EXPENDITURES					6 264		6 264	6 264		0

* Credits required for the procurement of the equipment at cost of more than 50% Level A (Level A - 5 000 EUR)

** For the first three quarters of FY 2021

*** 9 127 EUR Value added tax reimbursement for the 4th quarter of FY 2020

APPENDIX 3

BUDGET EXECUTION TABLE – 2020 FRAMEWORK NATION SUPPORT BUDGET

Chapter	Item	Sub-Item	Sub-Sub-Item	Description	Approved Budget	Transfer of Budget Credits	Final Budget	Spent/Received in 2020	Carried Forward to 2021
1000				PERSONNEL	1 767 296		1 767 296	1 716 609	50 687
	1100			Salaries, Employee's Personal Income Tax, Employee's State Social Insurance Mandatory Contributions	1 412 117		1 412 117	1 373 300	38 817
	1200			Employer's State Social Insurance Mandatory Contributions, Benefits and Allowances	355 179		355 179	343 309	11 870
2000				SUPPLIES AND SERVICES	4 076 379		4 076 379	542 551	3 533 828
	2100			Travel Expenses	63 920		63 920	14 506	49 414
	2200			Services	544 414		519 414	395 968	123 446
		2210		Communications	17 000		17 000	12 557	4 443
		2220		Utilities	43 800		43 800	26 889	16 911
		2230		Administrative Expenditure	54 392		54 392	43 707	10 685
		2240		Renovation and Maintenance of Institution	267 910		285 910	265 085	20 825
			2241	Renovation of Buildings and Premises	10 000		10 000	0	10 000
			2242	Maintenance and Repair of Vehicles	5 510		5 510	3 441	2 069
			2243	Repair and Technical Services of Equipment and Inventory	10 000		10 000	3 039	6 961
			2244	Maintenance of Buildings and Premises	242 400	18 000	260 400	258 605	1 795
		2250		Information Technologies Maintenance	149 312	-58 000	91 312	39 239	52 073
		2260		Rental	5 000	15 000	20 000	8 491	11 509
		2270		Other Services	7 000		7 000	0	7 000
	2300			Stocks, Materials, Office Supplies	65 660		90 660	40 410	50 250
		2310		Office Supplies, Minor Office Equipment and Furniture, Information Technologies and Communications/up to 10% of Level A*	28 460		28 460	8 305	20 155
		2320		Inventory, Equipment, Furniture, Information Technologies and Communications/from 10% to 50% of Level A*	22 700	25 000	47 700	23 898	23 802
		2330		Materials for Renovation and Maintenance of Institution	5 000		5 000	256	4 744
		2340		Other	9 500		9 500	7 951	1 549
	2400			Periodicals	9 000		9 000	6 269	2 731
	2500			Other (FN Voluntary Contributions for Centre's Substantive Activities)	3 393 385		3 393 385	85 398	3 307 987
3000				CAPITAL AND INVESTMENTS/Credits Required for the Procurement of the Equipment at Cost of More than 50% Level A*	71 150		71 150	42 997	28 153
	3100			Intangible Assets	2 800	5 200	8 000	7 532	468
	3200			Fixed Assets	68 350		63 150	35 465	27 685
		3210		Information Technologies	9 850		9 850	6 017	3 833
		3220		Communications	0		0	0	0
		3230		Other Investments	58 500	-5 200	53 300	29 448	23 852
TOTAL EXPENDITURES					5 914 825		5 914 825	2 302 157	3 612 668
4000				REVENUE	0		0	47 796	47 796
	4100			Revenue/Value Added Tax Reimbursement **	0		0	47 628	47 628
	4200			Revenue/Other Reimbursement	0		0	98	98
	4300			Revenue/Other ****	0		0	70	70
TOTAL REVENUE ***					0		0	47 796	47 796
TOTAL NET-EXPENDITURES *****					5 914 825		5 914 825	2 302 157	3 612 668

* Level A - 5 000 EUR

** 19 511 EUR for the 4th quarter of FY 2019 and 28 117 EUR for first three quarters of FY 2020

*** 47 796 EUR will be incorporated into the FNS Budget for 2021

**** 70 EUR from the Riga StratCom Dialogue 2019 conference fees (received in 2020)

***** 3 612 668 EUR will be incorporated into the FNS Budget for 2021

APPENDIX 4 BUDGET EXECUTION TABLE – 2021 FRAMEWORK NATION SUPPORT BUDGET

Chapter	Item	Sub-Item	Sub-Sub-Item	Description	Approved Budget	Transfer of Budget Credits	Final Budget	Spent/Received in 2021	Carried Forward to 2022
1000				PERSONNEL	1 872 480		1 872 480	1 799 734	72 746
	1100			Salaries, Employee's Personal Income Tax, Employee's State Social Insurance Mandatory Contributions	1 496 881		1 496 881	1 451 831	45 050
	1200			Employer's State Social Insurance Mandatory Contributions, Benefits and Allowances	375 599		375 599	347 903	27 696
2000				SUPPLIES AND SERVICES	4 390 286		4 390 286	542 488	3 847 798
	2100			Travel Expenses	47 800		47 800	28 780	19 020
	2200			Services	497 106		497 106	369 845	127 261
		2210		Communications	17 000		17 000	13 745	3 255
		2220		Utilities	40 000		40 000	27 283	12 717
		2230		Administrative Expenditure	75 392		75 392	41 665	33 727
		2240		Renovation and Maintenance of Institution	270 770		270 770	236 425	34 345
			2241	Renovation of Buildings and Premises	10 000		10 000	0	10 000
			2242	Maintenance and Repair of Vehicles	7 010		7 010	3 543	3 467
			2243	Repair and Technical Services of Equipment and Inventory	10 000		10 000	1 459	8 541
			2244	Maintenance of Buildings and Premises	243 760		243 760	231 423	12 337
		2250		Information Technologies Maintenance	81 944		81 944	48 451	33 493
		2260		Rental	5 000		5 000	242	4 758
		2270		Other Services	7 000		7 000	2 034	4 966
	2300			Stocks, Materials, Office Supplies	59 080		59 080	29 007	30 073
		2310		Office Supplies, Minor Office Equipment and Furniture, Information Technologies and Communications/up to 10% of Level A*	20 620		20 620	4 775	15 845
		2320		Inventory, Equipment, Furniture, Information Technologies and Communications/from 10% to 50% of Level A*	20 460		20 460	15 371	5 089
		2330		Materials for Renovation and Maintenance of Institution	8 000		8 000	93	7 907
		2340		Other	10 000		10 000	8 768	1 232
	2400			Periodicals	9 000		9 000	7 359	1 641
	2500			Other (FN Voluntary Contributions for Centre's Substantive Activities)	3 777 300		3 777 300	107 497	3 669 803
3000				CAPITAL AND INVESTMENTS/Credits Required for the Procurement of the Equipment at Cost of More than 50% Level A*	17 500		17 500	10 094	7 406
	3100			Intangible Assets	0	5 500	5 500	5 469	31
	3200			Fixed Assets	17 500		12 000	4 625	7 375
		3210		Information Technologies	0	5 000	5 000	4 625	375
		3220		Communications	0		0	0	0
		3230		Other Investments	17 500	-10 500	7 000	0	7 000
TOTAL EXPENDITURES					6 280 266		6 280 266	2 352 316	3 927 950
4000				REVENUE	0		0	45 276	45 276
	4100			Revenue/Value Added Tax Reimbursement **	0		0	34 515	34 515
	4200			Revenue/Other Reimbursement***	0		0	10 761	10 761
	4300			Revenue/Other	0		0	0	0
TOTAL REVENUE ****					0		0	45 276	45 276
TOTAL NET-EXPENDITURES *****					6 280 266		6 280 266	2 352 316	3 927 950

* Level A - 5 000 EUR

** 10 240 EUR for the 4th quarter of FY 2020 and 24 275 EUR for the first three quarters of FY 2021

*** 83 EUR reimbursement for health insurance and 10 678 EUR overpayment for social insurance contributions for 2019

**** 45 276 EUR will be incorporated into the FNS Budget for 2022

***** 3 927 950 EUR will be incorporated into the FNS Budget for 2022

Jānis Sārts, Director, 31 March 2022



Independent Auditor's Report

To the Founders of NATO Strategic Communications Centre of Excellence

Our opinion

In our opinion, the accompanying financial statements set out on pages 7 to 16 of the accompanying annual report give a true and fair view of the financial position of NATO Strategic Communications Centre of Excellence (the "Organisation") as at 31 December 2021, and of the Organisation's financial performance and cash flows for the year ended 31 December 2021 in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

What we have audited

The Organisation's financial statements comprise:

- the statement of financial performance for the year ended 31 December 2021,
 - the balance sheet as at 31 December 2021,
 - the cash flow statement for the year ended 31 December 2021,
 - the statement of changes in assets for the year ended 31 December 2021, and
 - the notes to the financial statements which include a summary of significant accounting policies and other explanatory information.
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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Organisation in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit Services that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Audit Services.

Reporting on other information, including the Management Report

Director of the Organisation is responsible for the other information. The other information comprises:

- the Management Report, as set out on pages 3 to 6 of the accompanying annual report,
- the Management Representation to the Financial Statements, as set out on page 8 of the accompanying annual report,
- the Budget Report, as set out on pages 17 to 23 of the accompanying annual report.

but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



With respect to the Management Report, we also performed the procedures required by the Law on Audit Services. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports.

Based on the work undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Management Report has been prepared in accordance with requirements of the Law on Annual Reports and Consolidated Annual Reports; and

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we are required to report if we have identified material misstatements in the other information t. We have nothing to report in this regard.

Responsibilities of Director of the Organisation and Those Charged with Governance for the Financial Statements

Director of the Organisation is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

A handwritten signature in blue ink, appearing to read 'E. Jansen-Diener'.

Eva Jansen-Diener
Persona per procura

A handwritten signature in blue ink, appearing to read 'Elīza Gulbe'.

Elīza Gulbe
Certified auditor in charge
Certificate No. 219

Riga, Latvia
31 March 2022