

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 (the 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. The Netherlands, Canada, the Slovak Republic, Denmark, the United States, and Hungary have since joined the Centre as Sponsoring Nations, whereas Finland and Sweden joined as Contributing Partners. Australia is undergoing joining procedures.

The Centre continues both to meet the accreditation requirements set by the NATO Military Committee (MC) and the Headquarters Supreme Allied Command Transformation (HQ SACT) and to provide a tangible enhancement of strategic communications capabilities for NATO, NATO Allies, and NATO Partner Nations.

During the reporting period, the Centre implemented substantive activities in line with its Programme of Work for 2022 (POW 2022) and Budget for 2022 as approved by the Steering Committee at its 14th meeting.

Over its years of full operation, 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 Centre 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 2022

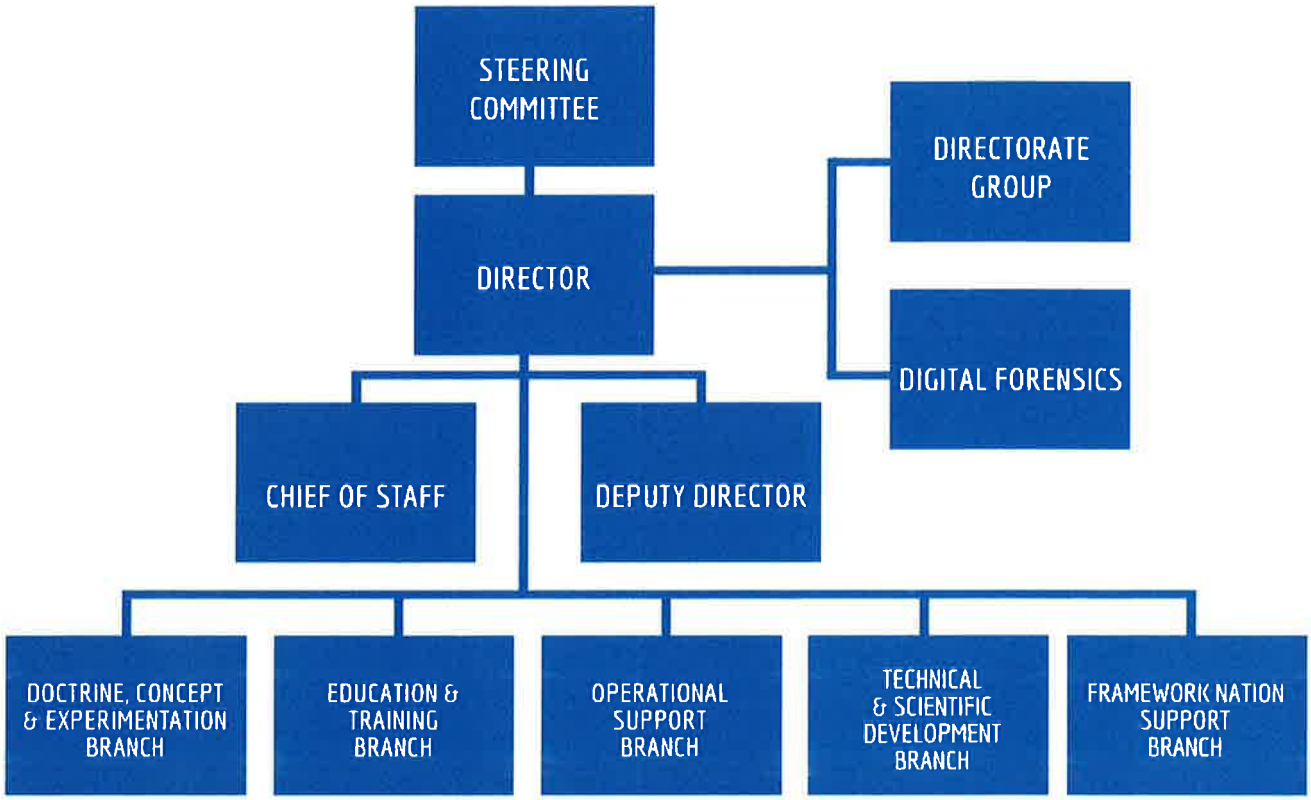
The Centre's mission is to support NATO's StratCom capability development process, mission effectiveness, and interoperability by bringing together military, government, academic, commercial, and third-sector knowledge and expertise. The Centre's aim is to contribute substantially to the improvement of the StratCom capabilities of NATO, its Allies, and its Partners through research, analysis, concept development, experimentation, doctrine development, standardisation, the 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, and 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 2022 the Centre was engaged in a wide range of activities and events related to various StratCom disciplines. POW 2022 comprised 69 projects: these included tasks assigned by Sponsoring Nations and Contributing Partners, as well as Requests for Support from various NATO entities, the European Centre of Excellence for Countering Hybrid Threats, 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.



By the end of December 2022, 98 per cent of the approved staff positions were filled. During 2022 seven newcomers arrived at the Centre, six of whom were on a rotation/replacement basis. In addition to the contributions of the Sponsoring Nations and Contributing Partners, joining nation Australia contributed one officer to the Centre.

Four interns and two fellows successfully completed their internships/fellowships during 2022, substantially contributing to the ongoing research and organisation of the Centre's conducted events.

Main Activities in 2022

In 2022 the Centre fully shifted back to its on-site operational set-up. However, its event management and research production were adapted to the impact of COVID-19.

The Centre's subject matter experts were fully committed to and involved in numerous projects designated for the development of the StratCom mindset, processes, related functions, and capabilities, as well as events organised by the StratCom, Military Public Affairs, Psychological Operations, and Information Operations communities of interest.

The Centre organised numerous different StratCom discipline related conferences, courses, seminars, and workshops 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; and contribute to analysis of the digital environment and its impact on critical thinking.

The Riga StratCom Dialogue 2022, the Centre's annual conference, was established as a global discussion platform aimed at tackling current issues in global security, the information environment, and the cognitive dimension. It hosted more than 450 on-site participants (mainly StratCom practitioners working for governments and the military, as well as non-state actors).

As a custodian of the Allied Joint Doctrine for Strategic Communications (AJP-10), the Centre successfully finalised the creation of the first edition of StratCom fundamentals for the operational level of NATO's command structure. The additional task of developing an equally completely new NATO doctrine on Military Public Affairs, again as custodian, has led to well-received study drafts of that document. The Centre's experts continue to contribute to all top-level doctrine reviews, thus maintaining its dedication to the integration of StratCom in NATO doctrine.

In accordance with POW 2022, numerous studies were conducted, and more than 20 research papers were finalised for publication. Several episodes of the '#StratComPodcast' (available in audio and video formats) were also produced, in which important issues were tackled by international experts and StratCom practitioners and decision makers. The main publications on the Centre's website in 2022 include:

- *Russian Civilian Outreach and Information Operations in Syria*
- *A Look into WeChat – Enabling an Analyst to Search and Monitor Content*
- *Defence Strategic Communications* (volume 10 of the academic journal)
- *When 5G Meets AI: Next Generation of Communication and Information Sharing*
- *The Role of AI in the Battle against Disinformation*
- *China's Influence in the Nordic-Baltic Information Environment: Latvia and Sweden*
- *Capability Assessment for StratCom: Using the New Risk Perspective to Inform the Development of Effective Response Capability Assessments for Countering Information Influence Operations*
- *Disinformation in Democracies: Improving Societal Resilience to Disinformation*
- *Social Media Manipulation 2021/2022: Assessing the Ability of Social Media Companies to Combat Platform Manipulation*
- *Robotrolling 2022/1*
- *Attributing Information Influence Operations: Identifying Those Responsible for Malicious Behaviour Online*
- *Social Media Monitoring Tools: An In-Depth Look*
- *ZAPAD 2021 Communication Analysis: Messages, Narratives, (Dis)Information*
- *Mask Gate as a Continuous Media Event in a Hybrid Media Space*
- *Chinese Arctic Narratives: How Chinese Media Is Approaching the Nordic-Arctic States*
- *Virtual Manipulation Brief, Issue 1/2022: Russia's Struggle to Circumvent Sanctions and Communicate Its War against Ukraine*

- *Communicating Defence in Slovakia and the Czech Republic: Mapping Actors and Narratives Online*
- *Foreign Information Manipulation and Interference Defence Standards: Test for Rapid Adoption of the Common Language and Framework 'DISARM' (prepared in cooperation with Hybrid COE)*
- *Mega-Event Sports Diplomacy: A Strategic Communications Perspective*
- *A Capability Definition and Assessment Framework for Countering Disinformation, Information Influence, and Foreign Interference*
- *Trends in AI from Red and Blue Team Perspectives: Synthetic Data in a Data-Driven Society vs Sentiment Analysis*
- *Information Laundering via Baltnews on Telegram: How Russian State-Sponsored Media Evade Sanctions and Narrate the War*

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 2023

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 2023

BALANCE SHEET

	31.12.2022 Total EUR	31.12.2022 incl. Budget A (SH) EUR	31.12.2021 Total EUR	31.12.2021 incl. Budget A (SH) EUR	Notes
Intangible assets	34 222	14 870	21 048	497	2
Advance payments for intangible assets	2 000	2 000	805	805	3
Fixed assets	73 112	2 918	101 350	2 757	4
Other fixed assets/office equipment	3 017	2 518	5 484	4 913	5
Total fixed assets and intangible assets	**112 351**	**22 306**	**128 687**	**8 972**	
Accounts receivable and prepayments	61 069	12 840	35 385	5 328	6
Cash and cash equivalents	4 708 758	647 170	5 307 258	679 081	7
Total current assets	**4 769 827**	**660 010**	**5 342 643**	**684 409**	
TOTAL ASSETS	**4 882 178**	**682 316**	**5 471 330**	**693 381**	
Accounts payable	258 752	91 337	199 237	12 745	8
Deferred income	4 623 426	590 979	5 272 093	680 636	9
Total current liabilities	**4 882 178**	**682 316**	**5 471 330**	**693 381**	
TOTAL LIABILITIES AND NET ASSETS	**4 882 178**	**682 316**	**5 471 330**	**693 381**	

STATEMENT OF FINANCIAL PERFORMANCE

	31.12.2022 Total EUR	31.12.2022 incl. Budget A (SH) EUR	31.12.2021 Total EUR	31.12.2021 incl. Budget A (SH) EUR	Notes
Contributions and related income	3 273 142	685 153	2 888 143	454 559	9
Other income	43 877	18 047	2 430	2 430	10
Total revenue	**3 317 019**	**703 200**	**2 890 573**	**456 989**	
Operating expenses	1 511 735	695 227	980 678	448 881	
Personnel expenses	1 748 480	0	1 840 802	0	
Depreciation of fixed assets and intangible assets	56 804	7 973	69 093	8 108	2,4,5
Total expenses	**3 317 019**	**703 200**	**2 890 573**	**456 989**	
Surplus from operating activities	**0**	**0**	**0**	**0**	
Surplus for the period	**0**	**0**	**0**	**0**	

Jānis Sārts, Director, 31 March 2023

CASH FLOW STATEMENT

	31.12.2022 Total EUR	31.12.2022 incl. Budget A (SH) EUR	31.12.2021 Total EUR	31.12.2021 incl. Budget A (SH) EUR	Notes
Surplus from operating activities	0	0	0	0	
Depreciation	56 804	7 973	69 093	8 108	2,4,5
Change in accrued expenses for unused vacations	-30 573	0	53 728	0	
Change in accounts receivable	-25 684	-7 512	877	-1 345	
Change in liabilities and prepayments	90 088	78 592	3 639	10 719	
Total cash flows from operating activities	**90 635**	**79 053**	**127 337**	**17 482**	
Fixed and intangible assets purchase	-40 468	-21 307	-23 955	-6 805	2,3,4,5
Total cash flows used in investment activities	**-40 468**	**-21 307**	**-23 955**	**-6 805**	
Receipt of contributions, other deferred income	2 534 910	570 058	3 344 828	725 026	9
Contributions, other deferred income used	-3 183 577	-659 715	-2 832 985	-433 241	9
Total cash flows from financing activities	**-648 667**	**-89 657**	**511 843**	**291 785**	
Total cash flows	**-598 500**	**-31 911**	**615 225**	**302 462**	
Cash and cash equivalents at the beginning of the period	**5 307 258**	**679 081**	**4 692 033**	**376 619**	
Net increase/(decrease) in cash and cash equivalents	-598 500	-31 911	615 225	302 462	
Cash and cash equivalents at the end of the period	**4 708 758**	**647 170**	**5 307 258**	**679 081**	**7**

Jānis Sārts, Director, 31 March 2023

STATEMENT OF CHANGES IN ASSETS

	Retained earnings EUR	Total for the period EUR	Total for the period incl. Budget A (SH) EUR
Total assets 31.12.2018	**0**	**4 513 106**	**456 671**
Changes in assets for 2019	0	264 219	152 261
Total assets 31.12.2019	**0**	**4 777 325**	**608 932**
Changes in assets for 2020	0	124 795	-218 055
Total assets 31.12.2020	**0**	**4 902 120**	**390 877**
Changes in assets for 2021	0	569 210	302 504
Total assets 31.12.2021	**0**	**5 471 330**	**693 381**
Changes in assets for 2022	0	-589 152	-11 065
Total assets 31.12.2022	**0**	**4 882 178**	**682 316**

Jānis Sārts, Director, 31 March 2023

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 BASIS OF PREPARATION

The legal address of the NATO Strategic Communications Centre of Excellence (the 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, Denmark and the United States of America in 2020, and Hungary in 2022. 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. The Centre's auditor is the certified audit company PricewaterhouseCoopers SIA and certified auditor in charge Jegors Podosinnikovs.

The financial statements of the Centre have been prepared in accordance with the Accounting Law and the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia. Paragraph 4 of the latter requires that the financial statement 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 Chapter 4, it should be noted that during the preparation of these financial statements there was a deviation from the requirements of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia (Chapters 5 and 7). This 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, the financial position of the Centre, or the overall result for the year.

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.

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

The period from 1 January 2022 to 31 December 2022 was the eight full financial year of operation for the Centre.

The financial statements have been prepared using accrual-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, as 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 EUR 500. Assets that have a useful life cycle extending beyond one year, but the cost of which is less than EUR 250, are recognised as expenses upon implementation. The useful life cycle for assets with an acquisition value of EUR 250 to 500 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:

Property and equipment class	Depreciation rate (percentage 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), with invoice copies attached 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. Revenues and Expenses

Revenues comprise 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 01.01.2022	**497**	**20 551**	**21 048**	**Net book value 01.01.2021**	**2 880**	**29 467**	**32 347**
Purchases in 2022	15 690	12 990	28 680	Purchases in 2021	0	4 520	4 520
Reclassified to intangible assets from advance payments	805	0	805	Reclassified to intangible assets from advance payments	0	0	0
Depreciation for 2022	-2 122	-11 131	-13 253	Depreciation for 2021	-2 383	-13 436	-15 819
Disposals in 2022	0	-16 312	-16 312	Disposals in 2021	0	-4 433	-4 433
Accumulated depreciation of disposals 2022	0	13 254	13 254	Accumulated depreciation of disposals 2021	0	4 433	4 433
Purchase cost 31.12.2022	**43 661**	**87 529**	**131 190**	**Purchase cost 31.12.2021**	**27 166**	**90 851**	**118 017**
Accumulated depreciation 31.12.2022	**-28 791**	**-68 177**	**-96 968**	**Accumulated depreciation 31.12.2021**	**-26 669**	**-70 300**	**-96 969**
Net book value 31.12.2022	**14 870**	**19 352**	**34 222**	**Net book value 31.12.2021**	**497**	**20 551**	**21 048**

NOTE 3 ADVANCE PAYMENTS FOR INTANGIBLE ASSETS

	Budget A (SH)	Budget B (FN)	Total		Budget A (SH)	Budget B (FN)	Total
Net book value 01.01.2022	**805**	**0**	**805**	**Net book value 01.01.2021**	**0**	**0**	**0**
Purchases in 2022	2 000	0	2 000	Purchases in 2021	805	0	805
Reclassified to fixed assets in 2022	-805	0	-805	Reclassified to fixed assets in 2021	0	0	0
Purchase cost 31.12.2022	**2 000**	**0**	**2 000**	**Purchase cost 31.12.2021**	**805**	**0**	**805**

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 01.01.2022	**2 757**	**98 593**	**101 350**	**Net book value 01.01.2021**	**2 854**	**133 027**	**135 881**
Purchases in 2022	1 809	8 846	10 655	Purchases in 2021	1 488	12 235	13 723
Depreciation for 2022	-1 066	-37 245	-38 311	Depreciation for 2021	-1 333	-46 669	-48 002
Disposals in 2022	-1 242	0	-1 242	Disposals in 2021	-1 628	0	-1 628
Accumulated depreciation of disposals 2022	660	0	660	Accumulated depreciation of disposals 2021	1 376	0	1 376
Purchase cost 31.12.2022	**8 761**	**589 827**	**598 588**	**Purchase cost 31.12.2021**	**8 194**	**580 981**	**589 175**
Accumulated depreciation 31.12.2022	**-5 843**	**-519 633**	**-525 476**	**Accumulated depreciation 31.12.2021**	**-5 437**	**-482 388**	**-487 825**
Net book value 31.12.2022	**2 918**	**70 194**	**73 112**	**Net book value 31.12.2021**	**2 757**	**98 593**	**101 350**

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 01.01.2022	**4 913**	**571**	**5 484**	**Net book value 01.01.2021**	**4 541**	**1 056**	**5 597**
Purchases in 2022	2 390	383	2 773	Purchases in 2021	4 764	395	5 159
Depreciation for 2022	-4 785	-455	-5 240	Depreciation for 2021	-4 392	-880	-5 272
Disposals in 2022	-1 639	0	-1 639	Disposals in 2021	-4 780	-2 180	-6 960
Accumulated depreciation of disposals 2022	1 639	0	1 639	Accumulated depreciation of disposals 2021	4 780	2 180	6 960
Purchase cost 31.12.2022	**17 555**	**40 325**	**57 880**	**Purchase cost 31.12.2021**	**16 804**	**39 942**	**56 746**
Accumulated depreciation 31.12.2022	**-15 037**	**-39 826**	**-54 863**	**Accumulated depreciation 31.12.2021**	**-11 891**	**-39 371**	**-51 262**
Net book value 31.12.2022	**2 518**	**499**	**3 017**	**Net book value 31.12.2021**	**4 913**	**571**	**5 484**

NOTE 6 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Budget A (SH) 31.12.2022	Budget B (FN) 31.12.2022	Total 31.12.2022	Budget A (SH) 31.12.2021	Budget B (FN) 31.12.2021	Total 31.12.2021
Prepaid taxes	0	19 298	19 298	0	7 986	7 986
Next period expenses	7 071	27 702	34 773	4 395	20 818	25 213
Prepayments for equipment and services	0	3	3	751	2	753
VAT receivable	1 011	1 212	2 223	167	1 251	1 418
Other receivables	4 758	14	4 772	15	0	15
Total accounts receivable and prepayments	**12 840**	**48 229**	**61 069**	**5 328**	**30 057**	**35 385**

NOTE 7 CASH AND CASH EQUIVALENTS

	Budget A (SH) 31.12.2022	Budget B (FN) 31.12.2022	Total 31.12.2022	Budget A (SH) 31.12.2021	Budget B (FN) 31.12.2021	Total 31.12.2021
Cash on bank account	647 170	4 061 587	4 708 757	679 081	4 628 176	5 307 257
Cash in cash box	0	1	1	0	1	1
Total cash and cash equivalents	**647 170**	**4 061 588**	**4 708 758**	**679 081**	**4 628 177**	**5 307 258**

NOTE 8 ACCOUNTS PAYABLE

	Budget A (SH) 31.12.2022	Budget B (FN) 31.12.2022	Total 31.12.2022	Budget A (SH) 31.12.2021	Budget B (FN) 31.12.2021	Total 31.12.2021
Trade/other payables	7 701	7 608	15 309	11 391	9 810	21 201
Accrued liabilities	81 774	39 309	121 083	1 354	25 611	26 965
Vacation accruals	0	120 498	120 498	0	151 071	151 071
Calculated taxes	1 862	0	1 862	0	0	0
Total accounts payable	**91 337**	**167 415**	**258 752**	**12 745**	**186 492**	**199 237**

NOTE 9 DEFERRED INCOME

	Budget A (SH) 2022	Budget B (FN) 2022	Total 2022		Budget A (SH) 2021	Budget B (FN) 2021	Total 2021
Net book value 01.01.2022	**680 636**	**4 591 457**	**5 272 093**	**Net book value 01.01.2022**	**388 851**	**4 371 399**	**4 760 250**
Contribution Latvia (for 2022)	140 075	1 964 852	2 104 927	Contribution Latvia (for 2021)	180 283	1 964 852	2 145 135
Contribution Latvia (for 2023)	130 000		130 000	Contribution Latvia (for 2022)	130 000	654 950	784 950
Contribution Poland (for 2022)	16 550		16 550	Contribution Poland (for 2021)	21 509		21 509
Contribution Germany (for 2022)	21 550		21 550	Contribution Germany (for 2021)	43 019		43 019
Contribution Estonia (for 2022)	17 284		17 284	Contribution Germany (for 2022)	20 000		20 000
Contribution Italy (for 2022)	20 775		20 775	Contribution Estonia (for 2021)	21 509		21 509
Contribution Great Britain (for 2022)	10 775		10 775	Contribution Estonia (for 2022)	3 491		3 491
Contribution Lithuania (for 2022)	45 775		45 775	Contribution Italy (for 2021)	21 509		21 509
Contribution Finland (for 2022)	20 775		20 775	Contribution Great Britain (for 2021)	21 509		21 509
Contribution Netherlands (for 2022)	20 775		20 775	Contribution Great Britain (for 2022)	10 000		10 000
Contribution Sweden (for 2022)	20 775		20 775	Contribution Lithuania (for 2021)	16 634		16 634
Contribution Sweden (for 2023)	10 000		10 000	Contribution Lithuania (for 2021 paid by Poland) *	21 509		21 509
Contribution Canada (for 2022)	10 775		10 775	Contribution Finland (for 2021)	21 509		21 509
Contribution Canada (for 2023)	10 000		10 000	Contribution Netherlands (for 2021)	21 509		21 509
Contribution Slovakia (for 2022)	10 775		10 775	Contribution Sweden (for 2021)	6 509		6 509
Contribution Slovakia (for 2023)	10 000		10 000	Contribution Canada (for 2021)	6 509		6 509
Contribution Denmark (for 2022)	20 775		20 775	Contribution Canada (for 2022)	10 000		10 000
Contribution United States of America (for 2022)	10 775		10 775	Contribution Slovakia (for 2021)	6 509		6 509
Contribution Hungary (for 2022)	21 849		21 849	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	23 988	65 577	89 565	Received VAT reimbursement	20 643	34 515	55 158
Received deferred income	**594 046**	**2 030 429**	**2 624 475**	**Received deferred income**	**745 669**	**2 654 317**	**3 399 986**
Used in 2022	-685 153	-2 587 989	-3 273 142	Used in 2021	-454 559	-2 433 584	-2 888 143
Conference fee 2022	1 450	-1 450	0	Conference fee 2021	675	-675	0
Total deferred income 31.12.2022	**590 979**	**4 032 447**	**4 623 426**	**Total deferred income 31.12.2021**	**680 636**	**4 591 457**	**5 272 093**

** 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

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

2022	Budget A (SH)	Budget B (FN)	Total
Other income	18 047	25 830	43 877
Total other income	**18 047**	**25 830**	**43 877**

BUDGET REPORT

Summary

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

Shared Budget

During its 14th meeting, the Steering Committee agreed on SN contributions for 2022 in the amount of EUR 650,000 (based on 26 paid positions × EUR 25,000 for each position) and CP contributions in the amount of EUR 50,000 (based on 2 paid positions × EUR 25,000 for each position). The Shared Budget for 2022 was approved in the amount of EUR 712,500. From that amount, contributions of EUR 700,000 were planned from SNs and CPs, and revenue of EUR 12,500 was planned from VAT reimbursements.

Contributions for Shared Budget 2022:

First call for funds for financial year (FY) 2022	280,000
Second call for funds for FY 2022 (reduced by surpluses from FY 2020 and advance)	298,209
Surplus from FY 2020	118,300
Advance for FY 2022 (Estonia paid in 2021)	3,491
Total (EUR) for FY 2022	**700,000**
*Call for funds for Hungary for FY 2022**	*21,849*

** A contribution from Hungary was not planned in the Shared Budget for 2022 but was received in 2022 after the completion of the joining process in the first quarter of 2022. Contribution is carried forward to FY 2023 and will be used for POW 2023 projects No.9; 15; and 53.*

As of 31 December 2022, the total amount of expenditures spent from the approved EUR 712 500 was EUR 431,237; in addition, EUR 220,936 were carried forward to FY 2023.

During the first quarter of 2022, the impact of the COVID-19 pandemic on the Centre's activities was still a factor, and several events at which the Centre's participation was anticipated were cancelled, held online, or postponed. In comparison to previous years, fewer requests to support NATO exercises were received. As regards the Centre's organised events, 2022 was close to the pre-pandemic level. The majority of planned events were conducted on-site or in hybrid mode (allowing both in-person and virtual participation), such as the Riga StratCom Dialogue 2022, Annual Discipline Conference, Workshop for Journalists, Social Media Seminar, Terminology Workshops, Online and Social Media Analysis Course, NATO Information Environment Assessment Foundation course, and so on.

In Budget Chapter 710000 (Personnel), 100 per cent 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 still suspended due to the pandemic. Some courses were attended online. A total of 11 training courses were attended in 2022. For two of the courses, the fees were waived for the Centre's personnel.

Due to the pandemic and fewer events being planned, the main savings in Budget Chapter 720000 (Contractual Supplies and Services) were for duty trips, hospitality funds, and room rental, as well as equipment rental for the Centre's organised events.

In 2022 the budget was amended (transfers of budget credits). On one occasion, amendments required Steering Committee approval (amendments between Budget Chapters 720000 and 730000) to upgrade the visualisation tool for POW 2022 Project No. 5.

In addition, Chapter 720000 was amended (transfers of budget credits within the chapter) in order to purchase new mobile devices, arrange transportation to the training location, and ensure the funding necessary for printouts and layouts for research papers.

Regarding the funding carried forward from FY 2021 to FY 2022 (EUR 330,678), the amount was spent as follows: EUR 206,360 to cover commitments; EUR 1,026 for the language editing and the layout design of several POW 2021 projects. At the end of 2022, EUR 114,316 were still committed (for the contractors for research and several project reports) and EUR 5,000 were anticipated for the language editing and the layout of those projects. Those funds in the amount of EUR 119,316 have once again been carried forward to FY 2023. EUR 3,976 were not spent/lapsed since fewer funds were needed for the layout and editing of various research papers and reports than anticipated.

The EUR 1,300 carried forward from FY 2020 for the layout design of POW 2020 Project No. 31 were completely spent during FY 2022.

In 2022 several contracts connected to POW 2022 were concluded close to the end of the year, which meant that a significant amount of funds was committed but not spent from the bank accounts. The following funds (EUR 220,936) from 2022 have been carried forward to 2023:

(1) Committed funds of EUR 120,936, including:

- EUR 90,507 for contractors (research/reports) for POW 2022 Projects No. 1; No. 5; No. 14; No. 17; No. 22; No. 31; No. 48; No. 58 (Budget Sub-Item 726200);
- EUR 2,541 for educational video lectures for POW 2022 Project No. 25 (Budget Sub-Sub-Item 721110);
- EUR 6,336 for new functionalities development costs for POW 2022 Project No. 38 (Budget Sub-Item 722330);
- EUR 8,713 for layout design and language editing for POW 2022 Projects No. 8; No. 37 (Budget Sub-Sub-Item 721110 and Budget Sub-Item 726200);
- EUR 8,339 for office supplies, printouts, hospitality costs, data subscription, and travel expenses;
- EUR 4,500 for the visualisation tool for POW 2022 Project No. 5 (Budget Item 731000).

(2) Special carry forward from the budget surplus for the implementation of the following POW 2023 projects:

- EUR 31,410 for Project No. 9;
- EUR 28,590 for Project No. 15;
- EUR 30,000 for Project No. 53.

(3) EUR 10,000 for the layout and editing of various research papers and reports for POW 2022.

In 2022 EUR 28,803 were received as revenue, including EUR 14,970 from VAT reimbursements and EUR 13,833 collected in conference fees. This was the second year when the conference fee for the Riga StratCom Dialogue was collected. In total EUR 29,885 were received, from which EUR 4,055 correspond to the Shared Budget and EUR 25,830 correspond to the FNS Budget based on proportional shared expenditures for the Riga StratCom Dialogue 2022.

The lapsed amounts (EUR 76,630 from the 2022 Shared Budget, and EUR 13,125 from Carried Forward from FY 2021) 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 2022 was planned for EUR 6,593,029 to cover the costs of remuneration for the Centre's FN staff, hired foreign experts, travel costs, administrative expenses, maintenance of premises, and purchase of office equipment and supplies.

As of 31 December 2022, the total amount of expenditures was EUR 2,622,857. The negative impact of world events on prices was felt more in the second half of the year, especially for services connected with energy resources. In 2022 EUR 292,877 were spent from Budget Item 2500, which funds the Centre's substantive activities, including the Riga StratCom Dialogue conference, the rental of the event registration system, the financing of 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 made to Budget Chapter 2000 for the additional periodicals.

Budget Chapter 3000 was not used, mainly due to the delays with the projected extension of premises.

Unused funding and contributions are carried over to the next financial year to continue supporting the Centre's activities and to facilitate the Centre's projected extension of premises.

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

APPENDICES TO THE BUDGET REPORT

APPENDIX 1 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 2 BUDGET EXECUTION TABLE – 2022 SHARED BUDGET

Chapter	Item	Sub-Item	Sub-Sub-Item	Description	Approved Budget	Transfer of Budget Credits	Final Budget	Spent/ Received in 2022	Committed/ Carried Forward to 2023	Lapsed
710000				**PERSONNEL**	**4 950**		**4 950**	**4 950**		**0**
	716000			Training	4 950		4 950	4 950		0
720000				**CONTRACTUAL SUPPLIES AND SERVICES**	**707 550**		**700 550**	**423 867**	**216 436**	**60 247**
	721000			General Support	191 435		191 435	122 837	33 776	34 822
		721100		Administration	71 245		76 245	50 044	18 457	7 744
			721110	Printing/Photocopying/ Visual/Graphics/ Publications Supplies and Services	55 905	5 000	60 905	43 143	16 557	1 205
			721120	Office Supplies and Minor Office Equipment	5 340		5 340	3 295	1 900	145
			721130	Reference Materials	5 400		5 400	1 922		3 478
			721140	Postal/Shipping/ Banking Services	4 600		4 600	1 684		2 916
		721200		Hospitality	36 625		36 625	26 509	319	9 797
		721500		Furniture and Equipment	46 325	-5 000	41 325	19 958	15 000	6 367
		721800		Non NATO StratCom COEs Facilities	37 240		37 240	26 326		10 914
	722000			Mission Support	94 030		95 480	70 941	6 549	17 990
		722100		Fuel/Oil/Gases and Fluids	0		0	0		0
		722300		AIS	67 840		67 840	46 061	6 549	15 230
			722310	Purchase/Rental and Operational Lease	47 390		47 390	40 743	213	6 434
			722320	Supplies and Consumables	350		350	200		150
			722330	Services and Maintenance	20 100		20 100	5 118	6 336	8 646
		722400		Communications	25 890		27 340	24 880		2 460
			722410	Purchase/Rental and Operational Lease	3 850	1 400	5 250	5 081		169
			722420	Supplies and Consumables	200	50	250	212		38
			722430	Telephone/Telefax/ Internet/Services and Maintenance	21 840		21 840	19 587		2 253
		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	130 245		128 795	70 117	56 104	2 574
		723100		Transportation for Business Trips	124 345	-2 450	121 895	65 670	56 104	121
		723200		Transportation for Training	2 000	1 000	3 000	2 472		528
		723300		Fees	3 900		3 900	1 975		1 925
	725000			Miscellaneous Costs	1 150		1 150	219		931
	726000			Consultants/Contractors	290 690		283 690	159 753	120 007	3 930
		726100		Consultants	3 000		3 000	0		3 000
		726200		Contractors	287 690	-7 000	280 690	159 753	120 007	930
730000				**CAPITAL AND INVESTMENTS***	**0**		**7 000**	**2 420**	**4 500**	**80**
	731000			AIS	0	7 000	7 000	2 420	4 500	80
	732000			Communications	0		0	0		0
	733000			Furniture and Equipment	0		0	0		0
	734000			Other Investments	0		0	0		0
TOTAL EXPENDITURES					**712 500**		**712 500**	**431 237**	**220 936**	**60 327**
740000				**REVENUE**	**12 500**		**12 500**	**28 803**		**-16 303**
	741000			Revenue/from StratCom COE Organised Conference, Course, Workshop, etc. Fees	0		0	13 833		-13 833
	742000			Revenue/Value Added Tax Reimbursement**	12 500		12 500	14 970		-2 470
	743000			Revenue/Other	0		0	0		0
TOTAL REVENUE					**12 500**		**12 500**	**28 562**		**-16 303**
CONTRIBUTIONS PLANNED/RECEIVED* **					**700 000**		**700 000**	**700 000**		**0**
TOTAL NET-EXPENDITURES					**700 000**		**700 000**	**402 434**	**220 936**	**76 630**
CARRIED FORWARD FROM FY 2021										
	721000			General Support	25 367	-2 000	23 367	15 690	5 000	2 677
	722000			Mission Support	964		964	964		0
	723100			Travel	47		47	47		0
	726000			Consultants/Contractors	286 392	2 000	288 392	172 777	114 316	1 299
	734000			Other Investments	17 908		17 908	17 908		0
TOTAL EXPENDITURES CARRIED FORWARD FROM FY 2021					**330 678**		**330 678**	**207 386**	**119 316**	**3 976**
740000				**REVENUE****	**0**		**0**	**9 149**		**-9 149**
TOTAL NET EXPENDITURES					**330 678**		**330 678**	**198 237**	**119 316**	**13 125**
CARRIED FORWARD FROM FY 2020										
	721000			General Support	1 300		1 300	1 300		0
TOTAL EXPENDITURES CARRIED FORWARD FROM FY 2020					**1 300**		**1 300**	**1 300**		**0**
740000				**REVENUE**	**0**		**0**	**0**		**0**
TOTAL NET EXPENDITURES					**1 300**		**1 300**	**1 300**		**0**

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

*** For the first three quarters of FY 2022*

**** In addition contribution from Hungary was not planned in the Shared Budget for FY 2022 but was received in 2022 after the completion of the joining process in the first quarter of 2022 (not included in the table). Contribution from Hungary in amount of EUR 21 849 will be carried forward to 2023*

***** including EUR 9 018 Value added tax reimbursement for the FY 2021*

APPENDIX 3 **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 - EUR 5 000*
*** EUR 10 240 for the 4th quarter of FY 2020 and EUR 24 275 for the first three quarters of FY 2021*
**** EUR 83 reimbursement for health insurance and EUR 10 678 overpayment for social insurance contributions for 2019*
***** EUR 45 276 will be incorporated into the FNS Budget for 2022*
****** EUR 3 927 950 will be incorporated into the FNS Budget for 2022*

APPENDIX 4 BUDGET EXECUTION TABLE – 2022 FRAMEWORK NATION SUPPORT BUDGET

Chapter	Item	Sub-Item	Sub-Sub-Item	Description	Approved Budget	Transfer of Budget Credits	Final Budget	Spent/ Received in 2022	Carried Forward to 2023
1000				**PERSONNEL**	**1 911 955**		**1 911 955**	**1 791 048**	**120 907**
	1100			Salaries, Employee's Personal Income Tax, Employee's State Social Insurance Mandatory Contributions	1 534 877		1 534 877	1 455 792	79 085
	1200			Employer's State Social Insurance Mandatory Contributions, Benefits and Allowances	377 078		377 078	335 256	41 822
2000				**SUPPLIES AND SERVICES**	**4 638 074**		**4 638 074**	**831 809**	**3 806 265**
	2100			Travel Expenses	88 100		88 100	63 892	24 208
	2200			Services	543 055		543 055	432 084	110 971
		2210		Communications	25 000		25 000	13 811	11 189
		2220		Utilities	49 925		49 925	44 490	5 435
		2230		Administrative Expenditure	75 390		75 390	48 238	27 152
		2240		Renovation and Maintenance of Institution	278 795		278 795	254 621	24 174
			2241	Renovation of Buildings and Premises	10 000		10 000	0	10 000
			2242	Maintenance and Repair of Vehicles	7 010		7 010	5 142	1 868
			2243	Repair and Technical Services of Equipment and Inventory	10 000		10 000	2 189	7 811
			2244	Maintenance of Buildings and Premises	251 785		251 785	247 290	4 495
		2250		Information Technologies Maintenance	81 945		81 945	47 591	34 354
		2260		Rental	25 000		25 000	16 899	8 101
		2270		Other Services	7 000		7 000	6 434	566
	2300			Stocks, Materials, Office Supplies	60 620		54 620	28 126	26 494
		2310		Office Supplies, Minor Office Equipment and Furniture, Information Technologies and Communications/up to 10% of Level A*	20 620	-6 000	14 620	4 555	10 065
		2320		Inventory, Equipment, Furniture, Information Technologies and Communications/from 10% to 50% of Level A*	15 000		15 000	10 704	4 296
		2330		Materials for Renovation and Maintenance of Institution	8 000		8 000	320	7 680
		2340		Other	17 000		17 000	12 547	4 453
	2400			Periodicals	9 000	6 000	15 000	14 830	170
	2500			Other (FN Voluntary Contributions for Centre's Substantive Activities)	3 937 299		3 937 299	292 877	3 644 422
3000				**CAPITAL AND INVESTMENTS**/Credits Required for the Procurement of the Equipment at Cost of More than 50% Level A*	**43 000**		**43 000**	**0**	**43 000**
	3100			Intangible Assets	16 000		16 000	0	16 000
	3200			Fixed Assets	27 000		27 000	0	27 000
		3210		Information Technologies	4 500		4 500	0	4 500
		3220		Communications	5 000		5 000	0	5 000
		3230		Other Investments	17 500		17 500	0	17 500
TOTAL EXPENDITURES					**6 593 029**		**6 593 029**	**2 622 857**	**3 970 172**
4000				**REVENUE**	**0**		**0**	**91 416**	**91 416**
	4100			Revenue/Value Added Tax Reimbursement **	0		0	65 576	65 576
	4200			Revenue/Other Reimbursement	0		0	10	10
	4300			Revenue/Other ***	0		0	25 830	25 830
TOTAL REVENUE ** **					**0**		**0**	**91 416**	**91 416**
TOTAL NET-EXPENDITURES *** **					**6 593 029**		**6 593 029**	**2 622 857**	**3 970 172**

** Level A - EUR 5 000*
*** EUR 9 464 for the 4th quarter of FY 2021 and EUR 56 112 for the first three quarters of FY 2022*
**** EUR 25 830 from the Riga StratCom Dialogue 2022 conference fees*
***** EUR 91 416 will be incorporated into the FNS Budget for 2023*
****** EUR 3 970 172 will be incorporated into the FNS Budget for 2023*

Jānis Sārts, Director, 31 March 2023

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 8 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 2022, and of the Organisation's financial performance and cash flows for the year ended 31 December 2022 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 balance sheet as at 31 December 2022,
- the statement of financial performance for the year ended 31 December 2022,
- the cash flow statement for the year ended 31 December 2022,
- the statement of changes in assets for the year ended 31 December 2022, and
- the notes to the financial statements which include significant accounting policies and other explanatory information.

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 7 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.

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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 and the Budget 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.

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. 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



Jegors Podosiņnikovs
Persona per procura
Certified auditor in charge
Certificate No. 238

Riga, Latvia
31 March 2023