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Warsaw, 19<sup>th</sup> Mai 2023

**The Permanent Secretariat of the Community of Democracies**

Al. Ujazdowskie 41  
00-540 Warsaw

**REPORT OF AN INDEPENDENT STATUTORY AUDITOR  
ON THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 2022**



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**REPORT OF AN INDEPENDENT STATUTORY AUDITOR  
ON THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 2022**

For the Community of Democracies

**Report on the annual financial statement**

**Opinion**

We have carried out the audit of the enclosed annual financial statement of the Permanent Secretariat of the Community of Democracies with its registered office in Warsaw, consisting of:

1. the introduction to the financial statement;
2. the balance sheet prepared as at 31 December 2022, showing total assets and total liabilities of PLN 2.339.738;
3. the profit and loss account for the period from 1 January 2022 to 31 December 2022, showing a net profit of PLN 4.647;
4. additional information and explanatory notes.

In our opinion the financial statement:

- gives a true and fair view of the economic and financial position of the Permanent Secretariat of the Community of Democracies as at 31 December 2022 and its financial results for the year ended, on that day in accordance with the applicable provisions of the Accounting Act of 29 September 1994 (the "Accounting Act" – The Official Journal of Laws of 2023, item 120 as amended) and the accepted accounting principles (policy);
- complies in form and content with the applicable laws concerning the Permanent Secretariat of the Community of Democracies and the terms of the agreement on the Permanent Secretariat of the Community of Democracies;
- was prepared on the basis of properly maintained accounting records, within the meaning of Chapter 2 of the Accounting Act.





## **Basis of opinion**

Our audit was carried out in accordance with National Audit Standards in the wording of the International Audit Standards adopted by the resolution of the National Council of Statutory Auditors No. 3430/52a/2019 of March 21, 2019 on national audit standards and other documents (as amended) ("ISA") and pursuant to the Act of 11 May 2017 on statutory auditors, audit firms and public oversight ("Act on statutory auditors" – The Official Journal of Laws of 2022, item 1302 as amended). Our responsibility in accordance with these standards was further described in the section of our auditors' report as *Responsibility of statutory auditors for the audit of financial statements*.

We are independent of the Permanent Secretariat of the Community of Democracies in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants ("IESBA Code") resolution adopted by the National Council of Statutory Auditors No. 3431/52a/2019 of March 25, 2019 on Standards on professional ethics of certified auditors (as amended) and with other ethical requirements, which apply to auditing financial statements in Poland. We have fulfilled our other ethical duties in accordance with those requirements and the IESBA Code. During the audit, the key independent statutory auditor and the audit firm remained independent of the Permanent Secretariat of the Community of Democracies in accordance with the requirements of independence specified in the Act on Statutory Auditors.

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

## **The responsibility of the Secretary General for financial statements**

The Secretary General of the Permanent Secretariat of the Community of Democracies is responsible, on the basis of properly maintained accounting records for the preparation of the financial statement, which gives a true and fair view of the financial position and the financial results of the Permanent Secretariat of the Community of Democracies in accordance with the regulations of the Accounting Act, the accepted accounting principles (policy) and the applicable laws, as well as, the agreement on the Permanent Secretariat of the Community of Democracies and is also responsible for internal control necessary to allow for the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements the Secretary General of the Permanent Secretariat of the Community of Democracies is responsible for assessing the ability of the Permanent Secretariat of the Community of Democracies to continue its operations, disclosure, if applicable, of issues

related to continue the Permanent Secretariat of the Community of Democracies business and adoption of the principle of going concern as the accounting basis, except when the Secretary General of the Permanent Secretariat of the Community of Democracies intends to put the Permanent Secretariat of the Community of Democracies into liquidation or to discontinue its business operations or there is no viable alternative to liquidation or discontinuing operations.

The Secretary General of the Permanent Secretariat of the Community of Democracies is obliged to ensure that the financial statement meets the requirements set forth in the Accounting Act.

### **The responsibility of the statutory auditor for auditing financial statements**

Our aim was to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement due to fraud or error and to issue an auditor's report containing our opinion. Reasonable assurance gives a high level of certainty, but it does not guarantee that the audit carried out in accordance with the International Standards on Auditing ("ISA") should always disclose material misstatements. Material misstatements may occur due to fraud or error and are considered significant, if it can reasonably be expected that individually or jointly they may affect economic decisions made by users on the basis of this financial statement.

The scope of audit does not give assurance as to future profitability of the Permanent Secretariat of the Community of Democracies, nor the efficiency or effectiveness of the conduct of its affairs by The Secretary General of the Permanent Secretariat of the Community of Democracies, either now or in the future.

In accordance with ISA we apply professional judgments and professional scepticism during the course of our audit, including the following:

- we identify and assess the risk of a material misstatements in the financial statement resulting from fraud or error, we plan and carry out the audit procedure for these risks and obtain audit evidence, which is sufficient and appropriate to provide a basis for our opinion. The risk of failure to disclose a material misstatement due to fraud is greater than arising from an error, because fraud may involve collusion, forgery, deliberate omissions, misinformation or circumvention of internal controls;
- we gain understanding of internal control relevant for audit in order to plan audit procedures that are appropriate in given circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control at the Permanent Secretariat of the Community of Democracies;





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- we assess the appropriateness of adopted the accounting principles (policy) and the legitimacy of accounting estimates, as well as, the related disclosures made by The Secretary General of the Permanent Secretariat of the Community of Democracies;
- we conclude on the appropriateness of the use by The Secretary General of the Permanent Secretariat of the Community of Democracies under the principle of going concern as a basis for accounting and the acquired audit evidence, whether there is a significant uncertainty related to events or conditions, which may considerably challenge the ability of the Permanent Secretariat of the Community of Democracies to continue its business as a going concern. If we arrive at a conclusion that there is significant uncertainty, we are required to pay attention in our auditor's report on the related disclosures in the financial statement, or if such disclosures are inadequate the opinion is modified by us. Our conclusions are based on audit evidence acquired to the date of preparing our auditor's report. However, future events or conditions may cause that the Permanent Secretariat of the Community of Democracies will cease to continue its business operations;
- we assess the general presentation, structure and contents of financial statements, including disclosures and whether the financial statement gives a true and fair view of transactions and events on which they are based.

Jacek Pobiedziński is the key statutory auditor responsible for the audit resulting in this report of an independent auditor.

Acting on behalf of JRD Sp. z o.o. with its registered seat in Warsaw listed as an audit firm under the number 2891 key statutory auditor

Jacek Pobiedziński, ref.no. 12772  
Warsaw, 19<sup>th</sup> Mai 2023



<b>SCHEDULES</b>	<b>NO</b>
<b>INTRODUCTION TO THE FINANCIAL STATEMENT</b>	<b>1</b>
<b>BALANCE SHEET AS AT 31 DECEMBER 2022</b>	<b>2</b>
<b>INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY 2022 TO 31 DECEMBER 2022</b>	<b>3</b>
<b>ADDITIONAL INFORMATION</b>	<b>4</b>



Community  
of Democracies

# Financial statement for the year ended as of December 31, 2022

Warsaw, March 31, 2023

## Financial Statement for year 2022 as of December 31, 2022

### Introduction

#### A. INTRODUCTION TO FINANCIAL STATEMENT

##### 1. GENERAL INFORMATION

The Permanent Secretariat of Community of Democracies "PSCD" was established based on host country agreement between Republic of Poland and Presidency of Community of Democracies dated July 09th, 2012, ratified February 7th, 2013 (J.L. March 25, 2013, pos.391). The PSCD is located in Warsaw 00-540 Al. Ujazdowskie 41.

The PSCD was established for indefinite period. The PSCD is the operational hub and institutional memory of the CD, providing support to the Presidency, carrying out programs initiated by the Governing Council and the Presidency and running the day-to-day operations of the CD.

##### 2. GOING CONCERN ASSUMPTION

The financial statement was prepared on an assumption that the PSCD will continue its activity at least 12 months after the balance sheet date.

The financial statement was prepared for the period from 1 January 2022 to 31 December 2022.

##### 3. ADOPTED ACCOUNTING PRINCIPLES

###### 3.1. *Format and basis for preparation of financial statements*

The financial statement was prepared in accordance with the provisions of the Act of 29 September 1994 consolidated text J.L. of 2017, pos. 2342.

The financial statement was prepared according to the historical cost convention.

The profit and loss statement was prepared in a comparative variant.

###### 3.2 *Fixed assets*

Starting from January 1, 2019 all fixed assets are charged to the costs on one-off basis.

###### 3.3. *Short- and long-term receivables*

Receivables are recognized at the amount due.



## Financial Statement for year 2022 as of December 31, 2022

### Introduction

#### *3.4. Foreign currency transactions*

Transactions denominated in currencies other than Polish zloty are translated into Polish zloty using the average NBP exchange rate preceding the transaction date.

At the balance sheet date, assets and liabilities denominated in currencies other than Polish zloty are valued into Polish zloty using the average exchange rate published by the Polish National Bank on that day. The exchange differences are recognized as income or financial costs.

The following exchange rates were used for valuation:

	<b>31.12.2022</b>	<b>31.12.2021</b>
USD	4,4018	4,0600
EURO	4,6899	4,5994
CHF	4,7679	4,4484
GBP	5,2957	5,4846

The organization keeps books in Polish zlotys. The permanent Secretariat of the Community of Democracies, being an international organization, also presents results in US dollars. For conversion purposes, it applies the average NBP exchange rate on the last day of the year.

#### *3.5. Cash and cash equivalents*

Cash at bank and in hand is valued at nominal value.

#### *3.6. Prepayments and accrued income*

PSCD settles deferred expenses, if they relate to future reporting periods and exceed PLN 2 000.

## Financial Statement for year 2022 as of December 31, 2022

### Introduction

#### *3.7. Grants/contributions*

Grants are recognized at their fair value when there is a reasonable assurance that the grant will be received and will be fulfilled all the conditions for obtaining grants. When the grant relates to an expense item, then it is deferred on the balance sheet and systematically recognized as a revenue item in a way that is commensurate, with the costs which the grant is intended to compensate.

Warsaw, March 31, 2023.

Thomas. E. Garrett - Secretary General

Piotr Myszak - Finance and Accounting Manager

## Financial Statement for year 2022 as of December 31, 2022

### BALANCE SHEET

#### ASSETS

ASSETS	Note	31.12.2022	31.12.2022	31.12.2021	31.12.2021
		PLN	USD	PLN	USD
			1 USD = 4,4018 PLN		1 USD = 4,0600 PLN
<b>A. Non-current assets</b>		-	-	-	-
<b>I. Intangible assets</b>	4	-	-	-	-
<b>II. Tangible assets</b>	4	-	-	-	-
1. Fixed assets		-	-	-	-
a) machinery and equipment	✓	-	-	✓	-
<b>III. Long-term receivables</b>	✓	-	-	✓	-
1. From third parties		-	-	-	✓
<b>IV. Long-term investments</b>		-	-	-	-
<b>V. Long-term prepayments</b>		-	-	-	-
<b>B. Current assets</b>		<b>2 339 738</b>	<b>531 541</b>	<b>1 720 449</b>	<b>423 756</b>
<b>I. Goods</b>		-	-	-	-
<b>II. Short-term receivables</b>	7	<b>422 069</b>	<b>95 886</b>	<b>312 023</b>	<b>76 853</b>
1. Receivables from related parties		-	-	-	-
2. Receivables from third parties		422 069	95 886	312 023	76 853
a) taxes, social costs	✓	151 005	34 305	✓	✓
b) other	✓	271 064	61 580	✓	✓
<b>III. Short-term investments</b>	15	<b>1 917 669</b>	<b>435 656</b>	<b>1 406 650</b>	<b>346 465</b>
1. Short-term financial assets		1 917 669	435 656	1 406 650	346 465
a) cash and other financial assets		1 917 669	435 656	1 406 650	346 465
- cash in bank and in hand	✓	1 917 669	435 656	✓	✓
2. Other short term investments		-	-	-	✓
<b>IV. Short-term prepayments and accrued costs</b>	5	<b>-</b>	<b>-</b>	<b>1 776</b>	<b>438</b>
<b>Total assets</b>		<b>2 339 738</b>	<b>531 541</b>	<b>1 720 449</b>	<b>423 756</b>



## Financial Statement for year 2022 as of December 31, 2022

### BALANCE SHEET

#### EQUITY AND LIABILITIES

EQUITY AND LIABILITIES	Note	31.12.2022	31.12.2022	31.12.2021	31.12.2021
		PLN	USD	PLN	USD
			1 USD = 4,4018 PLN		1 USD = 4,0600 PLN
<b>A. Funds</b>		<b>563 331</b>	<b>127 977</b>	<b>558 684</b>	<b>137 607</b>
<b>I. Previous years result ( loss)</b>		558 684	126 922	895 200	220 493
<b>II. Profit (loss) net</b>		4 647	1 056	(336 516)	(82 886)
<b>B. Payables and reserves for payables</b>		<b>1 776 407</b>	<b>403 564</b>	<b>1 161 765</b>	<b>286 149</b>
<b>I. Reserve for liabilities</b>	<b>8</b>	<b>106 473</b>	<b>24 189</b>	<b>110 632</b>	<b>27 249</b>
1. Reserve for unused holiday		106 473	24 189	97 258	23 955
2. Other reserves		-	-	13 374	3 294
- short-term		-	-	13 374	3 294
<b>II. Long term liabilities</b>		-	-	-	-
<b>III. Short-term payables</b>	<b>9</b>	<b>369 376</b>	<b>83 915</b>	<b>230 319</b>	<b>56 729</b>
1. Non related parties		369 376	83 915	230 319	56 729
a) for goods and services:		355 254	80 706	213 675	52 629
- paid up to 12 months		355 254	80 706	213 675	52 629
b) taxes, social security payables		14 122	3 208	16 645	4 100
c) salaries		-	-	-	-
d) other		-	-	-	-
<b>IV. Prepayments and deferred income</b>	<b>6</b>	<b>1 300 557</b>	<b>295 460</b>	<b>820 814</b>	<b>202 171</b>
1. Other deferred income		1 300 557	295 460	820 814	202 171
- short-term	<b>6</b>	1 300 557	295 460	820 814	202 171
<b>Total liabilities and equity</b>		<b>2 339 738</b>	<b>531 541</b>	<b>1 720 449</b>	<b>423 756</b>

## Financial Statement for year 2022 as of December 31, 2022

### PROFIT AND LOSS STATEMENT

Profit and Loss	Note	31.12.2022	31.12.2022	31.12.2021	31.12.2021
		PLN	USD	PLN	USD
			1 USD = 4,4018 PLN		1 USD = 4,0600 PLN
<b>A. Net income</b>		-	-	-	-
<b>B. Operating costs</b>	<b>10</b>	<b>4 124 473</b>	<b>936 997</b>	<b>3 360 895</b>	<b>827 807</b>
I. Depreciation		-	-	-	-
II. Material and energy		15 374	3 493	10 029	2 470
III. Services		2 381 540	541 038	1 477 400	363 892
IV. Salaries		1 100 118	249 924	1 062 409	261 677
V. Social costs		506 440	115 053	448 628	110 499
VI. Other costs		121 002	27 489	362 430	89 268
<b>C. Income (loss) from sales (A-B)</b>		<b>(4 124 473)</b>	<b>(936 997)</b>	<b>(3 360 895)</b>	<b>(827 807)</b>
<b>D. Other operating income</b>	<b>11</b>	<b>4 174 860</b>	<b>948 444</b>	<b>3 010 943</b>	<b>741 612</b>
I. Other operating income		15 485	3 518	540	133
II. Grants		4 159 375	944 926	3 010 403	741 479
<b>E. Other operating costs</b>	<b>12</b>	<b>2 386</b>	<b>542</b>	-	-
I. Other operating costs		2 386	542	-	-
<b>F. Profit (loss) from operational activity (C+D-E)</b>		<b>48 001</b>	<b>10 905</b>	<b>(349 952)</b>	<b>(86 195)</b>
<b>G. Financial income</b>	<b>13</b>	<b>1 136</b>	<b>258</b>	<b>13 436</b>	<b>3 309</b>
I. Interests		1 136	258	-	-
II. Other		-	-	13 436	3 309
<b>H. Financial costs</b>	<b>14</b>	<b>44 490</b>	<b>10 107</b>	-	-
I. Interests		-	-	-	-
II. Other		44 490	10 107	-	-
<b>J. Profit(loss) gross</b>		<b>4 647</b>	<b>1 056</b>	<b>(336 516)</b>	<b>(82 886)</b>
<b>K. Income tax</b>		-	-	-	-
<b>L. Profit(loss) net</b>		<b>4 647</b>	<b>1 056</b>	<b>(336 516)</b>	<b>(82 886)</b>

Warsaw, March 31, 2023.

Thomas. E. Garrett - Secretary General

Piotr Myszak - Finance and Accounting Manager

## Financial Statement for year 2022 as of December 31, 2022

### Additional information

#### **B. ADDITIONAL INFORMATION**

##### **1. SIGNIFICANT EVENTS CONCERNING PREVIOUS YEARS DISCLOSED IN THE FINANCIAL STATEMENTS OF THE FINANCIAL YEAR**

Until the date of the financial statements for the fiscal year, that is up to 31.12.2022 there were no events related to prior years, which were not, and should be included in the financial statements of the financial year.

##### **2. SIGNIFICANT EVENTS WHICH OCCURRED AFTER THE BALANCE SHEET, AND NOT INCLUDED IN THE FINANCIAL STATEMENTS**

After the balance sheet date to the date of the financial statements for the fiscal year, that is up to 31.03.2023 there were no events, which have not been, and should be included in the financial statements of the financial year.

##### **3. COMPARABILITY OF FINANCIAL DATA FOR THE PREVIOUS YEAR WITH THE FINANCIAL STATEMENT FOR THE YEAR 2022.**

The financial statements for the current and the previous reporting period were prepared using the same both principles (policy), as well as methods of data presentation in the financial statements.



## Financial Statement for year 2022 as of December 31, 2022

### Additional information

#### 4. TANGIBLE AND INTANGIBLE ASSETS

2022	PLN	USD	PLN	USD	PLN	USD	PLN	USD
	Machinery and equipment	Machinery and equipment	Total machinery and equipment	Total machinery and equipment	Intangible assets	Intangible assets	Total intangible assets	Total intangible assets
<b>Initial Value</b>								
Opening balance	97 563	22 164	97 563	22 164	61 925	14 068	61 925	14 068
Increasing:	-	-	-	-	-	-	-	-
Purchase	-	-	-	-	-	-	-	-
Decreasing:	31 178	7 083	31 178	7 083	-	-	-	-
<b>Closing balance</b>	<b>66 386</b>	<b>15 081</b>	<b>66 386</b>	<b>15 081</b>	<b>61 925</b>	<b>14 068</b>	<b>61 925</b>	<b>14 068</b>
<b>Depreciation</b>								
Opening balance	97 563	22 164	97 563	22 164	61 925	14 068	61 925	14 068
Increasing:	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Decreasing	31 178	7 083	31 178	7 083	-	-	-	-
<b>Closing balance</b>	<b>66 386</b>	<b>15 081</b>	<b>66 386</b>	<b>15 081</b>	<b>61 925</b>	<b>14 068</b>	<b>61 925</b>	<b>14 068</b>
<b>Net value</b>								
Opening balance	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-

  

2021	PLN	USD	PLN	USD	PLN	USD	PLN	USD
	Machinery and equipment	Machinery and equipment	Total machinery and equipment	Total machinery and equipment	Intangible assets	Intangible assets	Total intangible assets	Total intangible assets
<b>Initial Value</b>								
Opening balance	104 334	25 698	104 334	25 698	61 925	15 252	61 925	15 252
Increasing:	-	-	-	-	-	-	-	-
Purchase	-	-	-	-	-	-	-	-
Decreasing:	6 771	1 668	6 771	1 668	-	-	-	-
<b>Closing balance</b>	<b>97 563</b>	<b>24 030</b>	<b>97 563</b>	<b>24 030</b>	<b>61 925</b>	<b>15 252</b>	<b>61 925</b>	<b>15 252</b>
<b>Depreciation</b>								
Opening balance	104 334	25 698	104 334	25 698	61 925	15 252	61 925	15 252
Increasing:	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Decreasing	6 771	1 668	6 771	1 668	-	-	-	-
<b>Closing balance</b>	<b>97 563</b>	<b>24 030</b>	<b>97 563</b>	<b>24 030</b>	<b>61 925</b>	<b>15 252</b>	<b>61 925</b>	<b>15 252</b>
<b>Net value</b>								
Opening balance	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-

## Financial Statement for year 2022 as of December 31, 2022

### Additional information

#### 5. PREPAYMENTS AND ACCRUED COSTS

	31.12.2022		31.12.2021	
	PLN	USD	PLN	USD
Prepayment for services	-	-	1 776	438
<b>Short-term prepayments, total</b>	-	-	<b>1 776</b>	<b>438</b>

#### 6. ACCRUED INCOME

	31.12.2022		31.12.2021	
	PLN	USD	PLN	USD
Accrued income				
therein:				
- Canada - Core contribution	497 403	113 000	0	0
- Republic of Korea - Core contribution	440 180	100 000	609 769	150 189
- Republic of Korea - remaining funds	278 475	63 264	190 745	46 982
- Romania - Youth	84 499	19 196	0	0
-	0	0	0	0
-	0	0	0	0
-	0	0	0	0
-	0	0	0	0
-	0	0	0	0
-	0	0	0	0
- Other	0	0	20 300	5 000
<b>Accrued income, total</b>	<b>1 300 557</b>	<b>295 460</b>	<b>820 814</b>	<b>202 171</b>

#### 7. SHORT-TERM RECEIVABLES

	31.12.2022		31.12.2021	
	PLN	USD	PLN	USD
<b>I. Short-term receivables</b>	<b>422 069</b>	<b>95 886</b>	<b>312 023</b>	<b>76 853</b>
<b>1. Receivables from other parties</b>	<b>271 064</b>	<b>61 580</b>	<b>254 111</b>	<b>62 589</b>
- Citibank deposit	80 000	18 174	80 000	19 704
- Olanta deposit	178 610	40 577	168 242	41 439
- Prepayment for sub contractors	0	0	0	0
- Other	12 454	2 829	5 868	1 445
<b>2. Taxes and social security receivables</b>	<b>151 005</b>	<b>34 305</b>	<b>57 912</b>	<b>14 264</b>
- VAT receivables	151 005	34 305	57 912	14 264

## Financial Statement for year 2022 as of December 31, 2022

### Additional information

#### 8. RESERVE FOR LIABILITIES

	31.12.2022		31.12.2021	
	PLN	USD	PLN	USD
<b>I. Reserves for liabilities</b>	<b>106 473</b>	<b>24 189</b>	<b>110 632</b>	<b>27 249</b>
- Reserve for unused vacation	106 473	24 189	97 258	23 955
- Reserve for tax	0	0	0	0
- Other	0	0	13 374	3 294

#### 9. SHORT -TERM PAYABLES AND RESERVES

	31.12.2022		31.12.2021	
	PLN	USD	PLN	USD
<b>I. Short-term payables</b>	<b>369 376</b>	<b>83 915</b>	<b>230 319</b>	<b>56 729</b>
<b>1. Third party payables</b>	<b>355 254</b>	<b>80 706</b>	<b>213 675</b>	<b>52 629</b>
- Projects payables	343 850	78 116	177 108	43 623
- Goods and services payables	11 403	2 591	36 567	9 007
- Other payables	0	0	0	0
<b>2. Taxes and social security receivables</b>	<b>14 122</b>	<b>3 208</b>	<b>16 645</b>	<b>4 100</b>
- Personal income tax	1 235	281	4 404	1 085
- Social security	12 887	2 928	12 241	3 015

#### 10. EXPENSES BY NATURE

	31.12.2022		31.12.2021	
	PLN	USD	PLN	USD
I. Depreciation	-	-	-	-
II. Material and energy	15 374	3 493	10 029	2 470
III. Services	2 381 540	541 038	1 477 400	363 892
IV. Salaries	1 100 118	249 924	1 062 409	261 677
V. Social costs	506 440	115 053	448 628	110 499
VI. Other costs	121 002	27 489	362 430	89 268
<b>Costs by nature, total</b>	<b>4 124 473</b>	<b>936 997</b>	<b>3 360 895</b>	<b>827 807</b>

#### 11. OTHER OPERATING INCOME

	31.12.2022		31.12.2021	
	PLN	USD	PLN	USD
Core and special core income	4 159 375	944 926	3 010 403	741 479
Project income	-	-	-	-
Other income	15 485	3 518	540	133
<b>Other operating income, total</b>	<b>4 174 860</b>	<b>948 444</b>	<b>3 010 943</b>	<b>741 612</b>



## Financial Statement for year 2022 as of December 31, 2022

### Additional information

#### 12. OTHER OPERATING COSTS

	31.12.2022		31.12.2021	
	PLN	USD	PLN	USD
- Revaluation allowance ( write off ) for receivables	2 386	542	-	-
-	-	-	-	-
<b>Other operating costs, total</b>	<b>2 386</b>	<b>542</b>	<b>-</b>	<b>-</b>

#### 13. FINANCIAL INCOME

	31.12.2022		31.12.2021	
	PLN	USD	PLN	USD
Other:	1 136	258	13 436	3 309
-	0	-	13 436	3 309
-	1 136	258	0	-
<b>Financial income, total</b>	<b>1 136</b>	<b>258</b>	<b>13 436</b>	<b>3 309</b>

#### 14. FINANCIAL COSTS

	31.12.2022		31.12.2021	
	PLN	USD	PLN	USD
- Interests	-	-	-	-
- Other, in it	44 490	10 107	0	-
exchange difference losses	44 489	10 107	0	-
<b>Financial costs, total</b>	<b>44 490</b>	<b>10 107</b>	<b>-</b>	<b>-</b>

#### 15. CASH

	31.12.2022		31.12.2021	
	PLN	USD	PLN	USD
Cash in the bank	1 892 991	430 049	1 374 938	338 655
- current bank account	1 892 991	430 049	1 374 938	338 655
Cash in hand	24 677	5 606	31 712	7 811
<b>Cash, total</b>	<b>1 917 669</b>	<b>435 656</b>	<b>1 406 650</b>	<b>346 465</b>

## Financial Statement for year 2022 as of December 31, 2022

### Additional information

#### 16. INFORMATION ABOUT EMPLOYMENT

Employees	31.12.2022	31.12.2021
<i>as of 31.12.2022</i>		
Seconded staff	-	1
International contracted staff	2	2
Locally contracted staff	5	5
<b>Employment, total</b>	<b>7</b>	<b>8</b>

#### 17. FINANCIAL RISKS

The PSCD has exposure to the following financial risks:

- liquidity risk
- currency risk

##### **Liquidity risk**

Liquidity risk is the risk that the PSCD may not be able to pay for its liabilities.

PSCD operates based on voluntary, paid irregularly contributions from Governing Council member states.

Due to the lack of regular funding PSCD is exposed to liquidity risk and liability to regulate payments, both for suppliers and employees.

##### **Currency risk**

Currency risk is the risk that changes in foreign exchange rates may affect the volume of the PSCD's funds and the financial result.

PSCD receives the contributions in PLN, EUR, USD. Financial books are kept in PLN. Payments are made in different currencies.

All of these factors, as well as the fact that the realization of some of the projects or other activities are postponed, result in exchange rates differences.

In order to minimize the risk, whenever is possible the PSCD pays its liabilities in currency in which the invoices were issued.

## Financial Statement for year 2022 as of December 31, 2022

### Additional information

#### 18. BUDGET VS. ACTUAL AND MAIN SOURCES OF FINANCING

	Budget	Actual		Actual vs Budget		Main sources of financing										Other (incl. projects)	
		USD	PLN	USD	%	Poland		Canada		Romania		Republic of Korea		United States		PLN	USD
						PLN	USD	PLN	USD	PLN	USD	PLN	USD	PLN	USD		
<b>PCSD Income</b>	<b>150 000</b>	<b>4 174 860</b>	<b>948 444</b>	<b>798 444</b>	<b>532.3%</b>	<b>800 000</b>	<b>181 744</b>	<b>333 837</b>	<b>75 841</b>	<b>385 836</b>	<b>87 654</b>	<b>540 480</b>	<b>122 786</b>	<b>2 022 683</b>	<b>459 513</b>	<b>92 023</b>	<b>20 906</b>
% of total income		100.00%				800 000	181 744	333 837	75 841	385 836	87 654	540 480	122 786	2 022 683	459 513	92 024	20 906
1. Core contributions	150 000	4 174 860	948 444	563 912	532.3%	800 000	181 744	333 837	75 841	385 836	87 654	540 480	122 786	2 022 683	459 513	92 024	20 906
% of Core contributions		100.00%				100.00%											
2. Project contributions	0	0	0	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0
% of Project contributions		0.00%				n/a				n/a		n/a		n/a		n/a	
<b>Operational costs</b>	<b>-1 423 700</b>	<b>-4 124 473</b>	<b>-956 997</b>	<b>486 703</b>	<b>-34.2%</b>	<b>-800 000</b>	<b>-181 744</b>	<b>-333 837</b>	<b>-75 841</b>	<b>-385 836</b>	<b>-87 654</b>	<b>-540 480</b>	<b>-122 786</b>	<b>-2 022 683</b>	<b>-459 513</b>	<b>-41 637</b>	<b>-9 459</b>
1. Staff costs	-550 700	-1 958 352	-444 898	105 802	-19.2%	-161 425	-36 671	-266 531	-60 550	-192 251	-43 676	-347 532	-78 952	-987 012	-224 229	-3 601	-818
2. Staff travel costs	-60 100	-63 926	-14 523	45 577	-75.8%	-10 656	-2 466	-17 924	-4 072	-12 929	-2 937	-21 976	-4 992	0	0	-242	-55
3. IT and communication costs	-16 000	-39 846	-9 062	6 948	-43.4%	-2 224	-505	-3 672	-834	-2 648	-602	-4 502	-1 023	-26 750	-6 077	-50	-11
4. Equipment	-18 500	-49 162	-11 169	7 331	-39.6%	-3 489	-793	-5 761	-1 309	-4 155	-944	-7 063	-1 605	-28 616	-6 501	-78	-18
5. Services and office costs	-242 200	-816 375	-185 464	56 736	-23.4%	-622 007	-141 307	-31 784	-7 721	-22 926	-5 208	-38 970	-8 853	-106 637	-24 226	5 949	1 352
6. Governing Council Meetings	-17 700	0	0	17 700	100.0%	0	0	0	0	0	0	0	0	0	0	0	0
7. Co-Strategic Objectives	-464 700	-440 056	-99 972	364 728	-78.5%	0	0	-8 166	-1 855	-150 926	-34 287	-120 437	-27 361	-128 504	-29 193	-32 024	-7 275
8. Ministerial Conference	0	0	0	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0
9. Civil Society Pillar	-53 800	-756 756	-171 920	-118 120	215.6%	0	0	0	0	0	0	0	0	-745 165	-169 286	-11 591	-2 633
10. Projects	0	0	0	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0
<b>Amortization and other non-operational costs</b>	<b>0</b>	<b>-45 740</b>	<b>-10 391</b>	<b>-10 391</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-45 740</b>	<b>-10 391</b>
1. Amortization	0	0	0	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0
2. Exchange rate differences	0	-45 740	-10 391	-10 391	0.0%	0	0	0	0	0	0	0	0	0	0	-45 740	-10 391
3. Overheads and other costs	0	0	0	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0
<b>Fiscal year result - Deficit(s) / Surplus(s)</b>	<b>-1 273 700</b>	<b>4 647</b>	<b>1 056</b>	<b>1 274 756</b>	<b>-480.1%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4 647</b>	<b>1 056</b>



## Financial Statement for year 2022 as of December 31, 2022

### Additional information

#### 18A. EXPLANATIONS OF DIFFERENCES

##### Explanations about the differences between Actual values and the Budget exceeding 10%

###### **PSCD Income**

Higher Core income by around 28% comparing to the year 2021 due to increased number of received contributions during the fiscal year.

###### **Staff costs**

Staff costs were lower than budgeted mostly due to not created of initially planned position of additional Program Officer and lack of interns during the year.

###### **Staff travel costs**

Significantly lower costs in 2022 due to savings and limitations in obtaining funds in the 2022 fiscal year.

###### **PR and communication costs**

Lower PR and communication due to virtual format of many meetings and events.

###### **Equipment**

Costs were lower due to savings.

###### **Services and office costs**

Costs were lower due to savings concerning telecommunication, IT support, external services costs and office/IT supplies.

###### **Governing Council Meetings**

The lack of costs in 2022 was due to the virtual format of the Governing Council Meetings.

###### **CoD Strategic Objectives**

The costs of strategic activities of the Community of Democracies in 2022 were significantly lower - due to the lack of funding for some of the planned activities.

###### **Civil Society Pillar**

The full-year costs of the "Civil Society" pillar in 2022 were significantly higher than originally planned due to obtaining additional funding for this purpose.

Warsaw, March 31, 2023.

Thomas. E. Garrett - Secretary General

Piotr Myszak - Finance and Accounting Manager