

Mission

The Balkan Children and Youth Foundation is dedicated to improving the conditions, prospects, and quality of life for young people, ages 5 to 30, throughout the Balkan region.



Strategies

- Increase social investments in support of young people in the region and enhance cooperation among the business, government, and civil society sectors.
- Promote positive, long-term youth development by increasing the effectiveness, scale, and sustainability of children- and youth-serving programmes.
- Strengthen the capacity of nongovernmental organizations working with children and youth in the region.

Letter from the Chair

It is said that young people are the heart and soul of a society. I know that at this point in history, throughout the Balkan region, this is true. The nations of the Balkans face a watershed moment in time—and it won't last for long. The process of rebuilding is underway. But aside from erecting roads and bridges, economic and political structures, its people are faced with developing a new way of being and working together.

I know that the young generation throughout the region is capable of seeing their present and future in a new, more harmonious light. For those that are older, developing new ways of being can be more difficult.


Promoting a new vision of the future is the goal of the Balkan Children and Youth Foundation (BCYF). BCYF is driven by a vision for the region in which the rights of young people are protected and promoted and their potential is allowed to flourish. BCYF invests in the extraordinary human capital represented by the region's children and youth. Seeing what I have seen of the energy and commitment of today's youth leaders in the region, it is not hard for me to imagine building a more positive future in partnership with them.

While obstacles abound—political, social, economic—this may be one of the most exciting times to be young in the history of the region. Civil society organizations have emerged to address the needs of children and youth—many of them led by extremely able, visionary young people. These young adults are smart, creative, enterprising, forward thinking, and persistent. They've grown up talking about—and acting on—their political and social convictions. Now, they're co-architects of today's civil society, eager to contribute to new structures and craving the knowledge that will help them do so.

Thanks in large part to the support of the international aid community, these relatively young organizations have taken root. Now, attention must be focused on strengthening and sustaining these vital efforts.

Such is the role of BCYF. BCYF is working to strengthen local youth-serving programmes, while building networks among civil society organizations throughout the region. We are also working to stimulate indigenous philanthropy through encouraging greater collaboration among business, government, and civil society.





In this, our second full year of operation, we have much to be grateful for and proud of. Contributions from various international donor agencies, foundations, and corporations have enabled BCYF to expand its grantmaking support and regional networking activities. In addition, our regional network of consultants has helped identify and assess a range of effective programmes for children and youth that are now eligible for technical assistance and funding. Throughout these pages, you will read moving examples of projects supported by BCYF across its priority issue areas of democracy-building and civic participation, employment, technology, nonformal education, and health promotion and prevention.

Looking ahead, may we continue to leverage this dramatic window of opportunity to build a more stable, democratic, and prosperous present—and future—for children and youth throughout the Balkan region.



Martti Ahtisaari
Chairman

“Supporting educational programmes is an important part of our overall strategy to leverage the power of the Internet to link people with ideas... It is with great pleasure that MTnet will continue to encourage projects that involve teachers, parents, and students in e-education.”

– Ognen Firfov, Director, MTnet Business Unit,
Macedonian Telecommunications

“The private sector—along with the public and civil society sectors—has a pivotal role to play in building a more stable, productive future in the Balkans. We are glad to play a part in supporting sustainable solutions for young people through investing in the important work of the Balkan Children and Youth Foundation.”

– Harald Finne, Executive
Vice President, Human
Resources, UPM-Kymmene

Geographic Coverage

Albania
Bosnia-Herzegovina
Bulgaria
Croatia
Kosovo
Macedonia
Moldova
Montenegro
Romania
Serbia

In addition, Greece, Hungary, Slovenia, and Turkey are involved in the programme as part of a regional strategy to network and share expertise, and are eligible for support as participants in regional networking activities.



What We Do

The Balkan Children and Youth Foundation (BCYF) is a catalyst—stimulating partnerships and identifying synergies among organizations working at the local, national, regional, and international levels. It is also a convener—bringing together individuals and organizations in pursuit of a common vision for the region's children and youth.

While BCYF's efforts address urgent realities, its focus is on developing long-term, sustainable solutions to meeting young people's needs. Toward that end, BCYF pursues several mutually reinforcing strategies—each with the goal of strengthening the effectiveness of proven programmes and approaches. As a regional foundation with a presence in ten countries and territories, BCYF is uniquely positioned to address local concerns, while bridging efforts nationally and internationally.

Strengthening the NGO Sector Serving Children and Youth

Throughout the Balkan region, civil society organizations have emerged to address a range of urgent children and youth needs—for educational and recreational opportunities, inter-ethnic understanding, health care, skills training, and employment. These efforts have evolved from the passion and conviction of committed individuals; yet most operate in isolation, without access to the knowledge and skills that would enable them to carry out their work more effectively and efficiently.

Equipping such organizations and individuals with the tools to do their job even better is one of BCYF's key goals. Through targeted grantmaking, staff exchanges, conferences, and training workshops, BCYF helps to foster a learning environment where knowledge sharing and networking can take place.

Toward this end, BCYF has distributed to each of its grantees a Self-Assessment Tool aimed at identifying their priority training needs.



“The future stability and prosperity of the Balkan region depends on the positive growth and development of its young people—today. Through investing in existing programmes and approaches—and through pursuing a comprehensive, regional approach—the Balkan Children and Youth Foundation is well positioned to make a long-term, sustainable difference in the lives of thousands of young people.”

—Hilda Arellano, Regional Director, United States Agency for International Development

A Community-based Approach to Providing Youth with Employment Training

Established in 1998, the Gjirokastra Youth Centre is one of the first youth centres created in Albania. Its purpose: to improve the living conditions of local youth by equipping them with vocational skills aimed at improving their employment prospects.

Young people come here to take courses in computers, mechanics, marketing, office management, foreign languages, journalism, music, and photography. To help preserve and honour the traditions of the past, courses are also offered in handicraft production, carpentry, and stone carving. Training sessions last between four and six months.

A key factor distinguishing the Centre and its work is the active involvement of community members in designing and providing its offerings. "Participation is very important in the work of NGOs and youth centres," explains Alketa Qedro, Chairperson of the Gjirokastra Youth Council. "It's not enough just to sit in a meeting... to participate means to act together, to decide together, and to offer your opinions."

For Alketa, the role of the Centre goes far beyond equipping youth with vocational skills. Rather, it provides a powerful means of mobilizing and engaging the community around an important social issue: the future of its young people.

The Centre received support from BCYF in 2002 to expand its training courses to approximately 600 youth.

Among those needs most often cited were assistance with strategic planning, fundraising, evaluation, board development, and internal and external communications.

"The seminar about tolerance has inspired me to act and not just stand and watch. I am more aware of the prejudices I have and hope to resolve them... I have a great hope that we can change the future. Even if it is only a little change, it is important that we start somewhere."

*– Milica Camilovic, 23,
Group MOST participant,
Belgrade, Serbia*

To help meet such needs, BCYF held a management training workshop in Ohrid, Macedonia, attended by 33 NGO representatives from seven countries. The five-day event focused on strategic planning, fundraising, and programme evaluation with participants continuing to share ideas and knowledge through an email list serve.

In addition, a resource mobilization workshop was held in Skopje, Macedonia to address the fundraising needs of nearly 20 NGOs. Sessions focused on fundraising concepts, as well as providing hands on training in cultivating individual gifts and approaching the private sector for support.

To stimulate peer-to-peer learning, BCYF also launched the Balkan Youth Partnership Programme. Through the programme, NGO leaders may apply for exchange grants to visit like-minded organizations in other parts of the region.

Identifying and Supporting Best Practices

For more than two years, BCYF staff and consultants have worked to identify existing programmes for children and youth throughout the region, and assess their strengths, weaknesses, and needs. BCYF's growing databank of effective programmes represents a valuable resource for directing funding and technical assistance.

In assessing the effectiveness of children and youth programmes, BCYF utilizes 17 programme standards (see page 9) developed by the International Youth Foundation in consultation with youth experts from over 30 countries. These include an emphasis on prevention over remediation, holistic approaches, cost-effectiveness, and the active involvement of parents, community members, and young people themselves in programme planning and implementation.

As a result of this rigorous review process, BCYF is able to direct its grant funding with greater efficiency. In 2002, BCYF made grants totalling more than US\$ 340,000 to 18 programmes serving children and youth. BCYF grantmaking is limited to the following priority issues areas identified following broad consultation within the region:

“With foreign aid waning in the Balkans, emphasis must be on building sustainable, local solutions. Through pursuing a regional approach—and strengthening civil society organizations serving young people—the Balkan Children and Youth Foundation is playing a valuable role in building a more positive and sustainable future for the region's young people and society at large.”

– Per Byman, Deputy Head of Western Balkan Division, Swedish International Development and Cooperation Agency



Employment – Equipping young people with the personal, social, and technical skills to successfully find their place in society and in the economy.

Technology – Strengthening young people's knowledge and use of technology through introducing information and communication technology in the classroom and through programmes.

Non-formal education – Supporting efforts to foster greater civic education, reinforcing multicultural education, and extending learning opportunities to out-of-school youth.

Health promotion and prevention – Investing in programmes that help adolescents address special health needs and which work to prevent the spread of HIV/AIDS and sexually-transmitted diseases, and substance abuse among young people.

Democracy building – Supporting efforts to engage young people in positive efforts to build their communities, nation, and the region as a whole.

In addition to these issues, BCYF's Board is exploring ways of adding value to current efforts to address the trafficking of young women. Initial steps include engaging those NGOs involved in the Foundation's network in efforts to raise awareness of the issue.



Framework for Effective Programming

An important strategy for improving the conditions and prospects for young people in the Balkan region is increasing the effectiveness, scale, and sustainability of youth-serving programmes. BCYF supports programmes that share certain common characteristics:

In their approach to children and youth:

- Focusing on prevention and early intervention and/or promoting growth and development
- Promoting competence, connection, character, confidence, and contribution
- Offering age and developmentally appropriate activities
- Involving youth in meaningful ways

In their connections to family, community, culture:

- Involving parents, extended family, significant adults
- Involving the community in planning and implementation
- Ensuring cultural relevance
- Coordinating with other children and youth services

In their organizational commitments to sustainability:

- Identifying cost-effective ways to achieve goals
- Providing monitoring, evaluation, and feedback
- Providing staff training
- Planning for self-sustainability
- Developing financial, technical, and managerial capacity

In their capacity to reach more young people:

- Demonstrating clear evidence of success
- Expanding current operations
- Replicating components across cultures

Young People Learn Journalism Skills While Exploring Urgent Social Issues

In the coming months, thousands of television viewers in Struga, Macedonia and the surrounding area will have the opportunity to tune into a 40-minute documentary series produced by local youth. Having received training from a professional journalist in interviewing skills, formulating a story, and conducting public opinion surveys, the show's reporters are now identifying those issues they plan to explore, including educational reform, inter-ethnic relations, unemployment, HIV/AIDS, drug use, and the rights of the disabled.

"We hope to raise awareness of the problems facing our peers and stimulate community action," says Vlora Zhuta, age 17.

Eleanor Otoviq, age 18, is equally enthusiastic about her new role as reporter. "It's exciting. You get to meet people," she says, "while getting exposed to the wider problems within the community." Both Eleanor and Vlora have hopes of becoming professional journalists one day.

The show also aims to raise awareness among the public at large of youth capabilities, while encouraging greater understanding and cooperation among the diverse teams of youth selected for the programme.

The programme was modeled after a similar youth-led initiative in neighbouring Albania, sponsored by UNICEF. In Macedonia, the programme is being implemented by Aureola, a community-based NGO.

Aureola received funding from BCYF in 2002 to implement the "Getting to Know Each Other through Communication and Research on Socio-Economic Problems" project.

Encouraging Tri-Sectoral Cooperation

BCYF's existence is predicated on the notion that only by working collaboratively, can we begin to make a significant and lasting difference in the lives of the region's children and youth. For that reason, BCYF pursues a variety of co-funding partnerships at the local, national, regional, and international levels.

To facilitate the adoption of computer technology into classrooms in Macedonia, for example, BCYF has entered into a partnership with the Ministry of Education, Macedonian Telecommunications, and Svest, a local NGO. Through the partnership, more than 300 teachers are being trained to integrate information and communication technology into their class curricula. As a result, more than



4,000 young people, ages 9 to 14, are expected to benefit from improved computer literacy.

BCYF recognizes that the future of the civil sector in the Balkans will depend on the forging of mutually beneficial partnerships between NGOs, governments, and businesses. Seeking to stimulate such partnerships, BCYF held a Business Leaders' Workshop in Bucharest, Romania. In attendance were more than 20 representatives of Romanian businesses. Romanian President Ion Iliescu addressed participants, as did Former Finnish President Martti Ahtisaari; Romanian Minister of Foreign Affairs, Mircea Geoana; and Maria

"Young people between the ages of 15 and 24 make up more than a quarter of the population in most nations of the Balkan region. These young people represent not only the future—but are among today's producers and consumers. Investing in their positive development is not just a smart thing to do, but the right thing to do."

— Maria Livanos Cattai, Secretary General, International Chamber of Commerce

Livanos Cattai, Secretary General of the International Chamber of Commerce.

Participants recognized the urgent need to address growing levels of despair among the region's young people concerning their job prospects and futures.

Florin Ion Pogonaru, President of the Association of Business People in Romania, saw reasons to be hopeful given the increasing prevalence of IT in the region. "We need to foster standards in IT," he

said, suggesting greater networking and information sharing between those who have left the region to pursue IT careers and those that remain. "This is a great way to ensure that the standards evolve and the brain drain can be changed into a brain gain."

BCYF itself offers a potent example of the power of tri-sector partnerships. In support of its efforts, BCYF has mobilized funds from the business sector (e.g., Schneider Electric, UPM Kymmene), government agencies (e.g., Royal Danish Ministry of Foreign Affairs, Sida, USAID), and NGOs (e.g., Freudenberg Stiftung, International Youth Foundation).

"From this programme, I learned how to listen to others, how to recognize problems, and how to choose the best way to support somebody... I have become more friendly, more dedicated to others, and have more self-confidence."

Milica Milica, 17, Teen Telephone Programme, Association for Creative Development, Belgrade, Serbia



BCYF Grantmaking

During 2002, BCYF provided grants of between US \$4,000 and \$25,000 to nongovernmental organizations in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Moldova, Romania, and Serbia and Montenegro whose work focuses primarily on positive children and youth development.

Projects seeking funding must fall within the Foundation's five core programme areas: employment, technology, non-formal education, health promotion and prevention, and civic education and democracy building. Additional criteria include an emphasis on holistic youth development, the relevance of activities to the local context (including stimulating interethnic cooperation), the impact of the project on civil society, and the technical feasibility of proposed activities. For additional information, please visit our website: www.balkanyouth.org.



“The project was very interesting and we needed it. I can say I now have more trust in myself. I can speak about the future with more courage... It helped us to know ourselves better and to understand how to plan our careers.”

– Doina Andra Barleanu, 18, participant, Centre Educational CEDU 2000+, Bucharest, Romania

Association for Creative Development (ACD)

Belgrade, Serbia

To strengthen and expand the activities of the Youth Open Club, including the following projects: “Our mutual world” (creative workshops, social gatherings, exhibitions by and for young people with special needs); Peer Counselling (training in peer counselling, promotion of volunteer work, and self-help programmes); and Youth Parliament (promoting youth leadership through team building, conflict management, and advocacy training). More than 2,400 young people are expected to benefit.

Grant award: US\$ 24,970

Centre Educational CEDU 2000+

Bucharest, Romania

To prepare 1,500 teenagers from 42 high schools in Romania for wage and self-employment through equipping them with the necessary personal, social, and technical skills to successfully participate in the economy. The programme will also promote ethical business values and economic citizenship among teenagers. Activities will include: a needs analysis, advertising and promotion activities, training sessions in peer counselling for teenagers, workshops on Internet use, job fairs, contacts with local radio stations and businesses, and a follow-up summer camp.

Grant award US\$ 17,255

For Each Child a Family

Resita, Romania

To provide two, six-month vocational training courses for 25 youth, ages 16 to 18, who are preparing to leave social care institutions and integrate into society. The courses are designed to equip these youth with vocational skills in their areas of interest that will enable them to find jobs more easily.

Grant award: US\$ 21,800

Getting to Know Each Other Through Communication and Research of Common Socio-Economic Problems

Humanitarian Women's Association "Aureola"

Struga, Macedonia

To facilitate inter-ethnic communication among youth through joint work on common socio-economic problems. A multi-ethnic team of young people will be trained in the basics of TV production, data collection, and interviewing; and will produce a series of documentaries exploring youth views on issues such as inter-ethnic relations, drug use, HIV/AIDS, employment, and the needs of those with disabilities. The documentaries will be broadcast on local TV outlets to an audience of at least 1,500 young people.

Grant award **US\$ 12,292**

Gjirokastra Youth Centre

Gjirokastra, Albania

To improve the living conditions of young people in Gjirokastra by training them with vocational skills to improve their chances for employment and by providing a wide range of general educational services. Training courses will target approximately 600 youth, who will have the opportunity to attend classes in mechanics, fashion and design, and office management. Courses will also be offered in stone carving, traditional handicraft production, and carpentry. The vocational courses will be complemented with courses in computers, journalism, foreign languages, music, and photography.

Grant award **US\$ 23,624**

Group MOST

Belgrade, Serbia

To provide youth NGOs with the skills necessary to participate in civil society and democratic changes by boosting their capacity through training in conflict resolution and non-violent communication, NGO management and cooperation, and intercultural understanding. Ten NGOs, representing approximately 200 youth, are expected to benefit from enhancing the self-confidence of young people, fostering their participation in democratic life, and engaging other local youth NGOs and programmes in supporting democratic changes.

Grant award: **US\$ 24,750**

Help Line Service, Youth for the Right to Live

Chisinau, Moldova

To facilitate the social integration of vulnerable groups of youth by offering psychological counselling and basic information. A help-line phone service will be complemented with the training and education of new counsellors. Services are offered free-of-charge to vulnerable groups of youth such as sexual minorities, drug users, rape victims, and those with HIV/AIDS. An estimated 2,500 young people use the help-line phone service each year.

Grant award: US\$ 6,030

Junior Achievement Bulgaria (JAB)

Sofia, Bulgaria

For the translation, printing, and licensing of materials for courses to be taught within the JAB programme; a five-day training session for 50 high school teachers; a peer education training seminar for 40 students; and a nationwide Management and Economic Simulation Exercise competition. As a result, 50 teachers and 40 peer educators will be trained, 1,200 students will benefit, and 2,000 copies of printed materials will be produced.

Grant award: US\$ 24,620

Kosova Action Together (KAT)

Prishtina, Kosovo

To develop the capacity of young people to research and design viable income generation activities through provision of training in management, business planning, market research, and proposal writing.

Grant award: US\$ 24,250

The Medjasi SOS line

Skopje, Macedonia

To increase the capacity of the existing SOS line through a series of training sessions to be provided to a group of 15 Medjasi volunteers aimed at enhancing counselling services and public education efforts. Training will focus on promoting reproductive health awareness, preventing drug abuse, and addressing domestic violence. Three hundred children and youth are expected to benefit from increased awareness about health issues

Grant award: US\$ 15,520

Open Prospects

Subotica, Serbia (Vojvodina)

To enhance young people's entrepreneurial skills, opportunities for self-employment, and understanding of the market economy. The programme will provide entrepreneurship education to unemployed youth from different ethnic origins through a series of workshops and follow-up activities concentrating on themes such as business planning, marketing and management, and business ethics.

Grant award: US\$ 7,875

The PostPessimist Network

Belgrade, Serbia

To train sixty youth leaders and youth members in ten cities in non-violent communication, conflict resolution, and group management with the aim of empowering young people to actively engage in community life through expressing their needs, ideas, and suggestions. More than 250 follow-up workshops, facilitated by newly promoted trainees, will be held on the same topics and are expected to reach an additional 1,200 young people.

Grant award: US\$ 23,980

Professional Centre for Human Rights and Legal Initiative (PCHRLI)

Prishtina, Kosovo

To train high school students in computer literacy with a view to improving their job prospects. The project will provide three, one-month intensive computer courses to 220 students from three secondary schools in Prishtina and from rural areas, who have participated in human rights related activities run by PCHRLI.

Grant award: US\$ 15,325

The Sun City, Educational World Association

Veliko Tarnovo, Bulgaria

To improve the Bulgarian language skills of Bulgarian minority children, thus preventing their dropping out of school and facilitating their integration into society. Four literacy centres will be established in the towns of Gorna Oriahovitsa and Klifarevo, and the villages of Varabitsa and Zlataritsa. The centres are expected to be widely attended by children of Roma and Turkish backgrounds, with parents also engaged.

Grant award US\$ 16,741

Svest Internet Classrooms

Skopje, Macedonia

A tri-sectoral partnership between Svest, the Ministry of Education, and Macedonian Telecommunications, the project will connect schools from 8 disadvantaged communities to the Internet. Svest will manage the overall coordination and provide the training, including two training sessions for at least two teachers per school who will later train their colleagues. In all, 300 teachers will be trained in using ICT in the classroom, and 4,000 9- to 14-year-olds will acquire computer literacy through the regular school curriculum.

Grant award: US\$ 24,850

Teen-Phone Kreativni Centar Mediteran

Podgorica, Montenegro

To upgrade the existing psychosocial phone counselling service offered to teenagers. Activities include forging contacts with school psychologists and education specialists to facilitate the volunteer recruitment process, volunteer selection, a three-month training course for volunteers, final testing and selection of volunteers, and provision of services four times a week. Forty volunteers will be trained in providing psychosocial phone counselling, with 200 youth expected to benefit.

Grant award: US\$ 8,090

Young MIRamiDA, Centre for Peace Studies

Zagreb, Croatia

Young people, ages 17 to 30, from eight different communities, as well as eight local authorities, will participate in peace-building training workshops. The project will result in increased youth participation in community life, better communication between youth from different backgrounds, improved networking between youth initiatives, and enhanced public awareness on issues of youth policy. An estimated 280 youth from 8 communities will directly benefit.

Grant award: US\$ 24,894

Balance sheet

As at 31 December 2002
In US Dollars

| | Note | 2002 | 2001 |
|---|------|---------|--------|
| Assets | | | |
| Cash and cash equivalents | 1 | 91,320 | 6,506 |
| Prepayments | 2 | - | 2,211 |
| Total current assets | | 91,320 | 8,717 |
| Property, plant and equipment | 3 | 11,865 | 14,081 |
| Total non current assets | | 11,865 | 14,081 |
| Total assets | | 103,185 | 22,798 |
| Liabilities and fund balance | | | |
| Fund balance | 4 | 103,185 | 22,798 |
| Total fund balance | | 103,185 | 22,798 |
| Total liabilities and fund balance | | 103,185 | 22,798 |

Statement of support, revenue and expenses

For the year ended 31 December 2002 In US Dollars

| | Note | 2002 | For the period from 22.02.2001 to 31.12.2001 |
|---|------|---------|--|
| Donations | 5 | 470,914 | 129,233 |
| Donations income | | 470,914 | 129,233 |
| Grantmaking | | 203,108 | - |
| Personnel | | 81,583 | 60,665 |
| Running costs | | 21,090 | 14,105 |
| Capacity building | | 28,436 | 10,959 |
| Depreciation | | 3,729 | 2,374 |
| Consultants | | 18,865 | - |
| Other | | 36,070 | 8,806 |
| Expenses | | 392,881 | 96,909 |
| Excess of donations income over expenses before other income | | 78,033 | 32,324 |
| Interest income | | - | 117 |
| Foreign exchange gain | | 834 | 1,351 |
| Other income | | 834 | 1,468 |
| Surplus for the period | 4 | 78,867 | 33,972 |

Significant accounting policies

The Balkan Children and Youth Foundation ("the Foundation") was established as a not for profit organization on 22 February 2001. The Foundation is a legal entity founded by International Youth Foundation, Baltimore and is incorporated in Skopje, Republic of Macedonia. The Foundation operates as a non-governmental and non profitable organization and performs its activities through the donations of the donors for children and youth programmes.

(a) Basis of preparation

The financial statements are presented in US Dollars.

These financial statements have been prepared in accordance with the cash receipts and disbursements basis. On this basis assets and liabilities arise from cash transactions, revenue is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred.

The accounting policies are consistent with those used in the previous years.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to US Dollars at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to US Dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of support, revenue and expenses. Non-monetary assets and liabilities denominated in foreign currency are translated to US Dollars at the foreign exchange rate ruling at the date of transaction.

The foreign currencies deals of the Foundation are predominantly EURO (EUR) and the local currency, Macedonian Denars (MKD) based. The exchange rates used for translation at 31 December 2002 were as follows:

| | EUR | MKD |
|------------------------------|------|-------|
| 1 USD as at 31 December 2002 | 0.96 | 58.59 |
| 1 USD as at 31 December 2001 | 1.13 | 69.17 |

The statement of support, revenue and expenses for the period ended 31 December 2001 was translated from the local currency applying the average rate that approximates the actual rate at the date of the transaction, i.e. 1 USD = Den. 68.1022.

Significant accounting policies (c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Expenditure paid to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised. Other subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the item of fixed assets. All other expenditures are recognised in the statement of support, revenue and expenses as an expense as paid.

Depreciation is charged to the statement of support, revenue and expenses on a straight-line basis over the estimated useful lives of items of property, plant and expenses. Assets are not depreciated until they are brought into use. The estimated annual rates of depreciation are as follows:

Furniture and Equipment 16%
Software and computers 20%

(d) Recognition of Donations Income

Income is recognized on cash basis, i.e. when received rather than when earned.

(e) Expense recognition

Expenses are recognized on a cash basis, i.e. when paid rather than when incurred.

(i) Taxation issues

The corporate tax is fixed for all taxpayers in amount of 15% on taxable income but as a not for profit organization the Foundation is not liable for corporate tax.

Notes to the Financial Statements

1. Cash and cash equivalents

| <i>In US Dollars</i> | 2002 | 2001 |
|-----------------------------------|--------|-------|
| Current accounts in domestic bank | | |
| - in foreign currency | 86,362 | - |
| - in denars | 4,300 | 1,417 |
| Cash on hand | | |
| - in foreign currency | 418 | 4,655 |
| - in denars | 239 | 434 |
| | 91,320 | 6,506 |

2. Prepayments

| <i>In US Dollars</i> | 2002 | 2001 |
|-----------------------------------|------|-------|
| Employee benefits paid in advance | - | 1,041 |
| Advance on salary | - | 896 |
| Other | - | 274 |
| | - | 2,211 |

3. Property, plant and equipment

| <i>In US Dollars</i> | Computers | Furniture and Equipment | Total |
|------------------------|-----------|-------------------------|--------|
| Cost | | | |
| At 1 January | 5,694 | 10,761 | 16,455 |
| Additions | 1,287 | - | 1,287 |
| At 31 December | 6,981 | 10,761 | 17,742 |
| Depreciation | | | |
| At 1 January | 923 | 1,451 | 2,374 |
| Charge for the year | 1,441 | 2,288 | 3,729 |
| At 31 December | 2,364 | 3,739 | 6,103 |
| Carrying amount | | | |
| As at 31 December 2001 | 4,771 | 9,310 | 14,081 |
| As at 31 December 2002 | 4,694 | 7,171 | 11,865 |

4. Fund balance

| <i>In US Dollars</i> | 2002 | For the period from 22.02.2001 to 31.12.2001 |
|------------------------------------|---------|--|
| Fund balance at 1 January | 22,798 | - |
| Surplus for the period | 78,867 | 33,972 |
| Payment of office start-up costs | - | (10,634) |
| Translation differences | 1,52 | (360) |
| Fund balance at 31 December | 103,185 | 22,798 |

5. Donations

| <i>In US Dollars</i> | 2002 | For the period from 22.02.2000 to 31.12.2001 |
|--------------------------------|---------|--|
| International Youth Foundation | 453,511 | 99,938 |
| UPM Kymenne | 16,655 | - |
| Olaf Palme | - | 29,295 |
| Other | 748 | - |
| | 470,914 | 129,233 |

Contributing Donors

BCYF gratefully acknowledges the support of the following funding partners:

Freudenberg Stiftung

International Youth Foundation

Lions Clubs of Sweden

Olof Palme Centre

Royal Danish Ministry of Foreign Affairs

Schneider Electric

Stiftelson Konung Gustaf V 90th Anniversary Fund

Swedish International Development Cooperation Agency (Sida)

United States Agency for International Development (USAID)

UPM-Kymmene

Board of Directors

Martti Ahtisaari

(Chair), Finland

Former President of Finland

Christiane Amanpour

United Kingdom

CNN Chief International Correspondent

Stojan Cerovic

Serbia

Co-founder and columnist, Vreme newspaper

Rick Little

United States

CEO, ImagineNations Group;

Founder and former President, International Youth Foundation

Vladimir Milcin

Macedonia

Executive Director, Open Society Institute

Dimitry Panitza

Bulgaria

Chairman, Free and Democratic Bulgaria Foundation

Petrit Selimi

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