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Statistical ID. No. or Tax Number (bank account number)

**Central European Service for Cross-Border Initiative** name of other organization

**H-1067 Budapest, Teréz Ring 63.** address and phone number of other organization

## **PUBLIC UTILITY REPORT 2010**

**2010-01-01 to 2010-12-31**

1. Financial statement (simplified public utility statement)
  - a) Balance sheet
  - b) Profit and loss account
2. Account on use of Budget subsidies
3. Account on use of assets
4. Provisions for liabilities
5. Subsidies received
6. Supports granted to officers
7. Narrative description

**The published data are not supported by auditing.**

Dated: Budapest, May 13<sup>th</sup>, 2011. .

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Head of other organization  
(proxy)

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Statistical ID. No. or Tax Number (bank account number)

**Central European Service for Cross-Border Initiatives**  
H-1067 Budapest, Teréz Ring 63.

**Balance Sheet to Simplified Account of Double-Entry Book-keeping Other Public Utility Organizations**

Period: 2010-01-01 to 2010-12-31

Data in TUHF

Ser. No.	Item description	Assets Previous year	Changes of previous year(s)	Base period
a	b	c	d	e
1.	<b>A. Fixed assets</b> (Lines 2 to 5)			<b>143</b>
2.	I. Intangible assets			
3.	II. Tangible assets			143
4.	III. Financial investments			
5.	IV. Revaluation of Financial investments			
6.	<b>B. Current assets</b> (Lines 7 to 10)	<b>2 381</b>		<b>1 934</b>
7.	I. Inventories			
8.	II. Amounts receivable			534
9.	III. Securities			
10.	IV. Financial assets	<b>2 381</b>		<b>1 400</b>
11.	<b>C. Deferred charges and accrued income</b>			<b>2 497</b>
12.	<b>TOTAL ASSETS (ACTUALS)</b> (Lines 1+6+11)	<b>2 381</b>		<b>4 574</b>
13.	<b>D. Equity</b> (Lines 14 to 19)	<b>-411</b>		<b>-9 150</b>
14.	I. Capital/Issued capital			
15.	II. Capital adjustments/Profit	1		-411
16.	III. Provisions			
17.	IV. Valuation reserves			
18.	V. Operating results from actual year	-412		-8 739
19.	VI. Results from venture activity during actual year			
20.	<b>E. Provisions for liabilities and charges</b>			
21.	<b>F. Amounts payable</b> (Lines 22 to 23)	<b>2 792</b>		<b>9 927</b>
22.	I. Amounts payable after one year			
23.	II. Amounts payable within one year	<b>2 792</b>		<b>9 927</b>
24.	<b>G. Accrued charges and deferred income</b>			<b>3 797</b>
25.	<b>TOTAL LIABILITIES (DEBTS)</b> (Lines 13+20+21+24)	<b>2 381</b>		<b>4 574</b>

The published data are not supported by auditing.

Dated: Budapest, May 13<sup>th</sup>, 2011. .

L.S.

Head of other organization  
(proxy)

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Statistical ID. No. or Tax Number (bank account number)

**Central European Service for Cross-Border Initiatives**  
H-1067 Budapest, Teréz Ring 63.

**Profit and Loss Account to Simplified Account of Double-Entry Book-keeping Other Public Utility Organizations**

Period: 2010-01-01 to 2010-12-31

Data in THUF

Ser. No.	Item description	Assets Previous year	Changes of previous year(s)	Base period
a	b	c	d	e
1.	<b>A. Incomes from total public utility activity (1+2+3+4+5)</b>	<b>2 838</b>		<b>17 188</b>
2.	1. Grants for public utility activity operations (a+b+c+d+e+f)			
3.	a) from founder			
4.	b) from budget			
5.	c) from local government			
6.	d) from social security			
7.	e) others, from this 1% .....			
8.	2. Grants awarded			3 12
9.	3. Proceeds from public utility activity	1 838		13 28
10.	4. Proceeds from party dues	1 000		73
11.	5. Other income			43
12.	<b>B. Income from contracting activity</b>			
13.	<b>C. Total income (A+B)</b>	<b>2 838</b>		<b>17 188</b>
14.	<b>D. Charges of public utility activity (1+2+3+4+5+6)</b>	<b>3 250</b>		<b>25 927</b>
15.	1. Material charges	1 258		7 46
16.	2. Personal charges	1 979		17 86
17.	3. Amortization			42
18.	4. Other charges	8		21
19.	5. Financial operations' charges	5		54
20.	6. Extraordinary charges			10
21.	<b>E. Charges for contracting activity (1+2+3+4+5+6)</b>			
22.	1. Material charges			
23.	2. Personal charges			
24.	3. Amortization			
25.	4. Other charges			
26.	5. Financial operations' charges			
27.	6. Extraordinary charges			

The published data are not supported by auditing.

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Statistical ID. No. or Tax Number (bank account number)

Central European Service for Cross-Border Initiatives  
H-1067 Budapest, Teréz Ring 63.

**Profit and Loss Account to Simplified Account of Double-Entry Book-keeping Other  
Public Utility Organizations**

Period: 2010-01-01 to 2010-12-31

Data in THUF

Ser. No.	Item description	Assets Previous year	Changes of previous year(s)	Base period
a	b	c	d	e
28.	<b>F. Total charges (D+E)</b>	3 250		25 927
29.	<b>G. Profit before tax (B-E)</b>			
30.	<b>H. Tax payment obligation</b>			
31.	<b>I. Base year contracting profit (G-H)</b>			
32.	<b>J. Base year public utility profit (A-D)</b>	-412		-8 739
<b>INFORMATION DATA</b>				
33.	<b>A. Personal charges</b>			17 868
34.	1. Wage expenses			12 573
35.	from this: - commission fees			
36.	- emoluments			
37.	2. Other personal disbursements			1 817
38.	3. Wage incidents			3 478
39.	<b>B. Grants offered by the organization</b>			100
40.	<b>C. Grants received for devolving</b>			
41.	<b>D. Devolved grants</b>			

The published data are not supported by auditing.

Date: Budapest, May 13<sup>th</sup>, 2011

L.S.

Head of other organization  
(proxy)



## PUBLIC BENEFIT REPORT FOR 2010 OF CENTRAL EUROPEAN SERVICE FOR CROSS-BORDER INITIATIVES

**Registered seat:** 13 Teréz krt. Budapest 1067

**Tax number:** 18188071-1-41

Central European Service for Cross-Border Initiatives (CESCI) was established in 2009 by the restructuring of the National Professional Association for European Union Grants and Contributions founded in 2004. Key goals of CESCI include:

- providing professional support for cross-border co-operation along Hungary's borders and in other countries of Central and South-East Europe
- establishing the network of Euroregions, EGTCs, local and regional authorities involved in cross-border co-operation
- promoting the adoption of best practices from Western Europe
- establishing strategic co-operation with competent decision making and decision preparing institutions of the European Union as well as with Northern and Western European networks created for the same purpose
- improving internal cohesion and mutual agreement within Central and Eastern Europe by establishing partnerships between these countries.

CESCI's membership is composed of natural and legal persons that are involved in cross-border co-operation, agree to comply with CESCI's operational regulations and fulfill their obligations as members.

In December 2010, CESCI's membership included 15 natural persons and 21 legal persons.

### 1. Financial report

CESCI's total not-for-profit revenue in 2010 was HUF 17 188 000 that exceeded its 2009 revenue by nearly HUF 15 million.

Membership fees totalled HUF 731 000 while public benefit activities generated HUF 13 286 000. Our four winning bids earned us funding worth HUF 6 392 000 out of which HUF 3 127 751 was spent in 2010.

Other revenue: HUF 43 000 generated from rounding of amounts on the National Tax and Customs Office account and interest earned on bank accounts.

Expenses of public benefit activity totalled HUF 25 928 000 dominated by personnel expenses amounting to HUF 17 868 000. Material expenses were also high (HUF 7 463 000) mostly including purchases for various CESCI events.

CESCI awarded HUF 100 000 to the third place finisher of the First Pálfi István Tender.

Yearly public benefit earnings: HUF - 8 739 000.

## 2. Statement on the use of budgetary allocations

CESCI did not receive any earmarked budgetary allocation in 2010.

## 3. Statement on the use of CESCI's assets

in thousand HUF

Definition	Previous year total (HUF)	Current year total (HUF)	Change (HUF)	Comments
Decrease in initial capital				
Decrease in capital change	1	-411	-412	
Amortization		421	421	
Depreciation				
Financial aid to persons in need of support				
Benefits in kind to persons in need of support				
Current year loss of public benefit activity	-412	-8 739	-8 327	
Current year loss of for-profit activity				

## 4. Earmarked allocations

In 2010, CESCI allocated an award worth HUF 100 000 to Lóránd Bali, third place finisher of Pálfi István Tender.

## 5. Statement on financial support received from central funds and local governments

In 2010, CESCI submitted four successful tenders responding to several calls.

We received HUF 1 400 000 from a Szülőföld Alap tender to organize the third Carpathian Basin Regional Development Workshop. Accounting documents for the total amount approved for the workshop held between April 16 and 18 2010 in Kishegyes, Serbia were submitted to the tender owner.

We received an operating grant worth HUF 500 000 from the Advisory Board for National Non-governmental Organizations under the National Civil Fund programme. The amount was spent on personnel expenses and costs of voluntary work.

We received a grant of HUF 2 995 000 from the International Civil Relations and European Integration Advisory Board under the National Civil Fund programme to organize an international professional conference related to Hungary's EU presidency. The conference discussing cross-border co-operation issues was held in Budapest between December 9 and 10 2010. Part of the grant

was paid only in 2011 and our publication presenting Budapest Platform established during the conference will be completed until the closing date (May 31 2011).

We received a grant of HUF 1 497 000 from the International Civil Relations and European Integration Advisory Board under the National Civil Fund programme to organize the second Mezőség civil workshop that was held in the spring of 2011.

## **6. Statement on payments made to CESCO's senior officials**

No payments were made to CESCO's senior officials in 2010.

## **7. Professional report on CESCO's activities in 2010**

The professional plan approved for 2010 defined the following objectives:

- establishment of professional service: final office location, development of required professional team, collaboration with universities;
- CESCO's international expansion: inclusion of foreign members in the Governing Board;
- expansion of CESCO's membership: inclusion of legal persons from other countries;
- organization diplomacy: establishing relations with foreign and EU professional and decision making organizations;
- organization marketing: individual image, products and media campaign.

The following activities were completed in 2010.

CESCO's central office was relocated to an office building in Teréz avenue occupied by the Hungarian Academy of Sciences. We set our base here where the staff was gradually expanded. At the beginning of 2010, our secretary was CESCO's single employee. The staff was expanded by a lawyer at the end of January, a geographer and an economist in March and a sociologist in June. We continuously recruited university students who completed their internship working for us. We concluded an agreement with Pázmány Péter Catholic University and started to prepare similar agreements with Szent István University, the Natural Sciences Faculty of ELTE and Corvinus University to employ their students. In the last quarter of 2010, we had a Polish visiting student working for us. Our newsletter in Hungarian and English has been published monthly since December.

CESCO significantly expanded its professional activity last year to be described in the report below.

### *a) Completed strategic documents*

- Review of EGTC regulation

Based on experiences from the Brussels meeting on July 13 organized by the Committee of the Regions, we drew up a comprehensive, analytic study including our proposals regarding the regulation.



- New Széchenyi Plan debate document  
We joined the professional debate on the chapters of the New Széchenyi Plan related to developments along Hungary's borders. Our document focused on development opportunities in EGTCs.
- Cross-border co-operation strategy for Komárom-Esztergom county  
The regional development county council commissioned CESCO to develop a cross-border co-operation strategy. A booklet describing the strategy has been published in Hungarian, Slovakian and English.
- Government strategy regarding EGTCs  
The Ministry of Public Administration and Justice commissioned CESCO to develop a three-volume document whose first volume discusses strategic issues connected to the establishment of EGTCs, the second volume describes the legal environment while the third volume is a handbook that could give guidance for the establishment of EGTCs. In addition to this 400-page document, the EGTC working group proposed to prepare a short summary supporting government measures.
- European Danube Strategy  
EDRS's Hungarian projects includes a project aiming to share Hungarian expertise and experience related to EGTCs in the Danube valley (this project has been developed and is planned to be managed by CESCO).

In addition to the above documents, CESCO was also involved in the development of the government's EGTC concept (the document was compiled by the staff of the Ministry of Public Administration and Justice).

#### *b) Institutional development*

- CETC EGTC (Szczecin, Poland)

The consortium members of the Central European Transport Corridor (CETC) decided to establish an EGTC at their meeting on May 25. CESCO was commissioned to complete all professional tasks related to the establishment. The professional document preparing strategic decisions, the convention and statutes of the planned EGTC have been completed while the approval procedures in each member state and registration according to official seat will be conducted in 2011.

- Danube Magistrale EGTC (Budapest)

The city of Ulm proposed to establish an EGTC related to the European Danube Strategy involving major cities along the Danube. Commissioned by the local government of Budapest, the EGTC's planned seat, CESCO has developed an analysis on preparations for the establishment of the EGTC.

- Pons Danubii EGTC (Komárno)

The establishment process of the Komarno-based EGTC was co-ordinated by CESCO. The legal registration of this EGTC involving three Hungarian and three Slovakian towns was finalized by the competent Slovakian authority on December 16 2010.

- Arrabona EGTC (Győr)

The planned EGTC will be initially founded by four cities (Győr, Mosonmagyaróvár, Dunajska Streda and Somorja) later to be joined by smaller local governments. The convention and the statutes have been approved by the involved local government bodies. The approval procedure began in November. The establishment process is being managed by CESCO staff.

- RDV EGTC (Tatabánya)

Representatives from three counties (Komárom-Esztergom, Győr-Moson-Sopron and Nitra) discussed the establishment, organizational structure, registered seat and financing of a planned EGTC at the end of last August. Further negotiations will be held in 2011. Trnava county is also expected to join the co-operation.

### c) *Project development*

- High speed rail in South-East Europe

Proposed by CESCO and strongly supported by the State Secretariat for Foreign Economic Affairs of the Ministry for National Economy, a project is being developed to improve the high speed railway network within South-East Europe. CESCO has started professional preparations for the tender to be submitted under the INTERREG IVB programme collaborating with the Institute for Transport Sciences. CESCO also contributes to the work of the professional working group set up by the ministry.

- Port construction in Látatlan and Kravany nad Dunajom (Karva, Slovakia)

CESCO compiled the second round project documentation for the project that was successful and has already been started.

### d) *Professional events*

- Carpathian Basin Regional Development Workshop

The third workshop for Hungarian professionals involved in Carpathian Basin regional development was held in Mali Idoš, Serbia to discuss cross-border co-operation. The workshop decided to strengthen the collaboration. The event was held between April 16 and 18 sponsored by Szülőföld Alap.

– Pálfi István Memorial Day

The first Pálfi István Memorial Day was organized by the Ministry of Public Administration and Justice on October 12 where CESCO was involved as a co-organizer. The Memorial Day included an international miniconference and the presentation of the awards of the professional tender announced in the spring (jointly with Pálfi István Foundation for Regional Development).

– International conference on the role of professional organizations supporting cross-border co-operation

Supported by the National Civil Fund Programme, the Ministry of Public Administration and Justice and the France-Hungary Initiatives Association, CESCO organized an international conference on December 9 and 10 2010 where we signed a strategic co-operation agreement with three other similar national support organizations in the presence of House Speaker, dr. László Kövér. Budapest Platform will start its work as an independent professional initiative in 2011.

Although CESCO's membership did not grow significantly, Iosif Matula, Romanian EP member agreed to join our Governing Board adding to the number of countries involved in CESCO and improving our lobbying power.

We have built useful professional relations with the competent directorate general of the Committee of the Regions, with several Hungarian ministries, with the abovementioned national professional organizations with the French Institute in Budapest and with the France-Hungary Initiatives Association.

CESCO's involvement in the establishment process of CETC EGTC, our analysis delivered to the Committee of the Regions, the signing of the Budapest Declaration and our participation in international events have all contributed to CESCO's improved international recognition.

In summary, 2010 was the year of professional and diplomatic consolidation accompanied by severe financial instability. In 2011, CESCO is planning to continue its networking activities and to stabilize its financial position.

Budapest, May 13 2011

Árpád Mihalovics, vice-chairman