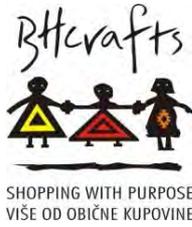


Happy Birthday!



**BHcrafts 20th anniversary
Annual Report 2014**



NGO Bosnian handicrafts/BHcrafts
SHOPPING WITH PURPOSE



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BHcrafts is celebrating 20th anniversary!!!

..... which is the reason I start this report with BHcrafts brief history. The text is created by Peggy Barry, the best friend of this project.

“In the aftermath of the war in Bosnia, 1992-1995, many humanitarian organizations came into the country to help in the recovery of its up-rooted and exhausted people. One of the best of these was the Norwegian People’s Aid (NPA). They built a refugee center near Tuzla, a town north of Sarajevo, not far from Srebrenica and the Serb area, from which so many Muslims fled. Since the men were off with the army, a large proportion of the refugees were women and children, who had sought shelter, first with friends and relatives, and then often, on their own, in the forest.

NPA hired a young Bosnian woman, Lejla Radoncic, as Coordinator of the Center, one of her talents being a good command of English, which was a great asset since few of the foreigners spoke the local language. As she worked with the women, it became clear that they were deeply traumatized: they had lost their men, in a society largely driven by men; they had lost their homes, in which many had lived their whole lives; and they had lost their land, in a rural, agricultural society. But they could knit, and Lejla had an idea: she solicited a donation of yarn and needles, and got a contract from a Swedish church for 1,500 sweaters. In six weeks, working with a wide range of women, the contract was fulfilled – and the Norwegian People’s Aid Handicraft Project (NPA-HCP) was born.

The Project was come into existence as work therapy. As the women began to do something constructive, their feeling of hopelessness began to lift. And of course the warm sweaters were much needed. Lejla began to bring women from other refugee centers into the NPA-HCP, collecting hundreds of women as producers. In 1997, the NPA assisted her in opening a small shop in Sarajevo, and it soon earned the reputation of being the most interesting designs and highest quality in town.

In January of 1998, Peggy Barry, the wife of an American diplomat posted in Sarajevo, visited the shop, and was impressed with what she saw. She was looking for a project to get involved in – and now she had found it. She met Lejla, realized that this was the sort of

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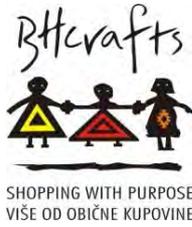
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grassroots project which was providing work and income for the people who needed it most, and immediately started trying to sell the Bosnian products in the US.

In 1999, it became clear that it was time to separate from NPA, though the Norwegians continued to provide support in many ways. They became a non-profit registered in Bosnia, which wholly owned the commercial arm of the enterprise – both were called Bosnian Handicrafts. By 2000, Peggy Barry had started a US registered 501(c)3 corporation, Bosnian Handicrafts, Inc., to support the efforts of their sister organization in Bosnia. This is the structure in effect today.

BHcrafts largest contracts have been with the Sundance Catalog, which once ordered \$156,000 worth of Christmas stockings and accessories, and the National Geographic catalog, which orders several items. At the time of the largest order, more than 700 women were producing for BHcrafts. Today there are orders from France, the UK, and Japan, and a greatly expanded Bosnian market. The number fluctuates according to contracts on hand, but all of those women have been trained to knit, crochet or weave for the export market, and are available if needed. The women all work at home. Each month they are given the raw materials and patterns which they say they can do in a month, and they are paid at the end of the month for the items which they complete.

In looking at the rather depressing aspect of country-wide economic development in Bosnia, Bosnian Handicrafts stands out as a real success. Lejla Radoncic has been named as the only Social Entrepreneur in Bosnia by the Schwab Foundation for Social Entrepreneurship. BHcrafts was started by Bosnians; uses Bosnian materials and processors whenever possible; and employs those within the society who are most in need of assistance. There are many children attending high school because their mothers have the money to put them on the bus to get there.”

As the proper beginning of the new stage of this project and the fact that it has managed through 20 years BHcrafts started the new web site 😊

Please visit www.bhcrafts.org and enjoy the time

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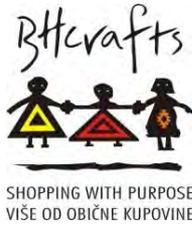
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Lots of efforts were made, in the last year, to keep both BHcrafts entities – NGO and Ltd, to made through 2014 with positive results. BHcrafts is among the few BH companies with no blocked bank accounts; all taxes paid in time, as well as regularly paid salaries with health and pension insurance. Thanks to our loyal buyers and generous donors, all BHcrafts beneficiaries got enough work throughout the year.

Positive attitude, enormous energy and extreme dedication to BHcrafts' idea made the financial results in 2014 better than in 2013. This is unique and, almost, unbelievable for the small scale business operating in BiH.

Mrs. Emira Šehić the owner of "Fairhands", extremely energetic and very positive person, the new BHcrafts partner for the Swiss market had an excellent start up with serious intentions to create very strong contacts and enable stable export of BHcrafts products to that "dream" market. She made a great job in the last year, exhibiting in the few trade fairs, and local sales markets, with promises for even better business in 2015, starting the own shop in the old part of Zurich.

BHcrafts started co-operation with "Marla.S", German company owned by young and energetic woman from Bosnia. The beginning of this co-operation was very promising, and we hope that the goods displayed in their shop, in Munich will sell well.

Sundance catalogue, the US based company sealed the status of the "best buyer" and made the biggest part of the export orders in the last year. We send many thanks to all socially responsible Americans, who ordered Christmas stockings and enable steady income for hundreds of BHcrafts women. Please make sure to do it this year again!

When it comes to the local market, BHcrafts shop was hit by the recession and decreased budget of the local population. Despite the bad financial situation in Bosnia and Herzegovina, and absolute lack of interest our authorities showed for purchase of these unique and authentic BH products, BHcrafts had good sales in the local market. Mainly thanks to socially responsible companies, as UMEL- Dalekovodmontaža, Tuzla, and duty free shop at Sarajevo airport, the ratio of local and export sales were in balance.

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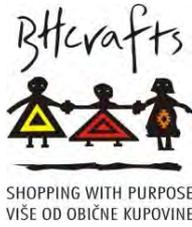
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Projects implemented in 2014

Again and again, I have to start with: “Thank you Peggy Barry!”

Peggy is the best friend ever, the women who made initial contact with Sundance, started “BHcrafts inc.”, the US based sister agency, keeps spreading the word about BHcrafts and its mission with the same energy and enthusiasm as in 1999 when BHcrafts exhibited its products in one big NYC fair and officially started export to the US market.

As in the previous years, BHcrafts got supported by BHcrafts Inc. with the total amount of 11.499,57€.

The other projects in 2014, all successfully implemented and reported to the donors, are as follows:

Općina Centar Sarajevo – 766, 94€

Federalno Ministarstvo raseljenih osoba i izbjeglica – 1278,23€

Kanton Sarajevo – Ministarstvo privrede – 2556,46€

We have got some individual donations from people who respect our work and made direct contributions to our NGO bank account.

Probably those who read this report will notice, but I have moral obligation to draw the attention to the fact that our sister organization from the US contributed three times more money than BH state levels together!!!

Facts and figures for 2014

The total budget for 2014 was 184.403,00 Euro, which is an increase of 5.37% over the budget for 2013. A majority of the activities were financed through in-house sources: sales of our products, both in Bosnia and abroad.

Income from our own sources was 166.874 Euro (90,49% of the overall income).

The income from sales within Bosnia comes from the retail outlet, 75.65%; corporate gifts program, 3.04%; and wholesale, 21.31%.

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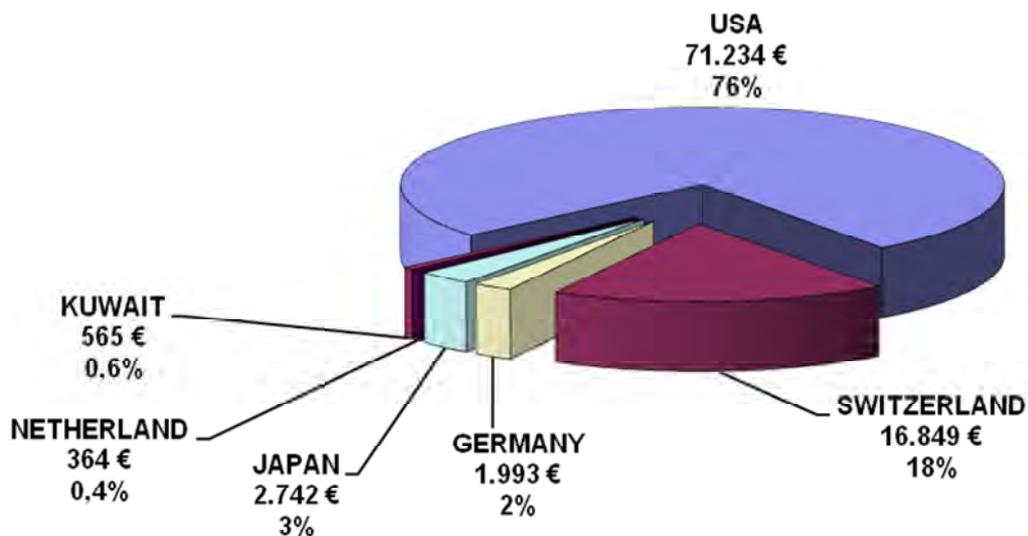
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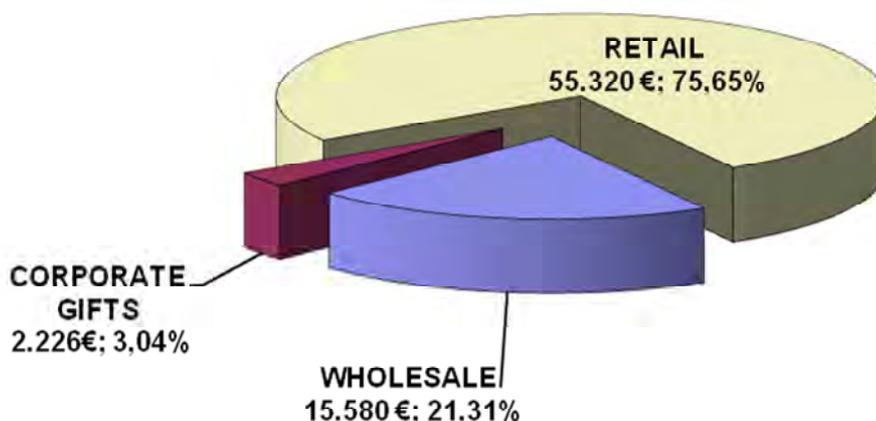
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Of the total export sales, the US market tops the list with 75.98%; followed by Switzerland, 17.97%; Japan, 2.93%; Germany, 2.13%; and smaller percentages in other countries.

EXPORT 2014



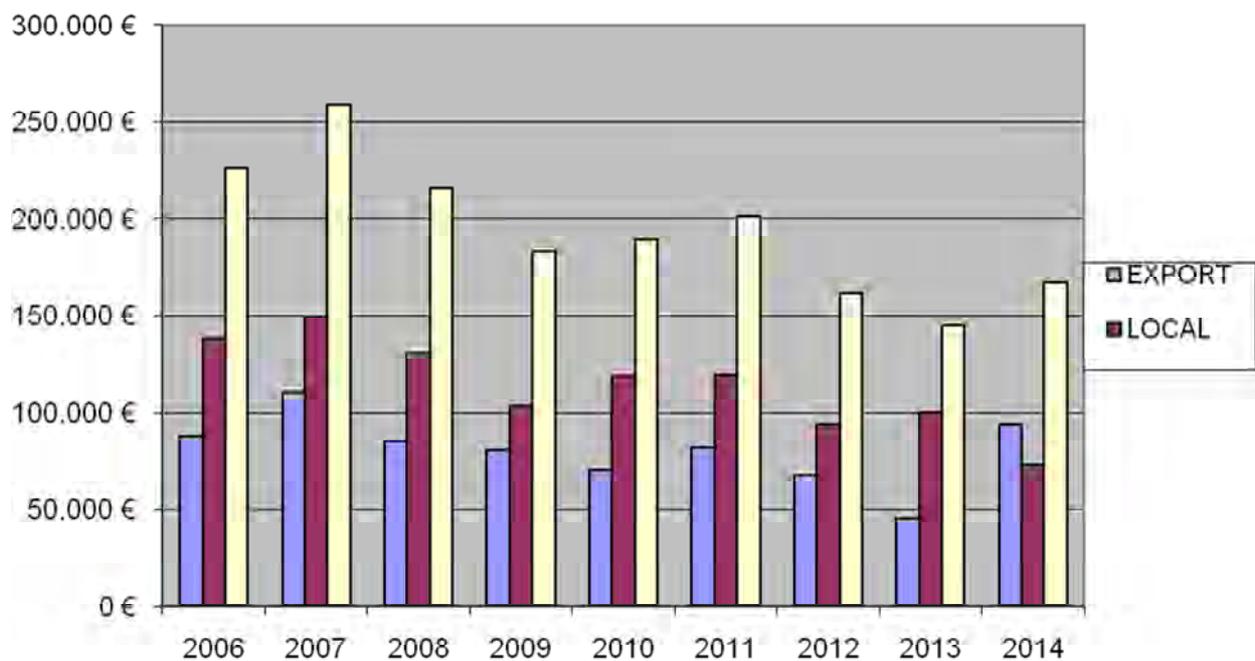
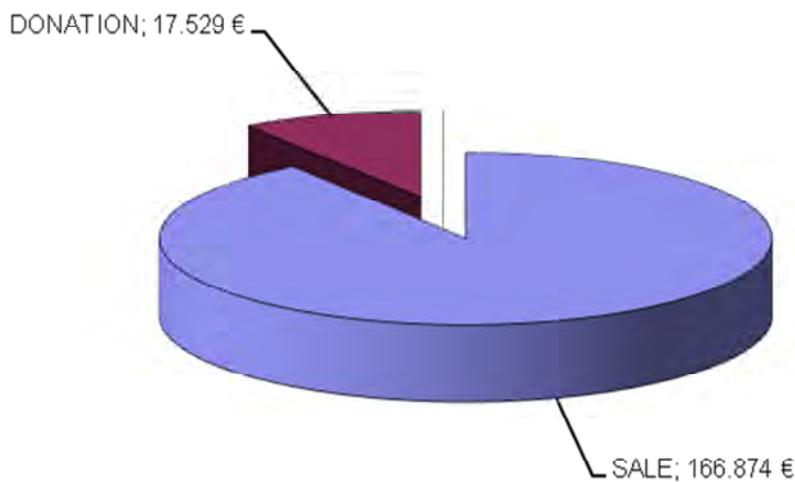
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GROSS INCOME



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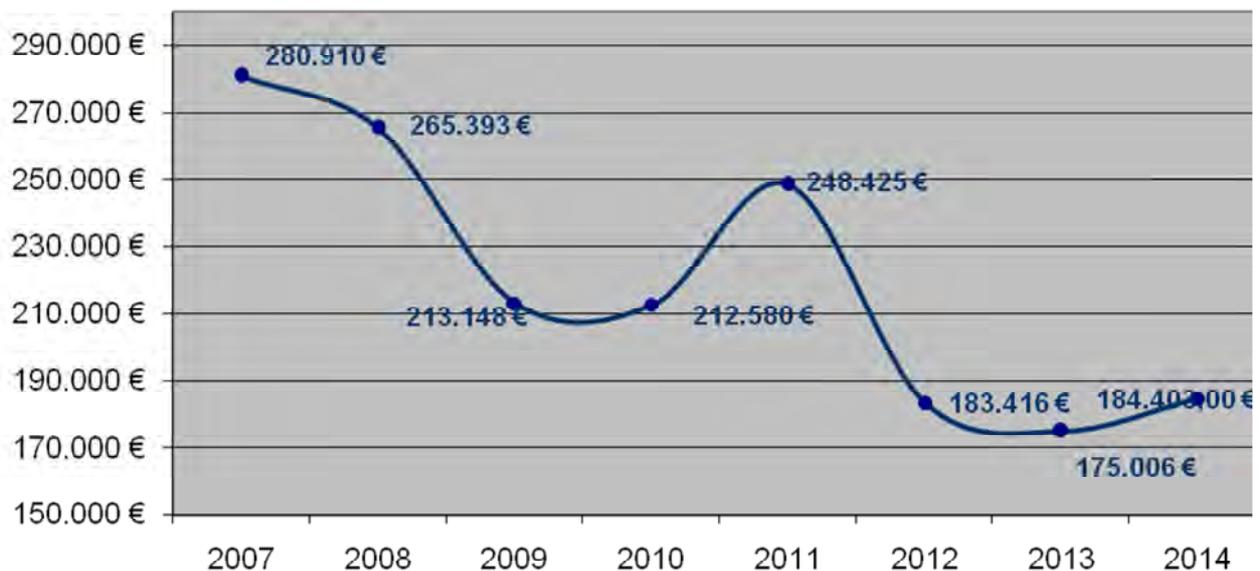
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GROSS INCOME



There were 160 Bosnian women engaged in the production process, and they earned a total of 61.633.25 Euros, which is 36.81% of the total sales. The amount paid for pensions, health insurance and income taxes was 10.993.57 Euros. That includes 73.30% for full-time employees; for home-based contract workers, the taxes are 18% in the Federation of BiH, and 11% in the Republic of Srpska. The total amount paid for the seven full-time employees (two sales persons, Designer-Production Manager, CEO and administrative staff) was 9,304.96 Euros. The total VAT in 2014 was 8.217.48 Euros.

It is not difficult to calculate that BHcrafts, a small scale entrepreneurship, contributes to the state budget, a total of 38.516 Euros, or approximately 23% of the total turnover. The total amount for the 2014 projects which were financed by the different state levels (municipal, cantonal and state) was 4.601.62 Euros, which leads us to the difference of 33.914.38 Euros in favor of the state.

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