



Stichting Aflatoun International,
Amsterdam

Annual Report 2022

Registered seat: Amsterdam

Address:
IJsbaanpad 9-11
1076 CV Amsterdam

Contents

Board report	3
Financial statements	
Balance sheet per December 31, 2022	12
Statement of income and expenses for the year 2022	13
Other information	14
Subsequent events	15
Commentary on actual results versus budget 2022	15
Cash flow statement for the period ended December 31, 2022	16
Notes to financial statements	17
Notes to the balance sheet for the period ended December 31, 2022	20
Notes to the statement of income and expenditure for the year ended December 31, 2022	24
Allocation of expenses to objectives	28
Independent auditor's report	29
Budget 2023	33

Total number of pages in this report: 33

Board report

In the midst of a global education crisis that has left millions of children and youth on the margins, the Aflatoun network of partners stands as a source of inspiration and positive change. As we reflect on the events of 2022, the inaugural year of our new 2022-2026 Global Strategy - Energising the Global Movement for Social & Financial Education with its three priorities: Continuously improve inclusive and responsive education resources through different delivery models; Ignite and grow the Global Aflatoun Network, and Drive bold thought leadership in a turbulent (post-Covid-19) world, we find ourselves at the forefront of a mission that holds the potential to reshape the future for generations to come.

Education is facing a dramatic triple crisis - a crisis of equity and inclusion, as countless children remain out of school; a crisis of quality, with many students failing to grasp even the most fundamental concepts; and a crisis of relevance, as educational systems struggle to equip young minds with the values, knowledge, and skills essential for thriving in today's complex world. Recognizing the urgency of the situation, the United Nations Secretary-General convened the Transforming Education Summit in September 2022, providing an unprecedented platform to address this crisis head-on.

At the summit, education took center stage, ascending to the top of the global political agenda. It became a rallying point for action, ambition, solidarity, and innovative solutions to recover the learning losses inflicted by the pandemic and sow the seeds of educational transformation in an ever-evolving world. Within the Secretary-General's Vision Statement on Transforming Education, "Financial Skills" emerged as a core competency of a new skill set required for youth to successfully navigate and contribute to the green, digital, and care economy transitions.

It is against this backdrop that Aflatoun's new global strategy finds its purpose and direction. Aligned with the UN Secretary-General's vision for transforming education, our strategy outlines a comprehensive plan to scale our efforts and ensure that children and young people, especially the most vulnerable among them, gain access to high-quality, inclusive, learner-centered social and financial education. The Aflatoun partners firmly believe that by empowering children and youth with the essential tools for social and financial empowerment, we offer them a greater chance to break free from the cycle of dropping out of school, teenage pregnancy, poverty, and child labor. Moreover, they become more resilient in the face of climate change, capable of engaging in meaningful dialogues with stakeholders in their communities, and driving forward the agenda for sustainable development.

As schools reopened worldwide following the tumultuous impact of the COVID-19 pandemic, the Aflatoun network of partners seized the opportunity to fast-track the implementation of its three strategic priorities. To ignite and grow the Global Aflatoun Network six regional network meetings were convened. They served as crucial platforms for developing region-specific strategies aligned with our global vision. To fortify our efforts, we expanded the Aflatoun team with the appointment of eight regional coordinators, strengthening our capacity-building endeavors and fostering collaboration at country and regional levels.

Furthermore, Aflatoun's commitment to continuously improve inclusive and responsive education resources remained unwavering. We introduced ground-breaking initiatives such as the Digital Finance Toolkit, designed to equip learners with the skills necessary to navigate the digital finance landscape. Guided by the principle of meaningful adolescent participation, we developed comprehensive guidelines to ensure that young people have a voice in shaping their own educational journeys. Additionally, we recognized the vital role of parents in the holistic development of children and created financial literacy training modules to empower them as key partners in their child's education. The innovative tools were rolled-out through many different capacity-building programmes.

Aflatoun's commitment to drive bold thought leadership in a turbulent (post-Covid-19) world shone through in the release of our pioneering report: "Peer-Led Financial Education for Adolescent Girls in Low and Middle-Income Countries." This comprehensive review highlighted the effectiveness of peer-led financial education in improving financial literacy among adolescent girls, enabling them to navigate the transition from childhood to adulthood and from school to work life. In our unwavering dedication to knowledge sharing, we also published an article on Aflatoun's social franchise model.

It was a promising first year of the new strategy. As a result, 3.7 million children were reached by partners of the Aflatoun Global Network. Furthermore, 29.5 million students were reached through integrating Social and Financial Education content into national curricula in different countries. We invite you to take a look at our innovations and outstanding examples from our global network partners from 2022.

Organizational Capacity

In 2022, Aflatoun embraced a new working model, establishing a hybrid office setup that allowed our dedicated team to operate both from the comfort of their homes and within the office premises. This flexible approach not only ensured the safety and well-being of our staff during the ongoing challenges posed by the COVID-19 pandemic but also enhanced our adaptability in response to evolving development paradigms. Despite the unpredictable nature of the program environment, our team exhibited unwavering dedication and commitment, overcoming obstacles and driving our mission forward.

A significant milestone in our organizational growth was the addition of eight regional coordinators strategically positioned across different regions. These coordinators played a pivotal role in supporting our regional program managers by actively engaging with local communities, recruiting new partners into our network, and fostering robust relationships with national governments. Their presence bolstered our capacity-building efforts, ensuring that our partners received the necessary support and guidance to effectively implement social and financial education programs tailored to their specific contexts.

With the expansion of our team and the addition of regional coordinators, Aflatoun's staff has now grown to include 32 individuals. This growth reflects our commitment to strengthening our organizational capacity, allowing us to extend our reach and impact more children and young people worldwide. The diverse expertise and dedication of our staff form the bedrock of our success, enabling us to navigate complex challenges and deliver on our mission to contribute to the achievement of the Sustainable Development Goals (SDGs).

Resources and Funding

Aflatoun's work in 2022 would not have been possible without the generosity of our donors. Aflatoun received valuable support from a range of institutional, corporate, and philanthropic organizations, allowing it to continue its mission to empower children and young people across the world. We highly appreciate the support from Credit Suisse/Credit Suisse APAC, Dubai Cares, Echidna Giving, Embassy of Netherlands in Burkina Faso/PROMESSE-FP Consortium (Solidar), Erasmus+ Programme, Hershey Company, Jacobs Foundation, National Postcode Lottery of the Netherlands, ORCA Foundation, PMI Educational Foundation, Reach Out To Asia, Rockefeller Philanthropy, Sint Antonius Foundation, Skoll Foundation, Think Human Foundation, Vitof Foundation and Waterloo Foundation.

Aflatoun also welcomes the collaboration with the Amsterdam City Council, BCEAO, European Innovation Council and SMEs Executive Agency, Observatoire de la Qualité des Services Financiers, UNCDF and UNCEF

who engaged Aflatoun as technical partner to assist in their programmes to reach children with social & financial skills.

2022 Financial results

2022 was a year of growth. The income increased to 5,199,005 from 3,895,766 in 2021 (33.5% increase). Expenses increased to 5,198,850 which is a 49.4% increase from 2021 (3,479,097). The stronger increase in costs compared to the increase in income has a direct link the global increased inflation rates. The balance of Income and Expenses after adding the financial results (Interests & exchanges differences) was 138,606.

In 2022, 77.8% of expenses was directed to the three priority areas. This represents an increase compared to 2021 (66.9%). Aflatoun continued its investments towards the attainment of the strategic plan. The progressive roll out of the tools and training modules in response to the global pandemic was successfully carried out. In support of this investment in the three priority areas, Aflatoun simultaneously aimed to be effective in support functions. In 2022, 19.5% of expenses were reported under administration and operations, a decrease compared to 31.2% in 2021.

In 2022, 2.7% of expenditures were related to fundraising, this is slightly higher compared with the 1.9% of expenses in 2021. The strategy implemented in 2021 to broaden the fundraising responsibilities amongst the directors is reflected in the successful performance.

For further financial information we refer to our financial statements.

Aflatoun as a going concern

Aflatoun was in a stable financial position at the end of 2022, in terms of solvency, liquidity and secured funding for the year ahead. Unrestricted reserves are at EUR 1,787,468, while cash at bank and on hand increased to EUR 3,827,767 from the previous year of EUR 3,393,180. This increase in bank balances reflects trust our donors have in our projects and their willingness to provide advance payments for more projects than previous years. The budgeted income for 2023 is EUR 6.8 million, which is an increase compared to 2022 actuals of EUR 5.2 million. We intend to reach more children and provide increased social and financial education in a sustainable manner.

2023 Plan and budget

Aflatoun has re-positioned its priority areas to emphasize 3 major Strategic objectives for the years 2022 to 2026. Over the next four years, Aflatoun aims to strengthen the quality and relevance of its programme content and delivery. These three key strategic objectives of Aflatoun International are represented in the budget for 2023, which can be found on the final page of this annual report.

Objective 1 – Continuously improve inclusive and responsive education resources through different delivery models (e.g. in-person, digital)

Aflatoun will be emphasising and continuously improving inclusive and responsive educational resources through in-person and digital modules. We will be upgrading our educational resources, incorporating key 21st century themes and transform towards inclusive blended delivery, including for parents. Aflatoun will be investing EUR 1.5 million during the course of 2023 to achieve this Objective.

Objective 2 – Ignite and Grow the Global Aflatoun Network

Aflatoun intends to significantly grow and strengthen its global network. Aflatoun will transform its network participation, exchange and co-creation of children, youth, partners and external stakeholders. Strategic objectives include the doubling of the number of partners, training 250,000 teachers and having partnerships to national integration in 60 countries. Aflatoun will be investing EUR 3.7 million in 2023 to initiate this objective.

Objective 3 – Drive outstanding Thought leadership in a turbulent (post-Covid-19) world

Aflatoun will be investing EUR 1.1 million during the course of 2023 in launching a research and learning agenda in partnership with Leading Academic Institutions. Aflatoun will be focusing its advocacy efforts around key international & national events reinforcing Aflatoun's agenda with its key stakeholders and where necessary challenging the establishment and be an advocate for systems change.

Resource mobilization

The budget for Resource Mobilization has been increased by 148.1% from 2022 budget, to EUR 178,262 to bring it more in line with the actual spending. Fundraising will remain a priority in 2023 to continue building long term donor relations for future growth and expand Aflatoun's opportunities along with partner organisations worldwide.

Operations department

The operations department expense budget has been decreased by 34.6% from a 2022 budget of EUR 1.3 million to a 2023 budget EUR 0.8 million. The goal is to spend efficiently while obtaining maximum value. The key priorities in operations department remain to be organizational processes, risk management, and technology improvements.

Forecast financial position

Income in 2023 will increase over 2022 to EUR 6.8 million. We expect more and bigger projects to be rolled out during the course of 2023. Our donors have strong believes in our mission and signed already a significant part of the project contracts.

Procedures for evaluation of financial position

Aflatoun's Supervisory Board currently has a finance committee that meets with the Director of Finance and Operations periodically to evaluate the financial position of the organization.

Twice a year (every half year) Aflatoun holds a global board meeting and four times a year (every quarter) a supervisory board meeting. In these board meetings the financial performance is reflected on the agenda and the variances in actuals versus budget are discussed. In addition to this, the future plans for the remainder of the year (and further years) are discussed during these board meetings.

Risk management

Overall, 2022 has been for Aflatoun a year with a series of improvements and changes, both financially and programmatically. We made good progress within the network continuing to work together towards high-quality, inclusive, social and financial education for all children and young people, especially the most vulnerable ones amongst them.

Aflatoun management and the Supervisory Board continue to work together to actively identify, rate and manage key risks and issues. In 2023, the follow-on effects of the COVID-19 epidemic will be way less than

in 2022. The hybrid office setup will allow our dedicated team to operate both from the comfort of their homes and within the office premises. The other highest risks identified for Aflatoun are both in terms of its staff and its financial operations. The risk for staff has been successfully mitigated through the course of 2022; however, the high staff turnover will continue to impact Aflatoun's operations. This has been addressed through the use of an external agency for our employees' recruitment processes for key positions.

Also, a key external risk is the increased complexity involved in managing the network as our portfolio increases. To mitigate this, Aflatoun will continue to invest in regional teams with the employment of full-time regional coordinators and the introduction of in country financial and program audits. Another external risk is fluctuation of exchange rates, which we manage by holding no more foreign currency than what we need for our projects.

General information

Address: IJsbaanpad 9-11, 1076 CV Amsterdam, The Netherlands
 Website: www.aflatoun.org
 Email: info@aflatoun.org
 Telephone: +31 20 626 2025
 Link to the Articles of Association: <http://tinyurl.com/aflatoun>
 Chamber of Commerce of the Netherlands: Commercial Register No. 34229026
 Incorporation: 29 June 2005.

Charity or non-profit organisation

Not-for-profit (tax free) as defined in Section 5b of the Dutch General State Taxes Act (Algemene Wet Inzake Rijksbelastingen, "WAR": With the status of a Public Benefit Organisation (The ANBI's RSIN/Tax number 814607196, since 1 January 2008.) [ANBI-status controleren \(belastingdienst.nl\)](http://www.belastingdienst.nl)

Policies on reserves

Aflatoun wants to ensure sustainability of the organization so that its international network is ensured. Therefore, Aflatoun has created a Continuity Reserve which seeks to cover necessary operating costs and movements in the Continuity Reserve will be through the annual profit/deficit appropriation. The board and management will decide on additions to or deductions from the Continuity Reserve, set to a range from 6 to 12 months of coverage for all necessary operating costs.

Based on budget 2023 the necessary operating costs are set at EUR 2,405,907 for 12 months, so the balance of the Continuity Reserve after appropriation of the 2022 Surplus, covers approximately 9 months of budgeted necessary operating costs.

Communication with key stakeholders

Aflatoun's key stakeholders are the local partner organizations that implement its programmes around the world and the donors that support Aflatoun's work. Communication with partners is coordinated by the relevant Regional Programme Manager, drawing on the support of the Regional Board Representative as needed.

Communications with new donors is coordinated by the resource mobilization team and communications with existing donors is managed by the relevant Project Managers and budget holders.

Remuneration of the Supervisory Board

The members of the Supervisory Board did not receive any remuneration for the year ended December 31, 2022.

Environment

Caring for the environment and fostering sustainable development is a core part of Aflatoun's ethos and programmatic work, including a commitment to minimizing waste and recycling.

Personnel policies

Aflatoun employee policies are in line with legal requirements and good practices in the Netherlands, and are outlined in the Employee Manual, including the employee code of conduct, whistle blower and child protection policy. During the year Aflatoun embarked on revising all of its policies and developing additional ones as per the needs identified.

Volunteers and Interns

Aflatoun relies on the assistance of a number of volunteers and interns to support the team with major events. Aflatoun provides volunteers and interns with a small stipend to assist with the cost of travel associated with their assignments.

Corruption and Fraud

Aflatoun has a strong set of internal controls designed to mitigate the risk of fraud and corruption. These include a Finance Manual outlining policies and procedures related to approval and documentation of expenditure and payments, an anti-money laundering, terrorism financing and sanctions policy, an employee code of conduct, and a whistle-blower policy including a duty to report, and protections for whistle-blowers.

Management team

Our CEO is **Roeland Monasch** (roeland@aflatoun.org); he is listed as company director for Aflatoun International at the Trade Registry of the Chamber of Commerce.

Directors of Aflatoun

All directors are responsible for their own functional domain. Together with the CEO, Roeland Monasch, who is the sole statutory director, they form the management team for 2022:

Lama Yazbeck, Deputy CEO (lama@aflatoun.org)

Abdullah Alam, Director of Education (abdullah@aflatoun.org)- Started September 2022

Nic Bishop, Director of Finance and Operations (nic@aflatoun.org) – Until October 2022

During 2023, new Directors were recruited:

Sarkis Warzabedian, Director of Finance and Operations (sarkis.warzabedian@aflatoun.org) - started January 2023

Kirsten Theuns, Director of Programmes (kirsten.theuns@aflatoun.org) started March 2023

The governance of Aflatoun International is laid down in the Articles of Association, providing for a two-tier board structure. The day-to-day management is in the hands of the CEO and the supervision in the hands of the Supervisory Board. The supervisory duties of the Supervisory Board are clearly separated from the operational responsibilities of the CEO, the leadership team and the staff. The Supervisory Board meets at least 4 times a year and sets the overall guidelines for strategy and policies. The CEO attends all Supervisory Board meetings, unless the Supervisory Board decides otherwise. The CEO and the Directors of the different departments form the management team, which meets bi-weekly to discuss executive matters.

Supervisory Board

During the year 2022 the Supervisory Board consisted of Mrs. J. Kellermann, Mr. C. Vink (till 16 September 2022), Mr. O. van Riet Paap, Mrs. M. Hoftijzer (till 16 September 2022), Mr. S. Volten and Mr. H. Hulst. As of February 2023 Mrs. P. Zijp and Mrs. A. Koivuniemi have joined the Supervisory Board as new members.

<i>Supervisory Board team</i>	Other positions
Joanne Kellermann, Chair	<ul style="list-style-type: none"> - Chair – Pensioenfonds Zorg & Welzijn - Chair of the Supervisory Board – NWB Bank NV - Member of the Committee on European Integration of the Advisory Council on International Affairs - Member of the Advisory Board – P.R.I.M.E. Finance - Member of the Advisory Board – Transparency International - Member of the Board of Trustees-Veerstichting - Member of the Board of Willem F. Duisenberg Fellowship Foundation
Cor Vink, Member - till 16 Sep. 2022	- Chairman of the Board – Stichting EDU – DEX

	<ul style="list-style-type: none"> - Managing Partner – TerWadding.nl - Member of the Advisory Board – CiEP Training and Coaching - Certified Practitioner – The Leadership Circle - Board Member – Koninklijke Boom Uitgevers - Managing Shareholder – escsc.nl - Advisor – Freia Group - Co-founder – MijnContract.nl - Advisor – Coaches rising
Olivier van Riet Paap, Member	<ul style="list-style-type: none"> - Member of the Board – Vermaat - Partner, Head of Benelux – Bridgepoint
Margo Hoftijzer, Member - till 16 Sep. 2022	- International development economist
Sander Volten, Member	- Global CEO – 180 Amsterdam
Herman Hulst, Member	- Member of Supervisory Board – ING
Petra Zijp, Member - since Feb. 2023	- Partner in the legal firm NautaDutihl
Anna Koivuniemi, Member - since Feb. 2023	-

Global Network Board

Our Global Network Board is the advisory board that advises on all major strategic decisions with an impact on the Aflatoun network. It is comprised of one representative from each of our regions, 6 in total, 1 representative from Meljol, the organization that initially conceptualized the Aflatoun approach in India and 1 special representative from China. The Global Network Board members are elected by partners from their respective regions. Each member serves a 2-year term.

During **2022**:

Muhannad Jarrah, Middle East & North Africa Regional Representative

Brian Lariche, Asia Regional Representative

Patricia Fafa Formadi, Anglophone Africa Regional Representative

Jan Orlovsky, Europe & Central Asia Regional Representative

Ana Yris Guzman, Americas Regional Representative

Félix Yao, Francophone Africa Regional Representative

Alan Wang, Special Representative for China

Rishad Byramjee, Special Representative for Meljol

During **2023**, the new elected Global Board members are:

Ana Yris Guzman, Americas Regional Representative

Rishad Byramjee, Special Representative for Meljol-India

Assane Sankara, Francophone Africa Regional Representative

Hamida Jamah, Middle East & North Africa Regional Representative

Luan Imeri, Europe & Central Asia Regional Representative

Mercy Luhango Mchechu, Anglophone Africa Regional Representative

Sylvia Paraguay, Asia Regional Representative

Aaron Wong, Special Representative for China

Founder: Jeroo Billimoria

Employees

Employee Headcount

In 2022, Aflatoun employed on an average 32 employees. This is divided across three categories:

- › Strategic objectives: 23 (FTE: 21.7)
- › Fundraising: 2 (FTE: 1.7)
- › Operations: 7 (FTE: 6.2)

Aflatoun is proud to have a diverse staff, with 32 employees (29.6 FTE) in 2022 (incl. MT) (2021: 32 employees/27.4 FTE) and 7 long-term consultants from 20 countries. With the team representing all regions in which Aflatoun programmes are implemented, we can ensure that our programmes and partner support are contextualized to each socio-cultural context.

Diversity bias

Our staff is from the following 20 countries: Belgium, Canada, Colombia, Czech Republic, France, Ghana, India, Indonesia, Ireland, Italy, Japan, Lebanon, The Netherlands, Palestine, Spain, Senegal, Tajikistan, Uganda, United Kingdom, and Uzbekistan.

Gender balance: All staff: 70% female / 30% male – Management Team: 40% female / 60% male

Amsterdam, July 11, 2023

Roeland Monasch
Chief Executive Officer

Balance sheet per December 31, 2022

(after proposed appropriation of the balance of income and expenses)

	2022	2021
	EUR	EUR
A s s e t s		
Fixed assets		
Tangible fixed assets (1)	12,631	4,627
Current assets		
Work in progress (2)	6,753	164,513
Receivables and prepayments (3)	1,471,051	921,051
Cash at banks and in hand (4)	3,827,767	3,393,180
Total current assets	<u>5,305,571</u>	<u>4,478,744</u>
Total assets	<u><u>5,318,202</u></u>	<u><u>4,483,371</u></u>
 R e s e r v e s a n d l i a b i l i t i e s		
Reserves (5)		
Continuity Reserve	1,787,468	1,648,862
Total Reserves	<u>1,787,468</u>	<u>1,648,862</u>
Current liabilities (6)	3,530,734	2,834,509
Total reserves and liabilities	<u><u>5,318,202</u></u>	<u><u>4,483,371</u></u>

Statement of income and expenses for the year 2022

	Actual 2022	Budget 2022 (unaudited)	Actual 2021
	EUR	EUR	EUR
Income			
Source of income			
Income from connected non-commercial organizations (7)	4,138,973	5,013,564	3,185,077
Income from lottery organizations (8)	1,022,090	1,146,634	765,614
Income from individuals	2,944	—	532
Income from commercial organizations	15,077	—	—
Income from government	—	—	—
Other income (NOW-subsidy) (9)	19,921	—	(55,457)
Income from other non-commercial organizations	—	—	—
Total income	5,199,005	6,160,198	3,895,766
Expenses			
Expenses for Strategic Objectives			
Objective 1 (2015-2021): Priority Area I: Advocate for social & financial education for all children, especially the most vulnerable	—	—	998,436
Objective 2 (2015-2021): Priority Area II: Quality delivery of social & financial education	—	—	953,909
Objective 3 (2015-2021): Priority Area III: Accelerate scale-up of social & financial education	—	—	376,157
Strategic Objective 1 (2022-2026): Content Continuously improve inclusive and responsive education resources through different delivery models (e.g. in-person, digital)	1,018,483	711,690	—
Strategic Objective 2 (2022-2026): Programmes/training Ignite and grow the global Aflatoun Network	2,547,305	3,663,552	—
Strategic Objective 3 (2022-2026): Research & Communication Drive bold thought leadership in a turbulent (post-Covid-19) world	477,391	458,922	—
Total expenses made for Strategic Objectives	4,043,179	4,834,164	2,328,502
Expenses for fundraising	141,610	71,850	64,442
Operational and administrative expenses	1,014,061	1,251,120	1,086,153
Total expenses	5,198,850	6,157,134	3,479,097
Balance of Income and Expenses before financial results	155	3,064	416,669
Financial income/(expense) (10)	138,451	(3,000)	104,672
Balance of Income and Expenses after financial results	138,606	64	521,341

Proposal of appropriation of the balance:

Addition to / (deduction from) Continuity Reserve	138,606	64	521,341
Addition to / (deduction from) General Reserve	—	—	—
Total appropriation of the balance	138,606	64	521,341

The balance of income and expenses 2022 is appropriated as follows:

The positive balance for 2022 of EUR 138,606 is proposed to be added to the Continuity Reserve.

The difference between actual and budget is explained in the paragraph “Commentary on actual results versus budget 2022” on page the next page.

<u>Index numbers</u>	<u>2022</u>	<u>2021</u>
-Expenses made for strategic objectives in % of Total expenses	77.8%	66.9%
-Expenses for fundraising in % of Total expenses	2.7%	1.9%
-Operational and administrative expenses in % of Total expenses	19.5%	31.2%
-Expenses made for strategic objectives in % of Total income	77.8%	59.8%

The operational and administrative cost represent 19.5% (2021: 31.2%) of total expenses if we would not take in consideration any pro-bono services or goods. In 2023 and 2022 no pro-bono services or goods were received by Aflatoun.

Other information

Proposed balance of income and expenses appropriation

The management of Aflatoun proposes the appropriation of the balance of income and expenses for the year. In accordance with the provisions of Article 7.11 sub. p of the articles of association, the Supervisory Board has to confirm the adoption of the financial statements including the proposed appropriation of the balance of income and expenses. In accordance with the articles of association, gains whatsoever named and received in any year, can be used only for the realisation of the objectives of Aflatoun.

The Management proposes to appropriate the balance of income and expenses as follows:

The balance of income and expense amounting to EUR 138,606 to be added to the Continuity Reserve. Awaiting the final decision, the balance sheet is prepared after appropriation of balance of income and expenses.

Subsequent events

There are no subsequent events that require specific disclosure.

Commentary on actual results versus budget 2022

The actual income in 2022 (EUR 5,199,005) is approximately 15.6% less than the budget (EUR 6,160,198). Actual expenditure on strategic objectives in 2022 was EUR 4,043,179. This is 16.4% lower than the budget of EUR 4,834,164.

For the actual income and expenditure, we have faced some security issues in one of the implementation sites in Burkina Faso, hence, the implementation was put on hold for more than 6 months which led to a delay in income recognition. Also, within the PMIEF project, we encountered a delay in the disbursement of money to the implementing partners which also had an impact on the income recognition in 2022. Being a multi-year project, the expenses and revenue will be recognized in the coming years. In addition, we also faced delays (3-6 months) in filling many positions that are part of the new structure, which had an impact on the expenses and income recognition on projects and also led to underspend on the unrestricted cost budgets during the year.

Actual spend on fundraising in 2022 was EUR 141,610, this is a 97.1% higher than the budget of EUR 71,850. This was due to an increase in the number of FTE's for this department from 1.2 till 1.7 and an additional external consultant was hired to support the department .

Actual spend on operational and administrative expenses was EUR 1,014,061. This is 18.9% less than the budget of EUR 1,251,120. For the operational and administrative expenses we faced delays in recruitment. Secondly we were able to allocate some of the work of administrative staff to the projects during the year, which contributed to the underspend on the operational and administrative budget.

Cash flow statement for the year 2022

	2022		2021	
	EUR	EUR	EUR	EUR
Cash flow from operating activities				
Balance of income and expenses	138,606		521,341	
Adjustments for depreciation	3,026		5,734	
		141,632		527,075
<i>Adjustments for changes in working capital</i>				
Work in progress	157,760		(83,566)	
Receivables and prepayments	(550,000)		300,558	
Current liabilities	696,225		1,431,683	
		303,985		1,648,675
Cash flow from operating activities		445,617		2,175,750
Cash flow from investing activities				
Additions tangible fixed assets	(11,030)		(2,658)	
Cash flow from investing activities		(11,030)		(2,658)
Net cash flow		434,587		2,173,092
(Decrease)/increase cash and cash equivalents		434,587		2,173,092
Movements in cash and cash equivalents				
Opening balance cash and cash equivalents		3,393,180		1,220,088
(Decrease)/increase cash and cash equivalents		434,587		2,173,092
Closing balance cash and cash equivalents		3,827,767		3,393,180

Notes to financial statements

General

Activities

Throughout the world, many children daily face hardships that are often connected to poverty. Stichting Aflatoun International provides children with social and financial skills and insights that not only will support them to deal with these adversities but also prepare them for better planning the life ahead of them.

Stichting Aflatoun International is a foundation located in Amsterdam.

Stichting Aflatoun International was founded in 2005, its mission is *“Ensuring access to high quality, inclusive, child-centered social and financial education for all children and young people, especially the most vulnerable.”*

To achieve our mission, since 2022 the organization’s budget is structured along the three pillars of the organisation:

- 1 Strategic Objective 1 - Continuously improve inclusive and responsive education resources through different delivery models (e.g. in-person, digital).
- 2 Strategic Objective 2 - Ignite and Grow the Global Aflatoun Network.
- 3 Strategic Objective 3 - Drive outstanding Thought leadership in a turbulent (post-Covid-19) world.

Any further supporting strategies to perform these activities are described within the operational narrative included in the Management Report for the year.

Accounting principles

Aflatoun applies the Dutch Accounting Standard RJ 650 (Fund Raising Organizations). Accounting policies per item of the financial statements are set out in the summary of significant accounting policies.

Going concern assumption

The financial statements have been prepared based on the going concern assumption.

Allocation of expenses

The expenses recognized in the reporting year are allocated to the strategic objectives, to our fundraising activities or to operational and administrative costs. The allocation has been detailed in the schedule Allocation of expenses to objectives.

Index numbers

The index number “Expenses made for strategic objectives” provides the percentage from total expenses used for expenses made for strategic objectives.

The index number “Expenses for fundraising” provides the percentage from total expenses used for expenses made for fundraising.

The index number “Operational and administrative expenses” provides the percentage from total expenses used for operational and administrative tasks.

The index number “Expenses made for strategic objectives” provides the percentage from total income used for expenses made for strategic objectives.

Summary of significant accounting policies

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into EUR at year-end exchange rates; exchange gains and losses are charged to the Statement of income and expenses. Transactions in foreign currencies during the financial year are translated into euros at the rate of exchange ruling on transaction date.

Tangible fixed assets

Tangible fixed assets are valued at historical purchase price less depreciation, determined on a straight-line basis over the estimated useful economic lives (of 3 years) of the assets concerned, taking into account any residual values.

Work in progress

Unbilled consultancy projects revenue is recognized only to the extent of contract costs incurred that are probably recoverable. The contract costs are recognized as an expense in the statement of income and expenses in the period in which they are incurred.

If it is probable that total contract costs will exceed total project income, the expected loss is recognized as an expense immediately.

Consultancy project income realized in the financial year is recognized under the corresponding source of income in the statement of income and expenses. Contract costs are included under expenses made for Strategic Objectives.

Receivables

The receivables are initially recognized at fair value including the transaction costs. After the initial recognition, the receivables are valued at amortized cost, which is due to the short term of the receivables in most cases equal to the nominal value, less a provision for possible uncollectible accounts.

Cash at banks and in hand

Cash at banks and in hand includes bank balances and petty cash balances and are carried at nominal value. It also includes deposits if these are effectively at Aflatoun's free disposal, even if interest income may be lost.

Cash at bank and in hand not expected to be at the Aflatoun's free disposal for longer than twelve months is classified as financial assets under the fixed assets.

Liabilities

The liabilities are initially recognized at fair value including the transaction costs. After the initial recognition, the liabilities are valued at amortized cost, which is due to the short term of the liabilities in most cases equal to the nominal value.

Principles of determination of result

Income

Aflatoun International uses an electronic timekeeping to enable accurate allocation of salary-related expenses to donor programmes. At the same time, income on these restricted donor-funded grants and projects is recognized on the basis of actual time staff spent on projects and actual direct and indirect

costs charged to projects. If there are remaining un-used project balances, without any repayment obligation, this additional income (if applicable) is only recognized after the related project is formally closed.

Income on un-restricted donor-funded grants is recognized upon receipt and accounted on a straight-line basis, based on contract start and end dates.

Income from lottery organizations is recognized in the year it relates to.

Annual partnership fees, are recognized in the year they relate to.

Contributions for meetings organised by Aflatoun are recognised in the period that the respective meeting occurs.

Un-restricted donations and others are recognized upon receipt.

Income relating to services in kind and expenses of pro bono services received are valued at their respective fair value amounts.

Expenses

Expenses are recognised at the historical cost convention and are allocated to the reporting period in which they occur.

Depreciation

Depreciation is calculated based on the straight-line method over the estimated useful economic life.

Cash flow statement

The cash flow statement has been prepared applying the indirect method.

Notes to the balance sheet per December 31, 2022

Fixed assets (1)

Tangible fixed assets

Tangible fixed assets comprise Office equipment. Movements were as follows:

	2022	2021
	EUR	EUR
Net book value at January 1	4,627	7,703
Additions	11,030	2,658
Deductions (cost price)	(4,865)	(16,796)
Deductions (cumulative depreciation)	4,865	16,796
Depreciation charge for the year	(3,026)	(5,734)
Net book value at December 31	<u>12,631</u>	<u>4,627</u>
Cost	54,875	48,710
Accumulated depreciation	(42,244)	(44,083)
Net book value at December 31	<u>12,631</u>	<u>4,627</u>

Office equipment is depreciated over a life term of 3 years.

Work in progress (2)

	2022	2021
	EUR	EUR
Consultancy work in progress	<u>6,753</u>	<u>164,513</u>

The consultancy work in progress comprises the part of the consultancy revenue that relates to performed work from staff and/or third parties, that has not yet been invoiced to the donors.

Receivables and prepayments (3)

	2022	2021
	EUR	EUR
Donor income receivable	846,594	551,960
Debtors	528,042	319,982
Deposit paid for bank guarantee	16,903	16,903
Other receivables and prepayments	73,504	24,535
Pension related receivables	6,008	7,671
Total	<u>1,471,051</u>	<u>921,051</u>

Donor income receivables

The donor income receivable comprises of the balance of receivables of several donors regarding the contractual agreed part of income that belongs to the current and previous year which was not invoiced and/or received yet.

Deposit paid for bank guarantee

Aflatoun paid a deposit of EUR 16,903 to ABN-AMRO Bank for a bank guarantee of similar amount to the landlord.

Pension related receivables

Pension related receivables comprise the current-account balance with the pension provider.

Debtors

The debtor balance includes gross receivables of EUR 560,141 (2021: 344,170) less a provision for doubtful debts of EUR 32,099 (2021: 24,188). Provisions are formed on an individual basis. Movements in the provision for doubtful debts were as follows:

	<u>2022</u>	<u>2021</u>
	EUR	EUR
Carrying amount at January 1	24,188	57,858
Additions	42,036	64,808
Releases (debtor paid)	(10,875)	(7,500)
Use of provision (debtor did not pay, invoices written-off)	(23,250)	(90,978)
Carrying amount at December 31	<u>32,099</u>	<u>24,188</u>

Cash at banks and in hand (4)

	<u>2022</u>	<u>2021</u>
	EUR	EUR
Current account ING Bank – held in EUR	203,936	144,883
Current account ING Bank – held in USD	2,750,931	1,573,436
Current accounts ABN-AMRO Bank – held in EUR	340,205	303,088
Current accounts ABN-AMRO Bank – held in USD	142,147	180,518
Savings accounts ABN-AMRO Bank – held in EUR	384,162	1,186,891
Paypal account – held in EUR	6,386	4,202
Cash in hand – held in EUR	—	162
Total	<u>3,827,767</u>	<u>3,393,180</u>

Cash in hand at bank balances are freely available on demand.

Reserves (5)

The movements in Continuity Reserve are as follows:

	<u>2022</u>	<u>2021</u>
	EUR	EUR
Balance at January 1	1,648,862	1,127,521
Appropriation of balance for the year	<u>138,606</u>	<u>521,341</u>
Balance at December 31	<u><u>1,787,468</u></u>	<u><u>1,648,862</u></u>

In case enough Reserves are available, the Reserves are divided into two categories: Continuity and General Reserves.

Continuity Reserve

The Continuity Reserve is designated to cover *necessary operating costs*. and should be reviewed and adjusted in response to internal and external changes. The board and management will decide on additions or deductions from the Continuity Reserve, set to range from 6 to 12 months of coverage for *all necessary operating costs*.

Based on budget 2023 the necessary operating costs are set at EUR 2,405,907 for 12 months. Therefore the balance of the Continuity Reserve after appropriation of the 2022 surplus, covers approximately 9 months of budgeted necessary operating costs.

General Reserve

The General Reserve represents any additional excess to the continuity reserve and is used to cover expenses for the next year's budget. Per December 31, 2022 the total amount of Reserves of Aflatoun is EUR 1,787,468 (including the balance for the year 2022). The aimed Continuity Reserve is higher than the available Reserves, therefor no General Reserve is available per December 31, 2022.

Appropriation of balance for the year

Management proposes to add the positive balance for the year of EUR 138,606 to the Continuity Reserve. In accordance with the provisions of Article 7.11 sub. p of the articles of association, the Supervisory Board has to confirm the adoption of the financial statements including the proposed appropriation of the balance of income and expenses. Waiting for the final decision, the balance sheet is prepared after the appropriation the balance of income and expenses.

Current liabilities (6)

	<u>2022</u>	<u>2021</u>
	EUR	EUR
Donor income received in advance	3,117,633	2,450,145
Accounts payables	193,982	169,553
NOW payable	—	54,238
Accrued holidays	90,846	77,062
Wage tax	46,056	49,269
Other liabilities	82,217	34,242
	<u>3,530,734</u>	<u>2,834,509</u>

The donor income received in advance comprises of the balance of receipts of several donors regarding part of the contractual agreed income that belongs to future periods.

NOW payable comprises prior year's NOW-2 subsidy balance to be repayable to Dutch government. The NOW-2 subsidy was received during 2020. This is the economic relief offered to companies that experience a substantial decrease in revenue during the subsidy period (June-September 2020) due to Covid-19 lock-downs, to offset salary cost and avoid terminations.

Contingencies and commitments

Aflatoun has a rental agreement with Stichting Burgerweeshuis – Roomsche Catholiek Jongens Weeshuis for the period of March 1, 2020 until December 31, 2023. The yearly rent and service costs including VAT are EUR 75,021.

Due within one year	75,021
Due between one year and five years	—
Longer than five years	—
Total	<u>75,021</u>

Notes to the statement of income and expenses for the year 2022

Income from non-commercial organizations (7)

	2022	2021
	EUR	EUR
Unicef	867,566	1,056,827
ROTA	511,401	186,508
Sint Antonius Stichting	406,038	383,153
Credit Suisse	357,744	242,694
Hershey Foundation	302,430	139,222
Solidar Lutter Pour Un Monde Equitable	245,939	148,683
PMI	237,814	—
BCEAO	164,569	—
Orca	139,554	—
OQSF	104,983	—
Dubai Cares	97,894	100,932
Gemeente Amsterdam	94,493	9,829
UNDCF	90,282	—
Rockefeller Philanthropy	72,864	136,917
Vitol Foundation	68,547	—
Skoll Foundation	66,004	56,104
Echidna Giving	60,723	20,652
European Innovation Council and SMEs Executive Agency	36,562	—
Waterloo Foundation	22,708	—
Erasmus	19,758	—
Think Human Foundation	16,350	—
Old Mutual Africa's Biggest Classroom	—	164,670
The MasterCard Foundation	—	72,507
Botnar Foundation	—	46,642
Agility	—	33,621
Aga Khan	—	29,858
Teach For All	—	19,899
Jhpiego	—	19,799
Caritas Switzerland	—	18,051
Alliance for Financial Inclusion	—	16,830
Injaz	—	14,916
SOS Childeren's Villages	—	13,201
Meem Ain for Education	—	10,000
World Education	—	9,793
Bantwana	—	8,590
UNDP Paraguay	—	5,165
World Vision	—	(25,451)
Dioraphte Foundation	(561)	69,848
Partnership fees	76,399	106,753
Contributions for meetings/trainings	76,362	40,403
Others	2,550	28,461
Total	4,138,973	3,185,077

The income received from the respective donors is used for spending as agreed in the contracts.

Income from lottery organizations (8)

	<u>2022</u>	<u>2021</u>
	EUR	EUR
Nationale Postcode Loterij	<u>1,022,090</u>	<u>765,614</u>

For the years 2020-2024 the Nationale Postcode Loterij offered a contribution. The exact amount is yearly based on the income of the lottery. For 2022 the contribution has been confirmed in March 2023 to be EUR 500,000 and has been received in March 2023 by Aflatoun.

Besides this contribution Aflatoun received also an extra grant of EUR 1,950,000 for the years 2021-2023. Of this amount EUR 1,443,000 is to spend on projects and EUR 507,000 is to cover salaries, operational and administrative expenses. During 2022 in total EUR 522,090 (2021: 265,614) has been used of the extra grant.

Other income (NOW-subsidy) (9)

	<u>2022</u>	<u>2021</u>
	EUR	EUR
NOW-subsidy	<u>19,921</u>	<u>(55,457)</u>

During the COVID-19 outbreak early 2020 Aflatoun applied for the NOW1- and NOW2-subsidy from the Dutch government. This is the economic relief offered to companies that experience a substantial decrease in revenue during the subsidy period (March-September 2020), to offset salary cost and avoid terminations. With this support Aflatoun avoided to have to scale down significantly across the organization with serious risk of having to halt essential operations and lay-off staff.

During 2021 final calculation for NOW1-subsidy was made. It turned out that Aflatoun received more in advance than entitled to. This resulted in a correction of the subsidy of EUR 55,457, as presented in 2021. During 2022 final calculation for NOW2-subsidy was made. It turned out that Aflatoun did not receive full remuneration. This resulted in an additional subsidy income of EUR 19,921, as presented in 2022.

Employee information

In 2022, Aflatoun employed on average 32 employees (29.6 FTE's) (2021: 32 (27.4 FTE's)), divided as follows:

	Employees 2022	FTE's 2022	Employees 2021	FTE's 2021
Strategic objectives	23	21.7	24	21.8
Fundraising	2	1.7	2	1.2
Operations	7	6.2	6	4.4
	<u>32</u>	<u>29.6</u>	<u>32</u>	<u>27.4</u>

	2022	2021
	EUR	EUR
Gross salary	1,437,295	1,232,063
Social contributions	269,495	230,661
Pensions	51,947	47,681
Other personnel costs	29,999	10,308
Sub-total	1,788,736	1,520,713
Reimbursement for sick leave	(5,742)	—
Total	<u>1,782,994</u>	<u>1,520,713</u>

No members of the Supervisory Board received any remuneration for the year ended December 31, 2022 (2021: nil). Aflatoun did reimburse EUR 466 of travel expenses of regional board members made in order to participate in board meetings during 2022 (2021: nil). Further information on the Board has been recorded in the separate operational narrative for the year.

Per the 1st of August 2015 the CEO started with an indefinite contract for 40 hours per week. The following costs are derived from the salary administration and comprise the cost of the executive director for the year:

	2022	2021
	EUR	EUR
Gross salary (CEO)	89,652	89,500
Social contributions	10,789	10,325
Pension	10,479	10,515
Other	915	387
	<u>111,835</u>	<u>110,727</u>

The gross salary in 2022 per month was EUR 7.471 (including 8% holiday allowance). This is in line on the so called “Wijffels code” for remunerations for directors working in the non-profit sector which takes into consideration the size, budget and complexity of the organisation.

This is also within the range of the maximum yearly salary of EUR 209.000 (1 FTE/12 months) according to the “Regeling beloning directeuren van goedgevoelorganisaties”. According to this regulation the salary cost of EUR 111,835 falls within category G with 371-410 points (maximum is category J with 491 points).

During the year there were on average 5 volunteers/interns active (2021: 6).

Financial income/(expense) (10)

	<u>2022</u>	<u>2021</u>
	EUR	EUR
Interest expenses	(6,250)	(5,792)
Foreign currency exchange gain	143,244	110,464
Interest income	1,457	—
Total	<u>138,451</u>	<u>104,672</u>

Interest rates were negative in the first part of 2022, therefor during 2022 Aflatoun had interest expenses in relation to its positive bank balances. In last quarter the interest rates became slightly positive rates again, resulting in also an interest gain in relation to Aflatoun's positive bank balances.

Balances denominated in foreign currencies are translated into EUR at year-end exchange rates; exchange gains and losses are charged to the Statement of income and expenses. Aflatoun only has USD and EUR balances.

Allocation of expenses to objectives

	Strategic objectives					Total 2022	Budget 2022	Total 2021	Budget 2023
	Strategic Objective 1	Strategic Objective 2	Strategic Objective 3	Expenses for Fundraising	Operational and administrative				
	EUR	EUR	EUR	EUR	EUR				
Priority Area I (2015-2021): Advocate for social & financial education for all children, especially the most vulnerable	—	—	—	—	—	—	—	747,569	—
Priority Area II (2015-2021): Quality delivery of social & financial education	—	—	—	—	—	—	—	312,630	—
Priority Area III (2015-2021): Accelerate scale-up of social & financial education	—	—	—	—	—	—	—	111,251	—
Strategic Objective 1 (2022-2026): Content: Continuously improve inclusive and responsive education resources through different delivery models (e.g. in-person, digital)	562,133	—	—	—	—	562,133	390,572	—	1,055,605
Strategic Objective 2 (2022-2026) Programmes/training: Ignite and grow the global Aflatoun Network	—	1,818,660	—	—	—	1,818,660	2,529,764	—	2,719,199
Strategic Objective 3 (2022-2026): Research & Communication: Drive bold thought leadership in a turbulent (post-Covid-19) world	—	—	426,584	—	—	426,584	396,497	—	827,486
Wages	367,037	574,999	41,114	90,013	364,132	1,437,295	1,778,255	1,232,063	1,679,806
Social securities and taxes	75,871	118,089	8,552	16,012	50,971	269,495	333,697	230,661	314,967
Pensions	7,050	18,460	332	3,469	22,636	51,947	68,057	47,681	60,711
Other personnel costs	6,392	17,097	809	1,016	4,685	29,999	15,368	10,308	35,060
Reimbursement for sick leave	—	—	—	—	(5,742)	(5,742)	—	—	—
Rent and accommodation	—	—	—	—	69,017	69,017	66,600	66,766	69,480
Other costs	—	—	—	31,100	505,336	536,436	573,324	714,434	464,557
Depreciation	—	—	—	—	3,026	3,026	5,000	5,734	5,000
Subtotal	1,018,483	2,547,305	477,391	141,610	1,014,061	5,198,850	6,157,134	3,479,097	7,231,871
Pro-bono services	—	—	—	—	—	—	—	—	—
Total expenses	1,018,483	2,547,305	477,391	141,610	1,014,061	5,198,850	6,157,134	3,479,097	7,231,871

Allocation of costs to objectives have been made based on actual costs and personnel time spent.

The other costs in the category operational and administrative include as well minor actual project expenses, that did not fall under one of the three priority areas.

During 2022 Aflatoun did not receive pro-bono goods or services.

The operational and administrative expenses represent 19.5% (2021: 31.2%) of total expenses.

Independent auditor's report

Budget 2023

	Budget 2023	Actual 2022	Budget 2022
	EUR	EUR	EUR
<u>Income</u>			
Source of income			
Income from connected non-commercial organizations	5,282,069	4,138,973	5,013,564
Income from lottery organizations	1,458,022	1,022,090	1,146,634
Income from individuals	—	2,944	—
Income from commercial organizations	50,000	15,077	—
Income from government	—	—	—
Other income (NOW-subsidy)	—	19,921	—
Income from other non-commercial organizations	—	—	—
Total income	6,790,091	5,199,005	6,160,198
<u>Expenses</u>			
Expenses for Strategic Objectives			
Strategic Objective 1: Content			
Continuously improve inclusive and responsive education resources through different delivery models (e.g. in-person, digital)	1,512,472	1,018,483	711,690
Strategic Objective 2: Programmes/training			
Ignite and grow the global Aflatoun Network	3,661,270	2,547,305	3,663,552
Strategic Objective 3: Research & Communication			
Drive bold thought leadership in a turbulent (post-Covid-19) world	1,061,499	477,391	458,922
Total expenses made for Strategic Objectives	6,235,241	4,043,179	4,834,164
Expenses for fundraising			
Expenses from own organizational fundraising	178,262	141,610	71,850
Operational and administrative expenses			
	818,368	1,014,061	1,251,120
Sub-total expenses	7,231,871	5,198,850	6,157,134
Financial expenses/(income)	—	(138,451)	3,000
Total expenses, including finance expense/(income)	7,231,871	5,060,399	6,160,134