

# Financial statements 2019



**Stichting Red een Kind**

*also known as 'Help a Child'*

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## Director's report

Help a Child is a Christian international aid organization that was set up in the Netherlands in 1968. Help a Child creates a future for children in need, their families and their entire community. By empowering vulnerable communities, we help them to make sustainable improvements to their living conditions and unlock opportunities for the future.

Help a Child operates in regions where poverty is widespread and in disaster or conflict-afflicted areas where children and families are extra vulnerable. Working in cooperation with various Dutch, international and local organizations, we pursue our mission in India, Kenya, Ethiopia, Malawi, Burundi, Rwanda, the Democratic Republic of the Congo, Uganda and South Sudan.

Together with knowledge organizations, charitable trusts and institutional donors, Help a Child develops innovative programmes across such diverse fields as youth and work, mother and child care, and emergency relief. Help a Child is supported by a broad-based constituency comprising individuals, churches, foundations, businesses and schools.

### *Our mission*

Help a Child creates a future for children in need, their families and their entire community.

### *Our vision*

As a Christian non-profit organization we want all children – regardless of their origin, colour, race, creed or gender – to enjoy a life of dignity, love and opportunity.

Help a Child is a foundation that was established in 1968 and located at George Stephensonstraat 11, Zwolle. The foundation is registered with the Chamber of Commerce under number 41022454.

The Tax and Customs Administration has designated Help a Child as a Public Benefit Organization.

## **Governance**

### *Management and execution*

In 2019 the Board of Directors of Help a Child consisted of the CEO, Andries Schuttinga. He managed the organization on the basis of a set of regulations, covering inter alia the avoidance of conflicts of interest and the adequate separation of duties.

The Board of Directors is responsible for the policy and its execution. This policy is formulated and monitored by the Board of Directors with the department managers. They jointly make up the management team (MT), which meets every two weeks in principle. The Board of Directors ensures that the Supervisory Board is provided – in good time – with all necessary information for the effective fulfilment of its supervisory role.

### *Supervisory Board*

The Supervisory Board consists of six members. They too work according to a set of regulations. These outline the relationship between the Supervisory Board and the Board of Directors, while also containing provisions for the avoidance of conflicts of interest and the separation of duties.

Various advisory committees provide the Supervisory Board with information on specific policy areas, such as fundraising, programmes and finance.

### *Composition of the Board and Directors and Supervisory Board*

As at 31 December 2019, the Board of Directors of Help a Child comprised:

#### **A.M. Schuttinga, CEO**

Relevant other positions:

- Board Member of Help a Child US, Oregon Wisconsin (United States of America)
- Board Member of Radio Uzima, Dodoma (Tanzania)
- Member of the Supervisory Board of Stichting Beheer Subsidiegelden Dutch Relief Alliance

As at 31 December 2019, the Supervisory Board comprised the following members:

#### **F.R. Witteveen, Chair** (until May 2020, available for reappointment)

Relevant other positions:

- Chair of the Supervisory Board of Stichting Kinderhulp Dominicaanse Republiek,
- Chair of the Supervisory Board of ROC Graafschapcollege Doetinchem (Regional Training Centre),
- Vice-chair of the Supervisory Board of Zorggroep Manna, Twente Region,
- Owner of Witteveen coaching en advies,
- Member of the National Disputes Committee for the Social Domain

#### **C. Touwen-Bouwsma, Secretary** (resigned on 31 December 2019)

Former Director of Collections and Services NIOD, Institute for War, Holocaust and Genocide studies

Relevant other positions: none

#### **B.P. Hidding, Chair of Finance Committee** (until November 2022, not available for reappointment)

Board Chair of Flynth adviseurs en accountants

Relevant other positions:

- Chair of Supervisory Board of Rabobank Apeldoorn,
- Member of Supervisory Board of Stichting GGNet, Warnsveld,
- Member of Supervisory Board of Rabobank, Utrecht

#### **G.W. Bastiaan** (until July 2022, not available for reappointment)

Nursing specialist in mental healthcare, Therapeutisch Centrum Flevoland, Special Needs Education Specialist, Life Course Director for Municipalities, founder of HouvASS

Relevant other positions: Saam, home front committee South Africa

**C. van Weelie** (until 2020 – available for reappointment)

Communication Trainer/Owner of Grow2Care

Relevant other positions:

- Chair of Baptist Church Council Silo, Utrecht,
- Chair of Clients Council Residential Care Home Holland, Baarn

**F.H. Slingerland** (until 31-12-2021, available for reappointment)

General Manager RE&FM at Royal Flora Holland

Relevant other positions: Member of the Advisory Board of Pim Mulier in Arnhem

As at 1 January 2020, the Supervisory Board welcomed as a new member:

**A. Wittekoek** (until 31-12-2023 – available for reappointment)

CEO Waste Vision Rotterdam

Relevant other positions:

Member of CCN (Contact Committee Neuhofen) and, in that capacity, Member of SSRO

#### *Remuneration policy*

The remuneration policy for the Board of Directors, employees and members of the Supervisory Board is set out in the financial statements.

#### **Risks**

The risk preparedness within Help a Child is limited. As a civil society organization which is financially supported by a faithful constituency, we can not allow ourselves to take high risks.

This principle is also guarding our financial policy in which we for example have a very conservative investment policy and limit our foreign currency risks as much as possible as we commit our contracts in euros as much as possible.

Besides this we have several procedures to manage our risks in the areas of integrity, fraud and corruption and donor satisfaction as much as possible.

We plan our activities with a close eye to current trends and developments, both within Help a Child and in the world at large.

The world around us is full of social unrest and populism is setting the political tone in many countries. Citizens are understandably concerned about their personal safety and the stability of wider society. Civil society organizations are worried about the potential impact of political developments on their work.

In the Netherlands too we see several developments that exacerbate the risks for our work, such as the negative image of development aid, the rising tide of populism and growing individualization and secularization.

The various risks for our work are the subject of regular assessment. This includes a SWOT analysis. A detailed explanation can be found in our Annual Report 2019.

The following risks were identified in our SWOT analysis:

- Growing competition from other organizations for the favour of our constituents
- Public attention and available funding is shifting towards programmes around conflict hotspots and refugee crises
- Our limited scale makes us less attractive for institutional funds who are increasingly focusing on larger-scale projects
- The governments in our programme countries are steadily restricting the scope to operate for aid organizations.

Two things are crucial to withstand these threats: the strong relationship with our constituents, partners and donors and our innovative drive.

In our look-ahead to 2020 and, soon, also in our 2021-2025 multi-year plan, we will analyse these risks and set out mitigation measures in more detail.

### **Coronavirus**

Clearly, the Coronavirus has also had consequences for Help a Child. The organization in the Netherlands and the country offices rapidly switched over to working from home, which has been a surprising success. Our IT infrastructure effectively facilitates this way of working, with new communication channels such as video calling allowing us to continue our work with our country offices as far afield as the Democratic Republic of the Congo and South Sudan.

In April 2020 the country offices worked hard with our partner organizations to transform our ongoing programmes into emergency relief programmes so that we could keep supporting the most vulnerable members of our target group. Additional funding was also raised to scale up our aid efforts. At the time of writing, the lockdown measures are being relaxed in many locations and we can gradually return to normality, while ensuring that all social distancing and hygiene requirements are integrated into the programmes.

To date (June 2020) our fundraising activities have suffered no adverse consequences. Our appeal for extra donations in this critical time received a generous response from our extremely loyal constituents. We are most grateful to them!

Clearly, we have no precise idea of what the future will bring, but initial scenario planning indicates that we are sufficiently robust to survive a decline in income and deal adequately with the consequences.

## **Objectives and Results for 2019**

### *1. Smart growth*

#### 1.1. Grow income from subsidies and funds from the Netherlands

We saw vigorous growth in 2019, notably in the emergency relief funding from the Dutch Relief Alliance (DRA). We are delighted with this result, and particularly with the subsidy awarded to us for an innovative emergency relief project within the DRA. That is a great morale booster and signals our strength as a flexible and entrepreneurial organization.

#### 1.2. Grow income from the country offices

Whilst our local fundraising in Malawi and Rwanda got off to an encouraging start, the overall result of the country offices failed to match our expectations at the start of the year. Building visibility and networking capability will take longer than we initially assumed.

#### 1.3. Grow income from individual constituents, businesses, schools and churches

We are gratified with the steady growth in income. The gradual decline in sponsorships witnessed over many years was brought to a halt and we see signs of renewed growth in 2020. The amount of general gifts is growing steadily, partly thanks to structured fundraising.

#### 1.4. Other smart growth opportunities

The alternative opportunities for growth that we identified proved to be less fruitful than foreseen. We hope to see a better result in 2020.

### *2. Impact evaluation: putting outcomes into action*

#### 2.1. Make our programmes more sustainable

Improved programme phasing and a more controlled phasing-out process can help to make our programmes more sustainable. A closer connection between the programmes and economic improvement initiatives will also contribute to this.

#### 2.2. Recalibrate our Theory of Change and make more focused choices

We adjusted various aspects of our Theory of Change, including a better description of our ambitions for the spiritual side of child welfare.

#### 2.3. Highlight the spiritual side of child welfare in our programmes.

See 2.2

#### 2.4. More attention for the role of men and families in our programmes

We have developed and introduced a new method called PiP. The aim is to secure the engagement of men and families right from the start of programmes in communities. This method will be piloted at several locations in 2020.

## 2.5. Improve knowledge transfer

Good knowledge transfer is key to the implementation of effective programmes. We have developed methods (including e-learning) to improve our knowledge transfer.

## *3. Programme-focused initiatives*

### 3.1. Integration of emergency relief and development projects

Due to the demands of our emergency relief programmes in the Democratic Republic of the Congo and South Sudan, this objective received insufficient attention. This aspect will be taken in hand in 2020.

### 3.2. Completion of CHS self-assessment

We completed the first round of the CHS self-assessment and are busy implementing the findings in our programmes.

### 3.3. Explore viability of emergency relief programme in new country

In 2020 we, together with Medair, will carry out our first-ever emergency relief programme in Somalia. The programme will allow us to assess whether this very different context (Islamic and high security risks) is a viable setting for our organization.

### 3.4. Explore viability of economic programmes

We developed a new economic programme, named EPIC, in 2019. Initial funding has already been received and the

## *4. New policy plan for 2021-2025*

A project group assembled from various sections of the organization is busy preparing the policy plan. The group is making swift progress and the plan is scheduled for completion in June 2020.

## *5. Integration of project-based working into our operations*

In 2019 we raised our project-based working skills to the next level with the aid of external experts. Various employees have been trained as project leaders and one employee was freed up in order to manage projects. In addition, we devised a portfolio management system to regularly assess our portfolio of projects and make informed choices regarding their implementation.

## **Look-ahead to 2020**

The central theme for our plans for 2020 is to assure and anchor our results in the current policy period. As we near the end of this policy period, we can conclude that much has been achieved: the funding gap that arose after the termination of the Dutch government's MFS2 funding programme has been closed, country offices have been set up in order to decentralize our work, our private fundraising strategy has been renewed, and sustainable change and impact have been achieved in the village communities in which we work through the application of our Theory of Change.



While we continue to develop and shape our ambitions and plans for the coming policy period, 2020 is a good time to ensure that outstanding matters are properly concluded and changes are firmly anchored within the organization. The main issues are the following:

#### *Review of our role*

In our current policy plan we emphasized that we as Help a Child play various roles in relation to our stakeholders. Against the backdrop of our changing environment and newly decentralized organization, it makes sense to take a fresh look at these roles:

- our role towards our partner organizations;
- the division of roles between our office in Zwolle and the country offices;
- our role in partnerships, both with fellow aid organizations and other parties (e.g. businesses and knowledge institutions).

#### *Decentralization*

In recent years we successfully launched our country offices. As soon as they were officially registered and staffed, the country offices set to work to boost their visibility, build their networking capability and improve the quality of our programmes. But there are still some sticking points, including IT and administrative systems that do not yet fully support our newly decentralized set-up. In addition, certain HR-related policy matters need to be developed and implemented further. Our aim is to resolve all these issues in 2020.

#### *Diversification of our fundraising capabilities*

We have opted to focus more on fragility. This fits well with our mission to support vulnerable children and is also a viable fundraising theme. Our membership of the Dutch Relief Alliance was an enormous help in this connection, but some essential maintenance work still needs to be done to bring this theme to full fruition. First, we need to develop a Theory of Change for fragility. Second, we must act on the findings of our own investigation into our organization's compliance with the code of conduct for emergency relief programmes. And finally, we want to develop a way of enabling our individual constituents to assist this work with recurring support.

We have opted not to carry out economic programmes of our own. Instead, our programmes have been designed to empower the communities in which we work to advance their own economic development. To this end, we developed the EPIC model which will be rolled out further in 2020.

In recent years we invested heavily in the creation of country offices. 2020 will be a key year for evaluating their financial sustainability. This aspect will be closely monitored in 2020.

In 2018 we commissioned a study into our constituents' reasons for giving us their support in order to develop new donation models. At that time, we decided to place our initial focus on improving our existing sponsor model. In 2020, further use will be made of the insights from this study to continue enhancing our interaction with our constituents and generate more income for our work.

### *More impact through better programmes*

In 2018 we conducted our impact evaluation and formulated recommendations; in 2019 we responded to the recommendations and developed programme improvement plans; and in 2020 we will implement these plans. The main focus will be on training our employees in the programme countries, so that they clearly understand their role and have the skills to improve the programmes.

### *2021-2025 Policy Plan*

The project to develop a new policy plan was started in 2019 and is scheduled for completion in June 2020. The discussion and development of this plan will be high on the organization's agenda in 2020.

### **Our constituency**

In 2019 over twenty-five thousand people in the Netherlands supported our mission to help children grow out of poverty. Their trust in Help a Child, their prayers for our work and their financial contributions had a major beneficial impact for the children within our programmes. Businesses, churches, schools, foundations and governments also provided us with invaluable support for our work.

Ever since its foundation, Help a Child has been a sponsor-based organization. By connecting people in the Netherlands to children in need, we foster a relationship that extends far beyond the act of giving and receiving financial aid. Today, this remains a highly effective way of forging life-enhancing bonds.

The sponsored children live in villages, with their own families. In our opinion, that is the very best place for a child to grow up. Accordingly, since 2010 Help a Child has focused on sponsoring children in their own community. We no longer support children's homes. Our sponsors of today contribute to the community programme (i.e. to all children in the community) and correspond with one of the children or families.

Apart from child or family sponsorships, people can also contribute to a better future for children in developing countries with one-off or recurring gifts. People are actively encouraged to support our work in this way through campaigns, mailshots, online messages and events.

In 2019 we launched the Growth Fund, a vehicle enabling people to make recurring contributions towards our aid for the most vulnerable children.

From the end of November, we once again conducted our year-end 'Geef een Dierbaar Cadeau' (Gift a Precious Animal) campaign. This campaign has been conducted since 2010 and is very popular among our supporters. The donations are specifically used to help families acquire livestock.

In 2019 we sent six mailshots in the form of a letter or brochure with a pre-printed cheque to our donors requesting them to donate an extra gift. Various telemarketing campaigns were also held asking people to support us with a sponsorship or other type of permanent commitment.

Finally, in 2019 we sent our constituents an email to inform them about the unfolding emergencies in Malawi, South Sudan and Burundi and to request their support and prayers for the afflicted areas.

## **Financial results**

In our Annual Report for 2018 we indicated our intention to focus on smart growth in 2019. Our ambition was to grow by building on the foundations established in recent years.

After years of steady decline, we succeeded in 2019 in stabilizing the number of sponsorships by devoting systematic attention to our constituents as well as new donors or leads. We were also able to further expand our portfolio of grants from the Dutch Relief Alliance.

Another ambition was to expand the number of institutional funds that provide us with funding. These efforts met with limited success. Many more applications were submitted and numerous contacts were made, but without leading to a significant increase in donors for our programmes.

### *Reserves and funds*

The continuity reserve has remained around the same level in recent years (about EUR 2.6 million) and constitutes a sufficient buffer for unforeseen circumstances.

The special purpose funds rose by almost EUR 0.5 million, making this the most important driver of the increase in reserves and funds. The special purpose funds grew due to the receipt of gifts in the second half of 2019 for specific purposes or projects which are still wholly or partly unexpended.

### *Liquidity*

Help a Child has a strong cash position. Our liquid assets ran to EUR 4.5 million at year-end 2019. Our investment policy only allows us to place temporary surpluses in savings accounts or deposits.

The liquid assets were lower than at the end of last year, mainly because, unlike at year-end 2018, several consortium partners had received advance payments at year-end 2019.

### *Result*

The statement of income and expenditure showed a positive balance of over EUR 400,000 at year-end 2019 as opposed to a budgeted deficit of over EUR 350,000.

The discrepancy was partly due to the settlement of many outstanding balances with partner organizations in 2019. As a result, many balances that had been outstanding for some time were eliminated because the partner organizations had not expended the committed funds in full.

In addition, several funds remained wholly or partly unexpended, notably in the second half of 2019. These funds were recognized as income, but only partly as expenditures.

### *Income*

In 2019 the income stabilized at almost EUR 12 million. Help a Child saw the institutional funds grow by almost EUR 1 million. The share of emergency relief projects increased to almost 30%, both on the income and the expenditure

#### *Expenditure on objectives*

Expenditure on objectives as a percentage of total expenditure (86.6%) remained more or less equal compared to 2018 (86.9%). In 2019 we failed to meet the norm we set ourselves of spending 90% of our income on objectives. This was partly because the total expenditure turned out lower than budgeted, while costs for raising income and management and administration costs were reasonably in line with the budget. As a result, costs of raising income and management and administration accounted for a proportionately larger share of the expenditures.

#### *Costs raising income*

In 2019, the percentage of costs raising income as a percentage of raised income increased to 8.6% versus 7.9% in 2018, which is still within the maximum limit of 9%.

#### *Management and administration costs*

Management and administration costs as a percentage of total expenditure were 4.5%, which is below the Supervisory Board limit of 5%; this percentage is also lower than in 2018 (4.8%).

The financial results for 2019 are stated and explained in more detail in the following chapters.

## Consolidated financial statements 2019

### CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2019

after appropriation of result

ASSETS	12/31/2019		12/31/2018	
	€	€	€	€
<b>Intangible fixed assets</b>		<b>75,931</b>		<b>92,273</b>
<b>Tangible fixed assets</b>		<b>707,985</b>		<b>614,347</b>
<b>Financial fixed assets</b>				
Other securities	88,807		100,000	
Grants receivables	313,245		185,654	
Other receivables	130,690		96,225	
		<b>532,742</b>		<b>381,879</b>
<b>Receivables and accrued items</b>				
Receivable raised income	449,736		648,312	
Pre-paid to partners	1,584,756		-	
Other receivables and accrued items	67,314		47,549	
		<b>2,101,806</b>		<b>695,861</b>
<b>Cash and cash equivalents</b>		<b>4,451,323</b>		<b>5,505,926</b>
		<b>7,869,787</b>		<b>7,290,286</b>
LIABILITIES	12/31/2019		12/31/2018	
	€	€	€	€
<b>Reserves and funds</b>				
Continuity reserve		2,572,141		2,587,265
Special purpose reserves		370,000		400,910
Special purpose funds		872,766		407,051
		<b>3,814,907</b>		<b>3,395,226</b>
<b>Provisions</b>				
Provision for building maintenance		-		3,191
<b>Long-term liabilities</b>				
Prepayments	17,700		3,400	
Amounts payable in respect of programmes	208,239		194,156	
		<b>225,939</b>		<b>197,556</b>
<b>Short-term liabilities</b>				
Accounts payable	141,995		122,441	
Subsidies and income received in advance	2,668,057		2,671,315	
Amounts payable in respect of programmes	570,870		513,730	
Other liabilities and accrued items	448,019		386,827	
		<b>3,828,941</b>		<b>3,694,313</b>
		<b>7,869,787</b>		<b>7,290,286</b>

## CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE FOR 2019

	2019		Budget 2019		2018	
	€	€	€	€	€	€
<b>INCOME</b>						
<b>Raised income</b>						
Income from individuals	5,951,752		6,005,000		6,792,208	
Income from businesses	424,921		455,000		373,506	
Income from government subsidies	4,062,476		4,952,273		3,125,487	
Income from other non-profit organizations	1,305,390		1,191,000		1,189,369	
	<b>11,744,539</b>		<b>12,603,273</b>		<b>11,480,570</b>	
<b>Income from supplied products and services</b>	<b>10,230</b>		<b>-</b>		<b>34,995</b>	
<b>Other income</b>	<b>-1,145</b>		<b>-</b>		<b>1,986</b>	
	<b>11,753,624</b>		<b>12,603,273</b>		<b>11,517,551</b>	
<b>EXPENDITURE</b>						
<b>Expenditure on objectives</b>						
Child Development & Protection	3,647,124		3,678,591		3,471,870	
Youth & Work	792,822		1,184,539		890,950	
Community Resilience	2,309,469		2,927,569		2,670,519	
Food Security and Livelihoods	1,599,689		2,313,851		1,693,192	
Health, WASH and Nutrition	1,084,063		832,903		414,941	
Information and awareness	361,326		367,351		348,260	
	<b>9,794,493</b>		<b>11,304,804</b>		<b>9,489,732</b>	
<b>Costs raising income</b>	<b>1,006,245</b>		<b>1,103,815</b>		<b>908,876</b>	
<b>Management and administration costs</b>	<b>507,442</b>		<b>555,978</b>		<b>527,334</b>	
	<b>11,308,180</b>		<b>12,964,597</b>		<b>10,925,942</b>	
<b>Balance before financial income and expenses</b>	<b>445,444</b>		<b>-361,324</b>		<b>591,609</b>	
<b>Net financial income and expenses</b>	<b>-19,875</b>		<b>2,620</b>		<b>-10,578</b>	
<b>Net income and expenses</b>	<b>425,569</b>		<b>-358,704</b>		<b>581,031</b>	
Surplus/shortfall added to/withdrawn from						
- Continuity reserve	-9,236		-69,436		529,465	
- Special purpose reserves	-30,910		-139,769		156,140	
- Special purpose funds	465,715		-149,499		-104,574	
	<b>425,569</b>		<b>-358,704</b>		<b>581,031</b>	

## CONSOLIDATED CASH FLOW STATEMENT 2019

	2019		2018	
	€	€	€	€
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income and expenses		425,569		581,031
Costs of depreciation/amortization	127,200		152,984	
Movements in receivables	-1,405,945		1,089,303	
Movements in provisions	-3,191		-8,084	
Movements in long-term liabilities	28,383		-78,413	
Movements in short-term liabilities	134,627		802,783	
		-1,118,926		1,958,574
		<b>-693,357</b>		<b>2,539,605</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investments in intangible fixed assets	-19,496		-58,417	
Investments in tangible fixed assets	-181,942		-200,824	
Movements in financial fixed assets	-150,863		-231,479	
Fixed assets currency differences	-3,057		-6,415	
		<b>-355,358</b>		<b>-497,135</b>
<b>Net cash flow before currency and conversion differences</b>		<b>-1,048,715</b>		<b>2,042,470</b>
Currency and conversion differences		-5,888		16,682
<b>Increase (+)/decrease(-) in liquid assets</b>		<b>-1,054,603</b>		<b>2,059,152</b>
Cash and cash equivalents as at January 1		5,505,926		3,446,774
<b>Cash and cash equivalents as at December 31</b>		<b>4,451,323</b>		<b>5,505,926</b>

Cash and cash equivalents decreased with more than 1 million euros. This is mainly caused by the fact that grants that were received in advance were partly transferred to our partner organizations. In 2018 we did not do this advance transfer before January 2019.

The principal incoming cash flows consist of:

- Sponsorship and other donations from individuals, companies, churches, schools and foundations;
- Subsidies from governments;
- Income from third parties and charitable trusts.

Outgoing cash flows consist mainly of payments for the programmes in Africa and India, both directly to the implementing partner organizations and through the Help a Child country offices.

The outgoing cash flow also includes payment of its office and operations of the head office in the Netherlands.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2019

### GENERAL

#### Main activities

Stichting Red een Kind (in English: Help a Child) is a foundation (Chamber of Commerce, no. 41022454), having its registered office in Zwolle, the Netherlands. Our activities consist of supporting children in developing countries who have little or no chance of a decent and dignified existence.

#### Applied standards

The consolidated financial statements have been prepared in accordance with Guideline 650 for Fundraising Organizations. The financial statements were drawn up on June 22, 2020.

Small rounding differences (below €1) may arise as a result of additions of amounts.

#### Consolidated financial statements

The consolidated financial statements comprise the financial information of Help a Child and the separate legal entities in Africa over which Help a Child has material control, namely:

<i>Name</i>	<i>Office</i>	<i>Country</i>
Help a Child Africa (HACA)	Nairobi	Kenya
Help a Child Burundi	Bujumbura	Burundi
Help a Child Malawi	Lilongwe	Malawi
Help a Child Rwanda	Kigali	Rwanda
Help a Child Democratic Republic of the Congo	Bukavu; as of 2020 the office will be located in Goma	Democratic Republic of Congo
Help a Child South Sudan	Juba	South Sudan

Due to our decentralization strategy, the aforementioned foreign entities are growing in significance.

There are no differences in the accounting policies and principles for the determination of the result between the Help a Child entities and those of Help a Child. For this reason, the policies and principles used for the company only financial statements of Help a Child are not stated individually.

#### Investment policy

The management of our reserves is based as far as possible on the principles described in the Financial Management Guideline for Charitable Organizations ('Richtlijn Financieel Beheer Goede Doelen') of the Dutch sector organization for charities 'Goede Doelen Nederland'.

Temporary surpluses of liquid assets are placed in savings accounts at major banks. Through the Partos partnership, we monitor and challenge these banks about the sustainable management of the entrusted funds. Part of the assets is placed with Triodos Bank, while the other banks and notably ABN AMRO Bank have meanwhile also adopted a considerably more sustainable profile.

#### Change in Accounting Policies

In 2019 Help a Child made two changes in its accounting policies.



### ***Allocation of expenditures on objectives***

Help a Child decided to allocate its expenditures on objectives to different categories. Previously we allocated our programme expenditures to objectives 'Educated for life', 'Socially and economically developed', 'Healthy & strong' and 'Hope & dignity'. We concluded that it would be much more concrete and informative if we could allocate our expenditures to the themes Help a Child contributes to in its programmes: 'Child Development & Protection', 'Youth & Work', 'Community Resilience', 'Food Security and Livelihoods' and 'Health, WASH and Nutrition'.

With this change we also had to change the budget 2019 and actual expenditures of 2018. The total amounts of expenditures on objectives did not change. Allocation to 2018 actuals was based on the estimation of the expenditures of 2018 to the specific themes.

### ***Building maintenance expenses***

Help a Child decided to change its accounting principle for building maintenance expenses. Until 2018 Help a Child had a provision to cover maintenance of its office building in the Netherlands. This provision was based on a maintenance plan from 2012.

As of 2019 Help a Child decided to change its principles. New accounting principles in the Netherlands require Help a Child to calculate its provision on periodically revised maintenance plans in case it wants to maintain this provision.

The alternative is to activate the maintenance of our buildings as part of the book value of the applicable building. We think this alternative suits better with Help a Child and will be our accounting principle as of 2019.

As a result Help a Child released its remaining balance of the provision of €3,191. No major maintenance took place in 2019, hence no maintenance has been activated in this financial year.

## **GENERAL PRINCIPLES**

Unless stated otherwise, the assets and liabilities are recognized at cost of acquisition or manufacture or fair value. If no specific accounting principle is given, valuation is at cost of acquisition. Income and expenses are accounted for in the year to which they relate. This principle has been added under 'Principles for the determination of the result'. All amounts are in euros unless stated otherwise.

### **Use of estimates**

The preparation of the financial statements requires the Board of Directors to make judgments, estimates and assumptions which influence the application of policies and the reported values of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and the underlying assumptions are assessed regularly. Whenever an estimate is revised, the revised estimate is stated in the period in which the revision was made and in future periods for which the revision has consequences.

### **Currency translation policies**

Transactions in foreign currencies are valued at the exchange rate applicable on the transaction date.

Cash and cash equivalents, receivables and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date. Differences arising from exchange rate movements are included in the 'Statement of income and expenditure' and allocated to the expenditures to which they relate.

### **Cash flow statement**

The cash flow statement has been prepared on the basis of the indirect method.

## **POLICIES FOR THE VALUATION OF ASSETS AND LIABILITIES**

### **Intangible fixed assets**

Intangible fixed assets are stated at cost less amortization. Purchases made during the reporting year are amortized pro rata over time.

Amortization is calculated on the basis of a percentage of the cost, according to the straight-line method over the economic life.

We apply amortization periods of three to five years for capitalized software.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. The cost of subsidized investments is reduced by the amount of the awarded subsidy. Investments during the reporting year are depreciated pro rata over time. Land is not depreciated.

We calculate depreciation on the basis of a percentage of the cost in accordance with the straight-line method over the economic life.

We apply the following depreciation periods:

• Buildings	30 years
• Renovations and major maintenance	10 years
• Office fittings and fixtures	5 years
• Means of transport	5 years
• Equipment	3-5 years

### **Financial fixed assets**

Other securities are stated at cost.

Receivables and accrued items are initially recognized at fair value and subsequently at amortized cost less any provisions deemed necessary.

### **Impairments**

Fixed assets must be assessed for impairments if we have reason to suspect that the market value is lower than the carrying value.

If the carrying value of an asset is higher than the estimated market value, impairments are stated for the difference between the carrying value and the realizable value.

There were no grounds to recognize an impairment in 2019.

### **Receivables and accrued items**

Receivables and accrued income are initially stated at fair value and subsequently at amortized cost less any provisions deemed necessary.

### **Reserves**

We distinguish between reserves and funds. In the case of reserves, the Board of Directors determines the purpose for which the available income is used.

### **Continuity reserve**

The continuity reserve is designed to cover financial risks to ensure the continuity of the work is not put at risk by sudden unforeseen events.

Help a Child adheres to the Guideline for Financial Management Guideline of Goede Doelen Nederland (sector organization for the Dutch charitable sector; see [www.goededoelennederland.nl](http://www.goededoelennederland.nl)) which states the continuity reserve may not exceed 150% of the annual costs of the working organization. Help a Child has decided to use a stricter norm: the continuity reserve should not exceed 100% of its working organization. The annual costs of the working organization consist of:

- Communication expenses.

These costs are counted in full in compliance with the Guideline, including the portion that is attributed to our objectives.

- Operational expenses (staff, travel & lodging, vehicle, housing, office and networks, general expenses and depreciation).

These costs are counted in full, including the portion that is attributed to our objectives.

- Programme costs which are structural in the sense that they are unlikely to be phased out within one year. These programme costs are important for the continuity of our activities.

### **Special purpose reserves**

Special purpose reserves are received income that the Board of Directors has earmarked for a specific purpose.

### **Other reserves**

We do not form reserves without a predetermined purpose. Any surpluses that occur from time to time are added to the 'other reserves'.

The Board of Directors ensures that any other reserves are spent on the objective within a reasonable period of time.

### **Funds**

#### **Special purpose funds**

In the case of special purpose funds, our donors designate the purpose on which the income must be spent.

### **Liabilities**

Unless stated otherwise liabilities are recognized at fair value and subsequently at amortized cost.

### **Amounts payable in respect of programmes**

We recognize a liability in respect of programmes if an amount has been contractually allocated and the project has a timeline of twelve months or shorter. Liabilities in respect of projects with a timeline longer than twelve months are allocated pro rata to the reporting year to which they relate. If a grant is withdrawn, the liability is released. This can happen, for instance, if a partner organization proves unable to implement the programme as agreed or if fewer activities are necessary than originally anticipated.

## **POLICIES FOR THE DETERMINATION OF THE RESULT**

All revenues are stated gross under income, unless stated otherwise.

Costs necessary to realize certain income items are stated as expenses in the 'Statement of income and expenditure'.

### **Raised income**

Income from sponsorships, donations and gifts are recognized in the year of receipt. Income which will be received in a subsequent financial year, but which have been specifically designated by donors for the reporting year, are recognized as income for the reporting year.

Income from charity funds and third parties are recognized in the year the donation has been committed of the donation unconditionally.

### **Bequests**

Bequests are stated in the financial year in which we can reliably determine the amount involved.

Provisional advance payments are stated as 'Income from bequests' in the financial year of receipt, insofar as these have not already been recognized in a previous financial year.

**Government subsidies**

Income from government subsidies exclusively comprises subsidies obtained from a government, including the European Union or comparable international organizations, government institutions and public law organizations.

If the subsidy conditions require the repayment of any unexpended monies, the amount is only recognized as subsidy income upon the actual allocation of the monies to expenditures on the subsidized project or programme that meet the subsidy conditions. If a subsidy is obtained without repayment obligation, Help a Child recognizes an income item in the year of award.

**Expenditure**

To give our stakeholders insight into the size and composition of Help a Child's expenses, the notes include an itemization of expenses under 'Expense breakdown by purpose' in accordance with Guideline 650 for Fundraising Organizations ([www.rjnet.nl](http://www.rjnet.nl)).

**Expenditure on objectives**

Expenditure on objectives comprises the amounts allocated in and for the reporting year to the programmes that are carried out to realize our objectives and the implementation costs attributable to the same year. Any allocated amounts not yet disbursed in the reporting year are stated in the balance sheet as 'Amounts payable in respect of programmes'.

In the event a third party does not spend the complete allocated amount in the financial year Help a Child will decide on the destination of the actual balance of this allocated amount in the next financial year and will as a principle not settle this balance with the expenditures accounted for in the financial year.

Commitments to third parties which are funded by subsidies from governments are based on the actual expenses made by these third parties.

**Costs raising income**

All costs of activities we undertake to encourage people to give money for one or more of our objectives are designated as 'Costs raising income'. These therefore include publicity and communication costs, unless these costs were incurred for awareness-raising activities.

Activities regularly involve a combination of awareness-raising and fundraising. In these cases, the portion of costs relating to awareness-raising activities is allocated as accurately as possible.

**Management and administration costs**

Management and administration costs are costs incurred for internal management and administration that are not attributed to a specific objective or income generation.

**Pension expenses**

Help a Child in the Netherlands participates in the sector pension scheme operated by Pensioenfonds Zorg & Welzijn. As Help a Child has no obligations, for example in the event of a pension fund deficit, we only charge the contribution payable for the financial year to the result. Contributions payable or paid in advance at year-end are stated as accrued items under liabilities or assets. Funding ratio of Pensioenfonds Zorg & Welzijn is 99.2% at the end of December 2019.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### INTANGIBLE FIXED ASSETS

	Software	Software under development	Total
	€	€	€
<b>As at January 1, 2019</b>			
Acquisition costs	452,808	41,370	494,178
Accumulated amortizations	-401,905	-	-401,905
Book value	<b>50,903</b>	<b>41,370</b>	<b>92,273</b>
<b>Movements in 2019</b>			
Investments	-	19,496	19,496
Amortization	-35,838	-	-35,838
Commissioning of assets	52,008	-52,008	-
Total movements	<b>16,170</b>	<b>-32,512</b>	<b>-16,342</b>
<b>As at December 31, 2019</b>			
Acquisition costs	504,816	8,858	513,674
Accumulated amortizations	-437,743	-	-437,743
Book value	<b>67,073</b>	<b>8,858</b>	<b>75,931</b>

The software relates mainly to Pluriform and ProjectConnect. These investments were done in the past couple of years to automate the processing of sponsoring, fundraising, accounting and project management.

These intangible fixed assets are all used for Help a Child's operations.

### TANGIBLE FIXED ASSETS

	Land and buildings	Office fixtures and fittings	Means of transport	Equipment	Total
	€	€	€	€	€
<b>As at January 1, 2019</b>					
Acquisition costs	880,142	164,199	229,483	104,773	1,378,597
Accumulated depreciations	-522,237	-142,685	-30,914	-68,414	-764,250
Book value	<b>357,905</b>	<b>21,514</b>	<b>198,569</b>	<b>36,359</b>	<b>614,347</b>
<b>Movements in 2019</b>					
Investments	152,545	3,316	3,659	23,367	182,887
Depreciation	-23,450	-6,406	-38,253	-23,252	-91,362
Divestitures acquisition costs	-	-	-	-6,603	-6,603
Divestitures accumulated depreciations	-	-	-	5,658	5,658
Currency differences	-	64	2,750	243	3,058
Total movements	<b>129,095</b>	<b>-3,027</b>	<b>-31,844</b>	<b>-587</b>	<b>93,638</b>
<b>As at December 31, 2019</b>					
Acquisition costs	1,032,687	167,579	235,893	121,780	1,557,940
Accumulated depreciations	-545,687	-149,092	-69,168	-86,008	-849,955
Book value	<b>487,000</b>	<b>18,488</b>	<b>166,725</b>	<b>35,772</b>	<b>707,985</b>

The WOZ (property tax) value of the premises being part of 'Land and buildings' was set at €743,000 as at January 1, 2020.

In 2019 Help a Child received a bequest which included a residential house. Help a Child became the owner of the house which explains the increase of the book value of 'Land and buildings'.

All tangible fixed assets are used for Help a Child's operations with the exception of the residential house which has a book value of €144,951. The residential house qualifies as an investment and is activated as it is part of a bequest.

## FINANCIAL FIXED ASSETS

### Other securities

	12/31/2019	12/31/2018
	€	€
Investment PerspActive U.A.	88,807	100,000

The movement of the other receivables is as follows:

	2019	2018
	€	€
Balance as at January 1	100,000	100,000
Settlement	-11,193	-
Balance as at December 31	88,807	100,000

Since September 2016 Help a Child together with nine other organizations has been a member of Coöperatie PerspActive U.A. As Help a Child has no material control, this investment is stated as 'other securities'. Further information can be found under 'Off-balance sheet items'.

### Grants receivables

	2019	2018
	€	€
Receivable income from third parties	57,374	-
Receivable government subsidies	255,871	185,654
	313,245	185,654

The contract conditions of the subsidy awarded by the Dutch Ministry of Foreign Affairs for the Addressing Root Causes - Building Bridges in Burundi programme specify that part of the subsidy will be received after the completion of the programme. This concerns the grant that is based on the actual expenditures until the end of 2019 but will be transferred by the Ministry after the programme is completed in 2021.

### Other receivables

	12/31/2019	12/31/2018
	€	€
Loan Stichting KLIMREK	39,000	39,000
Loan from bequest	25,000	-
Property from bequest with usufruct	66,690	57,225
	130,690	96,225

- The loan to Stichting KLIMREK concerns an interest-free loan which was provided in 2018. The loan is intended as start-up capital for the Help a Child recycling shops that were set up from 2018 in several cities in the Netherlands. The total available loan amount is €70,000 of which Stichting KLIMREK only requested and received €39,000; remainder will only be paid to Stichting KLIMREK upon their request. The total amount must be repaid before March 1, 2021.
- The loan from bequest arose when Help a Child became the beneficiary of a bequest in 2019; this bequest included a loan agreement with a person. The loan does not have a determined repayment schedule; interest rate amounts 2%.
- The property from bequest with usufruct arose from a bequest which allowed an individual person to have the usufruct of and reside in the property that was part of the bequest. The receivable was valued on the basis of the taxable value of the usufruct.

## RECEIVABLES AND ACCRUED ITEMS

Unless otherwise stated, the receivables fall due within one year.

<b>Receivable raised income</b>	<b>12/31/2019</b>	<b>12/31/2018</b>
	€	€
Receivable from bequests	343,180	539,829
Receivable income from third parties	81,956	3,000
Receivable government subsidies	11,240	105,483
Other receivable raised income	13,361	-
	<b>449,736</b>	<b>648,312</b>

The 'Bequests receivable' decreased. In 2019 by almost 200,000 euro, partly due to bequest from 2018 that included a residential house which was settled in 2019.

<b>Pre-paid to partners</b>	<b>12/31/2019</b>	<b>12/31/2018</b>
	€	€
Pre-paid to consortium partners ARC	1,117,389	-
Pre-paid to implementing partners	467,367	-
	<b>1,584,756</b>	<b>-</b>

In 2019 the consortium partners of the Addressing Root Causes (ARC) Fund received prepayments for 2020. Our implementing partner in South Sudan received an advance payment of almost 400,000 euros for implementing the Acute response programme.

<b>Other receivables and accrued items</b>	<b>12/31/2019</b>	<b>12/31/2018</b>
	€	€
Payments in advance	26,925	27,773
Other receivables	40,389	19,776
	<b>67,314</b>	<b>47,549</b>

## CASH AND CASH EQUIVALENTS

	<b>12/31/2019</b>	<b>12/31/2018</b>
	€	€
Bank accounts Help a Child in the Netherlands	1,115,644	65,470
Bank accounts at Help a Child country offices	343,987	581,397
Savings accounts Help a Child in the Netherlands	2,970,806	4,846,297
Cash in hand	20,886	12,762
	<b>4,451,323</b>	<b>5,505,926</b>

An explanation of the movements in the cash and cash equivalents in 2019 can be found in the notes to the cash flow statement. The cash and cash equivalents are at the free disposal of Help a Child and the Help a Child country offices.

## RESERVES AND FUNDS

Reserves	Special purpose reserves					Total
	Continuity reserve	Disaster response	Programme development	Disability	Kids at Risk	
	€	€	€		€	€
<b>As at January 1, 2019</b>	<b>2,587,265</b>	<b>100,000</b>	<b>50,910</b>	<b>-</b>	<b>250,000</b>	<b>2,988,175</b>
<b>Movements in 2019</b>						
Allocation of net income and expenses	-9,236	-	-50,910	20,000	-	-40,146
Other movements	-5,888	-	-	-	-	-5,888
<b>Total movements</b>	<b>-15,124</b>	<b>-</b>	<b>-50,910</b>	<b>20,000</b>	<b>-</b>	<b>-46,034</b>
<b>As at December 31, 2019</b>	<b>2,572,141</b>	<b>100,000</b>	<b>-</b>	<b>20,000</b>	<b>250,000</b>	<b>2,942,141</b>

	12/31/2019	12/31/2018
	€	€
<b>Continuity reserve</b>	<b>2,572,141</b>	<b>2,587,265</b>

Our continuity reserve amounted to approximately €2.5 million at year-end 2019. The residual risks were quantified by the Board of Directors and Supervisory Board on the basis of a scenario and risk analysis in 2018. The conclusion was that the continuity reserve is sufficient to withstand any setbacks.

As at 31 December 2019 the continuity reserve was 25% below the maximum level of 100% of the total working organization costs as set by the CEO and approved by the Supervisory Board. We thus remain well below the maximum level of 150% set by Goede Doelen Nederland.

The other movement in the continuity reserve is primarily caused by differences that occur when the reserves of the African country offices are converted from local currency into euros.

	12/31/2019	12/31/2018
	€	€
<b>Special purpose reserve - Disaster response</b>	<b>100,000</b>	<b>100,000</b>

The disaster response reserve is a special purpose reserve to meet the initial costs of disaster response

	12/31/2019	12/31/2018
	€	€
<b>Special purpose reserve - Programme development</b>	<b>-</b>	<b>50,910</b>

To realize our strategic objectives, we create the conditions for the renewal and improvement of our programmes. We also want to safeguard the provisional continuation of programmes for which the requisite funding has not yet been secured. The remaining balance of the reserve was spent in 2019.

	12/31/2019	12/31/2018
	€	€
<b>Special purpose reserve - Disability</b>	<b>20,000</b>	<b>-</b>

We reserved 20,000 euros to have means to give specific attention to disabled children in our programme areas and provide them with physical means. The reserve was created in 2019 and will most probably be spent in 2020 and 2021.



	12/31/2019	12/31/2018
	€	€
<b>Special purpose reserve – Kids at Risk</b>	<b>250,000</b>	<b>250,000</b>

In 2018 the Board of Directors decided to form a special purpose reserve for “Kids at Risk”. This reserve is specifically intended to support children in unsafe countries. The plans for this are currently under development.

Funds	Special purpose funds			Total
	Bequests	Disaster response	Other special purpose funds	
	€	€	€	€
<b>As at January 1, 2019</b>	<b>32,549</b>	<b>136,925</b>	<b>237,577</b>	<b>407,051</b>
<b>Movements in 2019</b>				
Allocation of net income and expenses	-20,716	-32,605	499,407	446,086
Other movements	-	-	19,629	19,629
<b>Total movements</b>	<b>-20,716</b>	<b>-32,605</b>	<b>519,036</b>	<b>465,715</b>
<b>As at December 31, 2019</b>	<b>11,833</b>	<b>104,320</b>	<b>756,613</b>	<b>872,766</b>

  

	12/31/2019	12/31/2018
	€	€
<b>Special purpose fund – Bequests</b>	<b>11,833</b>	<b>32,549</b>

In 2012 bequests were pledged to Help a Child for specific long-term purposes. In 2019, part of this amount was to finance education for children in a rescue home in Kenya.

Special purpose fund – Disaster response	As at January 1, 2019	Donations 2019	Expenses 2019	Reallocation	As at December 31, 2019
	€	€	€	€	€
Disaster response Syrian refugees	10,712	1,182	11,128	-	766
Disaster response flooding in India	4,373	68	5,625	1,184	-
Disaster response South Sudan	77,435	130,110	149,873	1,286	58,958
Disaster response Rohingya	14,902	3,875	-	23	18,800
Disaster response Indonesia	26,830	2,850	29,656	-24	0
Disaster response Yemen	275	-	275	-	-
Disaster response Burundi	-	13,695	-	-	13,695
Disaster response Malawi	-	192,868	181,960	-	10,908
Other disaster response	2,398	1,264	-	-2,470	1,192
	<b>136,925</b>				<b>104,320</b>

The special purpose fund for disaster response consists of income for specific disaster response projects that has not been spent until the end of 2019. The bulk of the disaster response funds at year-end concern funds that will be used as planned for food aid in South Sudan, aid to the Rohingya in Bangladesh and floodings in both Burundi and Malawi. We plan to spend these funds in 2020.

**Other special purpose  
funds**

	As at January 1, 2019	Donations 2019	Expenses 2019	Reallocation	As at December 31, 2019
	€	€	€	€	€
Uganda	164,729	503,724	472,535	33,730	229,648
Malawi	-	472,371	667,990	236,753	41,134
Rwanda	-	743,182	1,088,646	389,252	43,788
Democratic Republic of the Congo	-	74,074	-	-	74,074
South Sudan	439	-	439	-	-
India	-	764,841	764,007	-	834
India Reyes	8,065	-	9,073	1,008	-
Greijdanus	16,848	42,476	57,973	-1,351	-
Challenge Gwassii-Kenya	23,088	-	4,992	-	18,096
Challenge Rwanda	19,416	-	3,912	-	15,504
Challenge Malawi	3,432	-	624	-	2,808
Challenge Uganda	1,560	3,600	826	-	4,334
EO Metterdaad Rwanda	-	74,013	-	-	74,013
EO Metterdaad Malawi	-	64,825	-	-	64,825
EO Metterdaad South Sudan	-	45,854	-	-	45,854
Revolving fund	-	46,750	-	-	46,750
Disability	-	62,156	61,221	-	935
'Talentfabriek'	-	10,015	400	-	9,615
Sponsoring	-	430,858	-	-386,941	43,917
'Dierbaar cadeau'	-	196,143	-	-174,747	21,396
'Groeifonds'	-	97,163	-	-78,075	19,088
	<b>237,577</b>				<b>756,613</b>

For a number of programmes and countries we received special purpose donations which have not yet been spent.

The growth is partly caused by 3 grants from EO Metterdaad which will for be spent largely in 2020 (195k). Also we received a grant to set up a revolving fund for our programmes in Africa, we plan to start using this fund from the 2nd half year of 2020.

**PROVISIONS**

**Provision for building maintenance**

	2019	2018
	€	€
Balance as at January 1	3,191	11,275
Withdrawal in financial year	-3,191	8,084
Balance as at December 31	-	3,191

The provision for building maintenance does no longer appear in the annual accounts of Help a Child.

This is due to a change in principles which is explained in the chapter 'Accounting principles'.

## LONG-TERM LIABILITIES

### Prepayments

	12/31/2019	12/31/2018
	€	€
Prepaid donations	17,700	3,400

In 2012 we received from a donor a sum of €17,000 which can be contractually released in favour of Help a Child over a ten-year period. A portion of €1,700 is released as a donation each year.

In 2019 Help a Child received a sum of €20,000 of a donor which can be released in favour of Help a Child over a five-year period; this annual donation amounts €4,000.

The short-term portions due to be released in 2020 has been recognized under the accrued items of the short-term liabilities.

### Amounts payable in respect of programmes

	12/31/2019	12/31/2018
	€	€
Long term payable to consortium partner ARC	184,257	133,040
Long term arrangements partner organizations India and Ke	23,982	61,116
	<b>208,239</b>	<b>194,156</b>

In 2015 and in 2016 Help a Child made arrangements with a number of partners to continue supporting the schooling of children in India and Kenya who no longer have a sponsor effective from 2016. The resulting longterm liabilities relate to the years 2021 and

## SHORT-TERM LIABILITIES

Short-term liabilities are expected to be settled within one year.

	12/31/2019	12/31/2018
	€	€
<b>Accounts payable</b>	<b>141,995</b>	<b>122,441</b>

The accounts payables refer to payable invoices to our creditors.

### Subsidies and income received in advance

Subsidies received in advance concern subsidies that have already been received but cannot yet be recognized as income for the financial year.

The balances at the end of the financial year were as follows:

	12/31/2019	12/31/2018
	€	€
ARC Building Bridges - Burundi	1,796,195	2,113,656
DRA - subsidies	833,929	389,939
UNICEF Rwanda	9,793	102,970
Other received in advance	28,140	64,750
	<b>2,668,057</b>	<b>2,671,315</b>

	12/31/2019	12/31/2018
	€	€
<b>Amounts payable in respect of programmes</b>	<b>570,870</b>	<b>513,730</b>

The 'Amounts payable in respect of programmes' concerns commitments that have already been allocated, but not yet called by partner organizations and/or cooperating organizations. These liabilities are expected to be called for the implementation of ongoing programmes within one year. Liabilities lasting longer than one year are recognized separately under long-term liabilities.

<b>Other liabilities and accrued items</b>	12/31/2019	12/31/2018
	€	€
Taxes and social security contributions	166,439	110,977
Personnel costs	130,696	133,196
Other liabilities	129,799	140,954
Accrued items	21,086	1,700
	<b>448,019</b>	<b>386,827</b>

The liabilities relating to personnel costs include the reserve for holiday allowances, holiday entitlements and unpaid expenses. The other liabilities relate to various expenses that are still payable.

## EVENTS AFTER THE BALANCE SHEET DATE

In the first quarter of 2020 the COVID 19-virus emerged quickly around the world. As a result many countries around the world took unprecedented measures to contain the virus.

These measures also had an impact on Help a Child in the Netherlands and the countries its partner and country offices operate. Because most of the countries required lockdowns the planned activities had to be put on hold. Help a Child and its partners adapted their activity plans and budgets quickly. As a result Help a Child and its partners managed to continue its projects though in with activities that have been relevant in the context of COVID 19.

The impact of COVID 19 and the possible economic consequences are unclear yet, In the short run the impact on Help a Child's income is minimal. Our constituency is very stable and loyal and our institutional donors will allow us to continue our programmes according to the set timelines.

For the longer term we still have substantial reserves which will be able to cover possible deficits and allow us to manage potential longer term consequences of COVID 19.

## OFF-BALANCE SHEET ITEMS

### Cooperation with partners

We aim to maintain long-lasting relationships with partner organizations and enter into annual programme agreements with them.

At the end of 2019, the annual partner commitments with our partner organizations for 2020 and beyond were not formally effectuated. However, on the basis of long-term programmes, we have entered into a commitment totalling approximately €5.6 million for 2020. These are grants for the next financial year and are therefore not stated in the balance sheet and expenditures for 2019.

### Consortium for Myanmar

We are a passive participant in a consortium dedicated to providing emergency and reconstruction aid in Myanmar.

As we are not active in the current programme, Help a Child is not liable for any shortfalls arising from the programme activities in this country. No commitments have been made for new programmes.

### Cooperative PerspActive U.A.

Since 2016 Help a Child has been a member of Coöperatie PerspActive U.A. together with nine other organizations. Help a Child contributed €100,000; until the end of 2019 an amount of €11,193 was settled with the initial contribution (see also the note to 'Other securities').

If we decide at any time to withdraw from this cooperative, our share can be transferred to other participants.

If other participants decide to withdraw, we may be requested to take over a share. This did not happen in 2019.

On the proposal of the Board of Directors, the general meeting can decide with a two thirds majority to impose or increase the obligation of members to pay an annual contribution and/or make an equity contribution.

### Programmes funded by Institutional Donors

We have entered into contracts for the implementation of long-term programmes with the following organizations:

#### • Dutch Ministry of Foreign Affairs

This is the 'Addressing Root Causes' programme in Burundi that was started on 1 December 2016 and runs until end of 2021. The programme is being implemented by a consortium of aid organizations, with Help a Child acting as lead partner. The budget is €8.1 million, of which 69% will be spent via consortium partners. Further details are contained in the appendix to the financial statements.

Help a Child is the principal applicant for these programmes and thus bears ultimate responsibility for the proper fulfilment of the contractual commitments for the ARC programme of the Dutch Ministry of Foreign Affairs.

- **Dutch Relief Alliance**

Help a Child receives contributions from the Dutch Relief Alliance for Joint Response-programms running from January 1 until December 31 of a calendar year. In 2019 Help a Child received funds for Joint Response programmes in DRC and South Sudan. In 2020 DRA will also contribute to Help a Child's Joint Response programme in Somalia. The DRA funds are committed to a lead organization who commits the Joint Response funding to Help a Child.

Besides Joint Response programmes Help a Child was also granted 4 additional grants in 2019, 3 grants for Innovations projects in South Sudan and DRC and 1 grant for an Acute Response programme in South Sudan.

For all programmes implementation will also take place in 2020. With the implementing partners Help a Child signs annual contracts, hence the commitments for 2020 and beyond are not included in the financial statements of 2019.

- **ICCO**

This concerns the 'Strategic Partnership Convening & Convincing' programme in Kenya and Uganda. A total of €130,000 has been pledged to the overall programme which will run from 2016 to 2020.

We have participated in this project in collaboration with local partners since 2017.

### **Rental agreement house**

As the beneficiary of a bequest in 2018 Help a Child received a residential house. This house was rented to a private person.

Help a Child continued the rental agreement in 2019. This agreement does not have a final date.

Annual rental income for Help a Child amounts €6,103.

## NOTES TO THE CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

### INCOME

<b>Income from individuals</b>	<b>2019</b>	<b>budget 2019</b>	<b>2018</b>
	€	€	€
Sponsorship	3,694,465	3,750,000	3,732,270
Other donations	1,618,373	1,650,000	1,432,895
Bequests	551,732	550,000	1,489,598
Donations for disaster response	87,183	55,000	137,445
	<b>5,951,752</b>	<b>6,005,000</b>	<b>6,792,208</b>

The income from bequests almost equals the budget for 2019, but is substantially higher than in 2018. This is due to one very large bequest received in 2018 of more than 1 million euro.

Sponsorship from individual donors was still 1% lower than in 2018, but the other gifts rose by 13%.

<b>Income from businesses</b>	<b>2019</b>	<b>budget 2019</b>	<b>2018</b>
	€	€	€
Sponsorship	30,883	45,000	41,505
Other donations	384,288	400,000	319,601
Donations for disaster response	9,750	10,000	12,400
	<b>424,921</b>	<b>455,000</b>	<b>373,506</b>

<b>Income from government subsidies</b>	<b>2019</b>	<b>budget 2019</b>	<b>2018</b>
	€	€	€
Dutch Ministry of Foreign Affairs – Addressing Root Causes Burundi	1,580,368	1,994,717	1,860,353
Dutch Relief Alliance – Joint Response South Sudan	797,680	813,631	655,351
Dutch Relief Alliance – Joint Response Democratic Republic of Congo	1,002,615	989,555	594,000
Dutch Relief Alliance – innovation projects	339,429	422,219	-
Dutch Relief Alliance – Acute Response South Sudan	6,138	-	-
ICCO – Strategic Partnership C&C	17,687	-	14,595
UNICEF – Building Better Beginnings Bugusera Rwanda	315,741	155,680	1,188
Other income from government subsidies	2,817	576,471	-
	<b>4,062,476</b>	<b>4,952,273</b>	<b>3,125,487</b>

In 2019 the subsidy for the ARC programme in Burundi amounted to €1.6 million. Due to delay in implementation of this project the income was substantially lower than budgeted. The subsidy is provided for 5 years and is structural for these years.

In our second year as a member of the Dutch Relief Alliance (DRA) the subsidies received increased to €2.1 million including a number of grants for innovation projects. As a member of the DRA these subsidies have a structural character, though the innovation projects are funded based on individual proposals.

We continued a project in Rwanda funded by UNICEF, but did not manage to secure additional substantial institutional grants for 2019 which explains why the growth in institutional funding is less than budgeted. With UNICEF we have built a long-term relationship and has become a structural donor.

<b>Income from other non-profit organizations</b>	<b>2019</b>	<b>budget 2019</b>	<b>2018</b>
	€	€	€
Sponsorship from churches	269,844	280,000	270,870
Sponsorship from foundations	108,383	75,000	66,137
Other donations from churches	244,098	220,000	267,388
Other donations from foundations and charitable trusts	226,185	465,000	518,572
Income from third parties	456,881	151,000	66,402
	<b>1,305,390</b>	<b>1,191,000</b>	<b>1,189,369</b>

The income received from other non-profit organizations in 2018 increased with over €0.1 million compared to 2018 and budget for 2019. We received several grants from EO Metterdaad in 2019 being the major reason for this growth.

<b>Income from supplied products and services</b>	<b>2019</b>	<b>budget 2019</b>	<b>2018</b>
	€	€	€
Net income from house rental	5,033	-	-
Other income from products and services	5,197	-	34,995
	<b>10,230</b>	<b>-</b>	<b>34,995</b>

	<b>2019</b>	<b>budget 2019</b>	<b>2018</b>
	€	€	€
<b>Other income</b>	<b>-1,145</b>	<b>-</b>	<b>1,986</b>



## EXPENDITURE

### Expense breakdown by purpose (Model C)

	Expenditure on objectives						Subtotal
	Child Development & Protection	Youth & Work	Community Resilience	Food Security and Livelihoods	Health, WASH and Nutrition	Information and awareness	
	€	€	€	€	€	€	€
Programme expenses							
- third parties	1,786,009	551,775	1,549,231	875,484	563,003	-	<b>5,325,502</b>
Programme expenses							
- own expenses	1,285,431	114,620	386,412	519,608	375,040	-	<b>2,681,111</b>
	<b>3,071,440</b>	<b>666,395</b>	<b>1,935,644</b>	<b>1,395,091</b>	<b>938,043</b>	<b>-</b>	<b>8,006,613</b>
Communication expenses	-	-	-	-	-	178,567	<b>178,567</b>
Staff expenses	445,213	97,777	289,124	158,125	112,872	147,125	<b>1,250,236</b>
Travel and lodging expenses	13,679	3,004	8,880	4,872	3,475	3,736	<b>37,647</b>
Vehicle expenses	-	-	-	-	-	-	<b>-</b>
Housing expenses	5,357	1,176	3,477	1,908	1,361	1,463	<b>14,742</b>
Office and network expenses	59,112	12,981	38,376	21,056	15,018	16,145	<b>162,688</b>
General expenses	33,731	7,407	21,898	12,015	8,570	9,213	<b>92,834</b>
Depreciation	18,591	4,082	12,069	6,622	4,723	5,078	<b>51,165</b>
	<b>575,683</b>	<b>126,427</b>	<b>373,826</b>	<b>204,598</b>	<b>146,020</b>	<b>361,326</b>	<b>1,787,880</b>
<b>Total</b>	<b>3,647,124</b>	<b>792,822</b>	<b>2,309,469</b>	<b>1,599,689</b>	<b>1,084,063</b>	<b>361,326</b>	<b>9,794,493</b>

	Subtotal	Costs raising income	Management and administration costs	Total expenses 2019	Total budget 2019	Total expenses 2018
	€	€	€	€	€	€
Programme expenses						
- third parties	<b>5,325,502</b>	-	-	<b>5,325,502</b>	6,413,721	5,862,017
Programme expenses						
- own expenses	<b>2,681,111</b>	-	-	<b>2,681,111</b>	3,134,466	2,005,383
	<b>8,006,613</b>	<b>-</b>	<b>-</b>	<b>8,006,613</b>	<b>9,548,187</b>	<b>7,867,400</b>
Communication expenses	<b>178,567</b>	355,868	-	<b>534,435</b>	570,574	481,553
Staff expenses	<b>1,250,236</b>	502,376	384,019	<b>2,136,632</b>	2,070,585	1,973,188
Travel and lodging expenses	<b>37,647</b>	18,552	16,994	<b>73,192</b>	37,607	71,349
Vehicle expenses	<b>-</b>	4,512	6,027	<b>10,539</b>	7,280	2,386
Housing expenses	<b>14,742</b>	16,557	19,065	<b>50,364</b>	121,777	31,335
Office and network expenses	<b>162,688</b>	53,132	37,323	<b>253,143</b>	304,695	232,473
General expenses	<b>92,834</b>	34,022	26,244	<b>153,100</b>	207,091	147,100
Depreciation	<b>51,165</b>	21,225	17,771	<b>90,161</b>	96,801	119,158
	<b>1,787,880</b>	<b>1,006,245</b>	<b>507,442</b>	<b>3,301,567</b>	<b>3,416,410</b>	<b>3,058,542</b>
<b>Total</b>	<b>9,794,493</b>	<b>1,006,245</b>	<b>507,442</b>	<b>11,308,180</b>	<b>12,964,597</b>	<b>10,925,942</b>

## Allocation of costs

Operational costs are allocated to the purposes according to the following principles:

- Personnel costs (excluding direct personnel costs for programme staff in our country offices) are allocated in proportion to time expenditure.
- Housing costs, travel and accommodation costs, office and general costs, depreciation costs are allocated in the same proportion as the personnel costs.
- Communication costs are allocated to 'Information and awareness' and to 'Raising income' in proportion to the estimated percentage these costs contribute to either 'Information and awareness' and to 'Raising income'.

## Ratio Costs raising income

Help a Child spent €1,006,246 in 2019 on raising income. As a result the ratio of costs of raising income as a percentage of total raised income amounts 8.6% in 2019; for 2019 a ratio of 8.8% was budgeted, the actual ratio of 2018 amounted 8.9%.

## Number of FTEs and allocation

This table below shows the FTE breakdown by department and its distribution across objectives, raising income and management and administration:

Department	Objectives	Raising income	Management and administration	Total	Total FTE 2019	Total FTE 2018
Board of Directors	40.0%	10.0%	50.0%	100.0%	0.9	0.9
Fundraising & communication	45.0%	55.0%	0.0%	100.0%	6.3	6.3
Institutional fundraising	55.0%	40.0%	5.0%	100.0%	3.7	3.4
Sponsorship	90.0%	0.0%	10.0%	100.0%	3.7	3.7
Programme support	90.0%	7.5%	2.5%	100.0%	7.0	5.3
Other staff	47.5%	10.0%	42.5%	100.0%	5.1	4.6
<b>Total the Netherlands</b>					<b>26.7</b>	<b>24.2</b>
Country programme directors	60.0%	25.0%	15.0%	100.0%	5.3	5.2
Sponsorship	90.0%	0.0%	10.0%	100.0%	3.0	2.0
Programme support	100.0%	0.0%	0.0%	100.0%	31.4	22.5
Other staff	47.5%	10.0%	42.5%	100.0%	11.3	7.1
<b>Total country *)</b>					<b>51.0</b>	<b>36.8</b>
<b>Total FTE</b>					<b>77.7</b>	<b>61.0</b>

\*) country offices include those offices that are consolidated in the financial statements. Hence they exclude the staff of our sister organization Help a Child of India.

## Expenditure on objectives

Expenditures on objectives were 300k higher compared with 2018, but 1.5 million lower than budgeted. This variance has two reason. First of all we spent 1 million euros less than budgeted on projects funded by institutional donors partly due to underspending on the ARC programme. Besides we settled a lot of balances with our partner organizations of commitments from previous which they did not spend. This is also the reason why the Programme expenses - third parties is less than 2018 and budget 2019.

Total programme expenditure by partners decreased €0.1 million compared to last year. Compared to the budget, the programme expenditures were also lower because more institutional funds for new programmes had been budgeted (impact €0.5 million).

## Programme expenditures

Help a Child works in several countries on both development and disaster response. The following table shows the expenditures in 2019 spent on the different themes within the countries Help a Child works.

	Child Development & Protection	Youth & Work	Community Resilience	Food Security and Livelihoods	Health, WASH and Nutrition	Total 2019
	€	€	€	€	€	€
<b>Development</b>						
Kenya						
Malawi	454,460	38,839	281,076	-84,103	231,332	<b>921,604</b>
Rwanda	364,293	95,452	36,641	142,702	-	<b>639,088</b>
Burundi	1,327,701	76,070	25,385	33,185	-	<b>1,462,341</b>
India	183,771	291,544	1,739,005	-	29,910	<b>2,244,230</b>
Uganda	624,914	38,377	63,679	127,002	28,845	<b>882,817</b>
Ethiopia	178,814	178,025	60,186	35,861	49,003	<b>501,888</b>
	31,315	-	14,378	29,317	23,065	<b>98,075</b>
<b>Disaster response</b>	<b>3,165,268</b>	<b>718,308</b>	<b>2,220,351</b>	<b>283,963</b>	<b>362,155</b>	<b>6,750,044</b>
Malawi						
Democratic Republic of Congo	-	-	-	80,099	120,141	<b>200,240</b>
South Sudan	186,372	-	-	691,893	586,526	<b>1,464,791</b>
India	280,722	74,514	78,175	529,618	5,358	<b>968,387</b>
Other countries	2,861	-	1,430	1,430	-	<b>5,721</b>
	11,902	-	9,513	12,686	9,882	<b>43,983</b>
	<b>481,856</b>	<b>74,514</b>	<b>89,118</b>	<b>1,315,726</b>	<b>721,907</b>	<b>2,683,122</b>
<b>Total programme expenditures</b>	<b>3,647,124</b>	<b>792,822</b>	<b>2,309,469</b>	<b>1,599,689</b>	<b>1,084,063</b>	<b>9,433,166</b>

## Control over expenditures

Help a Child controls operational risks by committing a great deal of its attention to the quality of the internal organization and internal controls.

In 2017 and 2018 we implemented organizational changes, giving the country offices in Burundi, Democratic Republic of Congo, Kenya, Malawi, Rwanda and South Sudan a clear mandate to oversee the quality of the programmes and to control their expenditures. Help a Child in the Netherlands monitors the quality of the supervision in the countries.

Operations in the countries where there is no country office are supervised directly from Help a Child the Netherlands.

In India, our sister organization 'Help a Child of India' plays a central role in the supervision of the projects in India.

Each partner and country office is audited by Help a Child's internal audit team or external auditors once every 3 years. In addition, each partner must have its financial statements audited by an external auditor. The country offices provide direct support to partners where necessary in order to ensure that they are able to meet the requirements of back donors. For programmes in the countries without country offices, we have coordinators in the Netherlands for handling the contracting with partners and to oversee compliance with contract conditions and specific donor requirements.

**Programme expenses – third parties**

	2019	budget 2019	2018
	€	€	€
Consortium partners ARC	989,725	1,377,895	1,374,805
Implementing partners India	715,733	800,000	852,336
Implementing partners Kenya	270,236	333,688	628,286
Implementing partners Rwanda	593,205	619,420	624,100
Implementing partners Malawi	454,076	582,250	395,500
Implementing partners Burundi	615,591	637,007	320,073
Implementing partners Ethiopia	80,000	100,000	116,171
Implementing partners Uganda	412,676	483,814	311,118
Implementing partners Democratic Republic of Congo	686,836	675,929	601,968
Implementing partners South Sudan	468,987	348,000	298,000
Implementing partners others	38,438	455,718	339,660
	<b>5,325,502</b>	<b>6,413,721</b>	<b>5,862,017</b>

**Programme expenses – own expenses**

	2019	budget 2019	2018
	€	€	€
Own expenses Kenya	446,344	623,446	553,470
Own expenses Rwanda	583,912	469,988	168,826
Own expenses Malawi	230,240	466,246	226,862
Own expenses Burundi	227,387	414,309	434,344
Own expenses Democratic Republic of Congo	556,257	534,897	139,187
Own expenses South Sudan	359,442	390,880	340,896
Other own programme expenses Help a Child	277,528	234,699	141,798
	<b>2,681,111</b>	<b>3,134,466</b>	<b>2,005,383</b>

**Communication expenses**

	2019	budget 2019	2018
	€	€	€
Promotion and awareness	178,567	142,644	120,388
Sponsorship and private donors	234,173	204,375	148,169
Disaster response	1,438	-	7,197
Relationship management	34,211	59,850	29,838
Research	-	7,500	41,024
Communication constituency	36,768	78,750	83,604
Events	4,265	33,750	38,081
Other expenses	45,013	43,706	13,251
	<b>534,435</b>	<b>570,574</b>	<b>481,553</b>

In 2019 almost 50% of the communication expenses was spent on the marketing and communication towards our private donors. We invested in attracting new sponsors for our sponsorship programme, through lead campaigns and telemarketing.

<b>Staff expenses</b>	<b>2019</b>	<b>budget 2019</b>	<b>2018</b>
	€	€	€
Salary expenses staff the Netherlands *)	1,236,323	1,353,177	1,177,247
Social charges staff the Netherlands	213,788	202,976	189,025
Pension premiums staff the Netherlands	182,159	163,734	115,157
Other staff expenses in the Netherlands	296,651	237,057	289,308
<b>Staff expenses the Netherlands</b>	<b>1,928,921</b>	<b>1,956,944</b>	<b>1,770,737</b>
Staff expenses Kenya	296,677	398,126	314,912
Staff expenses Rwanda	239,868	234,672	213,395
Staff expenses Malawi	123,379	152,865	144,733
Staff expenses Burundi	126,419	229,180	196,677
Staff expenses Democratic Republic of CongoRC	211,132	179,842	70,519
Staff expenses South Sudan	162,608	152,544	102,963
<b>Staff expenses country offices</b>	<b>1,160,084</b>	<b>1,347,229</b>	<b>1,043,199</b>
<b>Total staff expenses (gross)</b>	<b>3,089,005</b>	<b>3,304,173</b>	<b>2,813,936</b>
Programme staff directly allocated to implementation expenses **)	-952,373	-1,233,588	-840,748
<b>Total staff expenses (net)</b>	<b>2,136,632</b>	<b>2,070,585</b>	<b>1,973,188</b>

\*) Salary expenses of staff in the Netherlands include gross salary including holiday allowance, 13th month allowance and gratuity expenses. Compensation from insurance company for sick leave or for maternity leave are deducted from these expenses.

\*\*) The staff expenses only include the operational staff of Help a Child. This includes all staff based in the Netherlands; from the country office the staff expenses include 40% of the country programme director, 52.5% of local finance and operational staff and 10% of local sponsorship coordinators. The remaining staff expenses in the country offices are considered to be programme expenses and included under 'Programme expenses - own expenses'.

#### **Remuneration of Help a Child employees**

The salaries of Help a Child employees in the Netherlands are based on the Collective Labour Agreement for Welfare & Social Services. We are also grateful to have the services of volunteers (six permanent office volunteers as at 31 December 2019).

The conditions of employment at the country offices are largely based on the conditions of employment for comparable development

aid organizations in the relevant countries. Help a Child bases the salaries on the average for these aid organizations less 10%.

## Remuneration of Board of Directors

The Supervisory Board adopted the remuneration policy for the Board of Directors, including the level of remuneration and other remuneration components.

This policy is updated from time to time. The last evaluation was on 27 November 2017.

Help a Child adheres to the Directors' Remuneration Regulation for Charitable Organizations of Goede Doelen Nederland (sector organization for the Dutch charitable sector; see [www.goededoelennederland.nl](http://www.goededoelennederland.nl)).

Based on criteria for weighing the scope and responsibility of the position, the regulation sets a maximum for the annual income. The Supervisory Board has weighed the position of the CEO. This led to a 'BSD' score of 435 points with a maximum annual income of €121,708 (for full-time employment, latest update as at July 1, 2019).

Help a Child has decided to cap this remuneration at 80% of the maximum annual income based on the BSD score (€97,366 for 1 FTE).

The remuneration of the director of Help a Child was as follows in 2019:

Name:	A.M. Schuttinga		
Position	CEO		
Employment details			
Nature (term)	indefinite		
Hours	32		
Contract	Parttime		
Period	1/-31/12		
Remuneration			
		2019	
	€		€
Gross salary	73,256		
Holiday allowance	5,861		
13th month allowance	6,568		
Total annual income		85,685	
Social insurances (employer's share)	10,615		
Taxable reimbursements	686		
Pension expenses (employer's share)	9,227		
		20,528	
Total remuneration Board of Directors			
2019 (incl. employer's costs)		106,213	
Remuneration			
	€		€

Total remuneration Board of Directors

2018 (incl. employer's costs) **100,866**

In 2019 the fulltime equivalent of the actual annual income of CEO Andries Schuttinga was €96,395, based on one FTE. This remuneration is within the maximum set by the Supervisory Board (97,366) and well within the maximum agreed within the sector.

The annual income, taxed benefits, employer's pension contribution, pension compensation and any other forms of deferred remuneration also remained well within the maximum amount of €194,000 per annum as set in the regulation.

Moreover, the taxed benefits, employer's pension contribution and the other deferred benefits were in reasonable proportion to the annual income.

## Notes

- The taxable reimbursement is the mileage allowance for business travel insofar as this must be taxed according to the tax regulations.
- The pension expense is the employer's share of the contribution payable to the pension fund.
- The CEO has no remunerated positions outside Help a Child.

### Remuneration of Supervisory Board

Members of our Supervisory Board receive no remuneration. In 2019 they received reimbursements for expenses amounting to €575 (2018: €1,450). This mainly concerned mileage allowances.

No loans, advances and/or guarantees were extended to members of the Supervisory Board or the CEO.

Financial income and expenses	2019	budget 2019	2018
	€	€	€
<b>Financial income</b>			
Interest income	1,454	2,620	797
	<b>1,454</b>	<b>2,620</b>	<b>797</b>
<b>Financial expenses</b>			
Exchange rate differences	21,329	-	11,375
	<b>21,329</b>	<b>-</b>	<b>11,375</b>
<b>Balance financial income and expenses</b>	<b>-19,875</b>	<b>2,620</b>	<b>-10,578</b>

Exchange rate differences are an important risk factor in the financing of programmes. We receive donations and sponsor contributions mostly in euros, while the programme expenditures are in different currencies.

As most contracts are concluded in euros, the exchange rate risks are borne primarily by the partner organizations. However Help a Child also incurs expenses in local currency as we have our own country offices, and implementation in Africa. As a result Help a Child has a currency risk for these expenses.

Any currency risks are taken into account in the assessment and determination of the continuity reserve. In the financial year, currency differences had a realized negative effect of €21,329 (2018: €11,375).

### Related parties

The accounting guidelines the annual reports have specific requirements for organizations that cooperate on a structural basis. The reason for this is that related parties can enter into certain transactions which affect the financial position

and results as well as the current and future opportunities and risks of the parties concerned.

We see our sister organization Help a Child of India as a related party. We largely finance the activities of this organization. Events at this party can have a direct impact on the balance of income and expenses and thus also on the financial position of Help a Child.

## Separate financial statements 2019

### SEPARATE BALANCE SHEET AS AT DECEMBER 31, 2019

after appropriation of result

ASSETS	12/31/2019		12/31/2018	
	€	€	€	€
<b>Intangible fixed assets</b>				
Software	67,073		50,903	
Software under development	8,858		41,370	
		<b>75,931</b>		<b>92,273</b>
<b>Tangible fixed assets</b>				
Land and buildings	487,000		357,905	
Office fittings and fixtures	10,064		12,906	
Equipment	19,634		19,063	
		<b>516,698</b>		<b>389,874</b>
<b>Financial fixed assets</b>				
Other securities	88,807		100,000	
Grants receivables	313,245		185,654	
Other receivables	130,690		96,225	
		<b>532,742</b>		<b>381,879</b>
<b>Receivables and accrued items</b>				
Receivable raised income	459,529		648,312	
Pre-paid to (consortium) partners	1,570,309		-	
Other receivables and accrued items	44,941		15,631	
		<b>2,074,779</b>		<b>663,943</b>
<b>Cash and cash equivalents</b>		<b>4,093,937</b>		<b>4,914,789</b>
		<b>7,294,087</b>		<b>6,442,758</b>
LIABILITIES	12/31/2019		12/31/2018	
	€	€	€	€
<b>Reserves and funds</b>				
<i>Reserves</i>				
Continuity reserve		2,070,553		1,980,760
<i>Funds</i>				
Special purpose reserves	370,000		400,910	
Special purpose funds	872,766		407,051	
		1,242,766		807,961
		<b>3,313,319</b>		<b>2,788,721</b>
<b>Provisions</b>				
Provision for building maintenance		-		3,191
<b>Long-term liabilities</b>				
Prepayments	17,700		3,400	
Amounts payable in respect of programmes	232,221		194,156	
		<b>249,921</b>		<b>197,556</b>
<b>Short-term liabilities</b>				
Accounts payable	90,940		71,546	
Subsidies and income received in advance	2,668,057		2,501,368	
Amounts payable in respect of programmes	659,998		587,203	
Other liabilities and accrued items	311,852		293,173	
		<b>3,730,847</b>		<b>3,453,290</b>
		<b>7,294,087</b>		<b>6,442,758</b>



## SEPARATE STATEMENT OF INCOME AND EXPENDITURE FOR 2019

	2019		Budget 2019		2018	
	€	€	€	€	€	€
<b>INCOME</b>						
<b>Raised income</b>						
Income from individuals	5,951,752		6,005,000		6,792,208	
Income from businesses	424,921		455,000		373,506	
Income from government subsidies	3,674,795		4,420,122		3,124,299	
Income from other non-profit organizations	1,284,711		1,165,000		1,158,222	
		<b>11,336,179</b>		<b>12,045,122</b>		<b>11,448,235</b>
<b>Income from supplied products and services</b>		<b>10,230</b>		<b>-</b>		<b>2,327</b>
<b>Other income</b>		<b>-0</b>		<b>-</b>		<b>1,986</b>
		<b>11,346,409</b>		<b>12,045,122</b>		<b>11,452,548</b>
<b>EXPENDITURE</b>						
<b>Expenditure on objectives</b>						
Child Development & Protection	3,442,446		3,582,146		3,681,898	
Youth & Work	796,797		1,153,483		944,847	
Community Resilience	2,308,230		2,850,815		2,832,070	
Food Security and Livelihoods	1,645,712		2,253,187		1,795,621	
Health, WASH and Nutrition	1,082,763		811,066		440,042	
Information and awareness	361,326		355,959		327,092	
		<b>9,637,275</b>		<b>11,006,656</b>		<b>10,021,571</b>
<b>Costs raising income</b>		<b>850,503</b>		<b>1,026,314</b>		<b>842,119</b>
<b>Management and administration costs</b>		<b>333,765</b>		<b>418,335</b>		<b>362,468</b>
		<b>10,821,543</b>		<b>12,451,305</b>		<b>11,226,158</b>
<b>Balance before financial income and expenses</b>		<b>524,866</b>		<b>-406,183</b>		<b>226,390</b>
<b>Net financial income and expenses</b>		<b>-254</b>		<b>2,000</b>		<b>231</b>
<b>Net income and expenses</b>		<b>524,612</b>		<b>-404,183</b>		<b>226,621</b>
Surplus/shortfall added to/withdrawn from						
- Continuity reserve		89,807		-114,915		175,055
- Special purpose reserves		-30,910		-139,769		156,141
- Special purpose funds		465,715		-149,499		-104,575
		<b>524,612</b>		<b>-404,183</b>		<b>226,621</b>

## SEPARATE CASH FLOW STATEMENT 2019

	2019		2018	
	€	€	€	€
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net income and expenses		524,612		226,621
Costs of depreciation/amortization	76,164		114,195	
Movements in receivables	-1,410,836		1,111,897	
Movements in provisions	-3,191		-8,084	
Movements in long-term liabilities	52,365		-75,013	
Movements in short-term liabilities	277,557		572,393	
		-1,007,941		1,715,388
		<b>-483,329</b>		<b>1,942,009</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investments in intangible fixed assets	-19,036		-58,417	
Investments in tangible fixed assets	-167,610		-35,012	
Movements in financial fixed assets	-150,863		-231,479	
		<b>-337,509</b>		<b>-324,908</b>
<b>Net cash flow before currency and conversion differences</b>		<b>-820,838</b>		<b>1,617,101</b>
Currency and conversion differences		-14		-
<b>Increase (+)/decrease(-) in liquid assets</b>		<b>-820,852</b>		<b>1,617,101</b>
Cash and cash equivalents as at January 1		4,914,789		3,297,688
<b>Cash and cash equivalents as at December 31</b>		<b>4,093,937</b>		<b>4,914,789</b>

## NOTES TO THE COMPANY ONLY SEPARATE BALANCE SHEET

For textual explanations to the notes to the separate financial statements we refer to the notes to the consolidated financial statements unless stated otherwise.

### INTANGIBLE FIXED ASSETS

	Software	Software under development	Total
	€	€	€
<b>As at January 1, 2019</b>			
Acquisition costs	452,808	41,370	494,178
Accumulated amortizations	-401,905	-	-401,905
Book value	<b>50,903</b>	<b>41,370</b>	<b>92,273</b>
<b>Movements in 2019</b>			
Investments	-	19,496	19,496
Amortization	-35,838	-	-35,838
Commissioning of assets	52,008	-52,008	-
Total movements	<b>16,170</b>	<b>-32,512</b>	<b>-16,342</b>
<b>As at December 31, 2019</b>			
Acquisition costs	504,816	8,858	513,674
Accumulated amortizations	-437,743	-	-437,743
Book value	<b>67,073</b>	<b>8,858</b>	<b>75,931</b>

### TANGIBLE FIXED ASSETS

	Land and buildings	Office fixtures and fittings	Equipment	Total
	€	€	€	€
<b>As at January 1, 2019</b>				
Acquisition costs	880,142	151,663	74,791	1,106,596
Accumulated depreciations	-522,237	-138,757	-55,728	-716,722
Book value	<b>357,905</b>	<b>12,906</b>	<b>19,063</b>	<b>389,874</b>
<b>Movements in 2019</b>				
Investments	152,545	851	14,214	167,610
Depreciation	-23,450	-3,693	-13,183	-40,326
Divestitures acquisition costs	-	-	-5,875	-5,875
Divestitures accumulated depreciations	-	-	5,415	5,415
Total movements	<b>129,095</b>	<b>-2,842</b>	<b>571</b>	<b>126,824</b>
<b>As at December 31, 2019</b>				
Acquisition costs	1,032,687	152,514	83,130	1,268,331
Accumulated depreciations	-545,687	-142,450	-63,496	-751,633
Book value	<b>487,000</b>	<b>10,064</b>	<b>19,634</b>	<b>516,698</b>

## FINANCIAL FIXED ASSETS

### Other securities

	12/31/2019	12/31/2018
	€	€
Investment PerspActive U.A.	88,807	100,000

### Grants receivables

	2019	2018
	€	€
Receivable income from third parties	57,374	-
Receivable government subsidies	255,871	185,654
	<b>313,245</b>	<b>185,654</b>

### Other receivables

	12/31/2019	12/31/2018
	€	€
Loan Stichting KLIMREK	39,000	39,000
Loan from bequest	25,000	-
Property from bequest with usufruct	66,690	57,225
	<b>130,690</b>	<b>96,225</b>

## RECEIVABLES AND ACCRUED ITEMS

### Receivable raised income

	12/31/2019	12/31/2018
	€	€
Receivable from bequests	343,180	539,829
Receivable income from third parties	81,956	3,000
Receivable government subsidies	21,033	105,483
Other receivable raised income	13,361	-
	<b>459,529</b>	<b>648,312</b>

### Pre-paid to partners

	12/31/2019	12/31/2018
	€	€
Pre-paid to consortium partners ARC	1,117,389	-
Pre-paid to implementing partners	452,920	-
	<b>1,570,309</b>	<b>-</b>

### Other receivables and accrued items

	12/31/2019	12/31/2018
	€	€
Prepaid expenditures	15,049	10,932
Miscellaneous	29,891	4,699
	<b>44,941</b>	<b>15,631</b>

## CASH AND CASH EQUIVALENTS

	12/31/2019	12/31/2018
	€	€
Bank accounts Help a Child in the Netherlands	1,115,644	65,470
Savings accounts Help a Child in the Netherlands	2,970,806	4,846,297
Cash in hand	7,487	3,022
	<b>4,093,937</b>	<b>4,914,789</b>

## RESERVES AND FUNDS

	Reserves			Funds	Total
	Continuity reserve	Special purpose reserves	Total reserves	Special purpose funds	
	€	€		€	€
<b>As at January 1, 2019</b>	<b>1,980,760</b>	<b>400,910</b>	<b>2,381,670</b>	<b>407,051</b>	<b>2,788,721</b>
<b>Movements in 2019</b>					
Allocation of net income and expenses	89,807	-30,910	<b>58,897</b>	465,715	<b>524,612</b>
Other movements	-14	-	<b>-14</b>	-	<b>-14</b>
<b>Total movements</b>	<b>89,793</b>	<b>-30,910</b>	<b>58,883</b>	<b>465,715</b>	<b>524,598</b>
<b>As at December 31, 2019</b>	<b>2,070,553</b>	<b>370,000</b>	<b>2,440,553</b>	<b>872,766</b>	<b>3,313,319</b>

### Notes to the difference between the consolidated and separate financial position

The difference between the consolidated financial position and separate financial position is due to the fact that various country offices do form part of the group of consolidated entities, but are not recognized as participating interests in the separate accounts.

As a result, the financial position of these country offices is included in the consolidated balance sheet, but not in the reserves and funds in the separate balance sheet. This can be itemized as follows:

	As at January 1, 2019	Movements in 2019			As at December 31, 2019
		Allocation of net income and expenses	Other movements	Total movements	
	€	€	€	€	€
<b>Separate (Red een Kind)</b>	<b>2,788,721</b>	<b>524,612</b>	<b>-14</b>	<b>524,598</b>	<b>3,313,319</b>
Help a Child Africa (Kenya)	<b>380,078</b>	-120,480	591	<b>-119,889</b>	<b>260,189</b>
Help a Child Rwanda	<b>86,260</b>	5,973	-4,342	<b>1,632</b>	<b>87,892</b>
Help a Child Burundi	<b>54,429</b>	-670	-15	<b>-685</b>	<b>53,744</b>
Help a Child Malawi	<b>59,545</b>	58,362	242	<b>58,604</b>	<b>118,149</b>
Help a Child Democratic Republic of Congo	<b>21,156</b>	-48,916	-101	<b>-49,017</b>	<b>-27,861</b>
Help a Child South Sudan	<b>-5,744</b>	-369	-1	<b>-370</b>	<b>-6,114</b>
Currency differences and adjustments	<b>10,782</b>	7,057	(2,248)	<b>4,809</b>	<b>15,591</b>
<b>Consolidated</b>	<b>3,395,227</b>	<b>425,570</b>	<b>-5,888</b>	<b>419,681</b>	<b>3,814,908</b>

## PROVISIONS

### Provision for building maintenance

	2019	2018
	€	€
Balance as at January 1	3,191	11,275
Withdrawal in financial year	-3,191	8,084
Balance as at December 31	-	3,191

## LONG-TERM LIABILITIES

### Prepayments

	12/31/2019	12/31/2018
	€	€
Prepaid donations	17,700	3,400

### Amounts payable in respect of programmes

	12/31/2019	12/31/2018
	€	€
Long term payable to consortium partner ARC	208,239	133,040
Long term arrangements partner organizations India and Kenya	23,982	61,116
	232,221	194,156

## SHORT-TERM LIABILITIES

### Accounts payable

	12/31/2019	12/31/2018
	€	€
Accounts payable	90,940	71,546

### Subsidies and income received in advance

	12/31/2019	12/31/2018
	€	€
ARC Building Bridges - Burundi	1,796,195	2,046,679
DRA - subsidies	833,929	389,939
Other received in advance	37,933	64,750
	2,668,057	2,501,368

### Amounts payable in respect of programmes

	12/31/2019	12/31/2018
	€	€
Amounts payable in respect of programmes	659,998	587,203

### Other liabilities and accrued items

	12/31/2019	12/31/2018
	€	€
Taxes and social security contributions	90,920	79,672
Personnel costs	104,291	109,051
Other liabilities	101,368	102,750
Accrued items	15,274	1,700
	311,853	293,173

## NOTES TO THE SEPARATE STATEMENT OF INCOME AND EXPENDITURE

### INCOME

<b>Income from individuals</b>	<b>2019</b>	<b>budget 2019</b>	<b>2018</b>
	€	€	€
Sponsorship	3,694,465	3,750,000	3,732,270
Other donations	1,618,373	1,650,000	1,432,895
Bequests	551,732	550,000	1,489,598
Donations for disaster response	87,183	55,000	137,445
	<b>5,951,752</b>	<b>6,005,000</b>	<b>6,792,208</b>

<b>Income from businesses</b>	<b>2019</b>	<b>budget 2019</b>	<b>2018</b>
	€	€	€
Sponsorship	30,883	45,000	41,505
Other donations	384,288	400,000	319,601
Donations for disaster response	9,750	10,000	12,400
	<b>424,921</b>	<b>455,000</b>	<b>373,506</b>

<b>Income from government subsidies</b>	<b>2019</b>	<b>budget 2019</b>	<b>2018</b>
	€	€	€
Dutch Ministry of Foreign Affairs - Addressing Root Causes Burundi	1,511,246	1,994,717	1,860,353
Dutch Relief Alliance - Joint Response South Sudan	797,680	813,631	655,351
Dutch Relief Alliance - Joint Response Democratic Republic of Congo	1,002,615	1,379,493	594,000
Dutch Relief Alliance - innovation projects	339,429	32,281	-
Dutch Relief Alliance - Acute Response South Sudan	6,138	-	-
ICCO - Strategic Partnership C&C	17,687		14,595
Other income from government subsidies	-	200,000	-
	<b>3,674,795</b>	<b>4,420,122</b>	<b>3,124,299</b>

<b>Income from other non-profit organizations</b>	<b>2019</b>	<b>budget 2019</b>	<b>2018</b>
	€	€	€
Sponsorship from churches	269,844	280,000	270,870
Sponsorship from foundations	108,383	75,000	66,137
Other donations from churches	244,098	220,000	267,388
Other donations from foundations and charitable trusts	226,185	465,000	518,572
Income from third parties	436,201	125,000	35,255
	<b>1,284,711</b>	<b>1,165,000</b>	<b>1,158,222</b>

<b>Income from supplied products and services</b>	<b>2019</b>	<b>budget 2019</b>	<b>2018</b>
	€	€	€
Net income from house rental	5,033	-	-
Other income from products and services	5,197	-	2,327
	<b>10,230</b>	<b>-</b>	<b>2,327</b>

	<b>2019</b>	<b>budget 2019</b>	<b>2018</b>
	€	€	€
<b>Other income</b>	<b>-0</b>	<b>-</b>	<b>1,986</b>

## EXPENDITURE

### Expense breakdown by purpose (Model C)

	Expenditure on objectives						Subtotal
	Child Development & Protection	Youth & Work	Community Resilience	Food Security and Livelihoods	Health, WASH and Nutrition	Information and awareness	
	€	€	€	€	€	€	€
Programme expenses							
- third parties	2,802,621	652,001	1,865,637	1,369,358	896,287	-	7,585,904
Programme expenses							
- own implementation	84,135	14,583	57,615	66,727	40,431	-	263,491
	<b>2,886,755</b>	<b>666,584</b>	<b>1,923,252</b>	<b>1,436,085</b>	<b>936,719</b>	<b>-</b>	<b>7,849,395</b>
Communication expenses	-	-	-	-	-	178,567	178,567
Staff expenses	429,750	100,706	297,750	162,014	112,892	147,125	1,250,236
Travel and lodging expenses	13,204	3,094	9,145	4,992	3,476	3,736	37,647
Vehicle expenses	-	-	-	-	-	-	-
Housing expenses	5,171	1,211	3,581	1,955	1,361	1,463	14,742
Office and network expenses	57,061	13,369	39,521	21,572	15,021	16,145	162,688
General expenses	32,560	7,629	22,552	12,310	8,571	9,213	92,834
Depreciation	17,945	4,205	12,429	6,784	4,724	5,077	51,165
	<b>555,691</b>	<b>130,213</b>	<b>384,979</b>	<b>209,627</b>	<b>146,045</b>	<b>361,326</b>	<b>1,787,880</b>
<b>Total</b>	<b>3,442,446</b>	<b>796,797</b>	<b>2,308,231</b>	<b>1,645,712</b>	<b>1,082,763</b>	<b>361,326</b>	<b>9,637,275</b>

	Subtotal – Expenditures on objectives	Costs raising income	Management and administration costs	Total expenses 2019	Total budget 2019	Total expenses 2018
	€	€	€	€	€	€
Programme expenses						
- third parties	7,585,904	-	-	<b>7,585,904</b>	8,987,510	8,410,910
Programme expenses						
- own expenses	263,491	-	-	<b>263,491</b>	280,650	217,349
	<b>7,849,395</b>	<b>-</b>	<b>-</b>	<b>7,849,395</b>	<b>9,268,160</b>	<b>8,628,259</b>
Communication expenses	178,567	330,157	-	<b>508,724</b>	527,300	466,050
Staff expenses	1,250,236	413,446	265,239	<b>1,928,921</b>	1,956,944	1,770,737
Travel and lodging expenses	37,647	11,208	7,185	<b>56,039</b>	90,750	70,069
Vehicle expenses	-	-	-	<b>-</b>	-	-
Housing expenses	14,742	4,389	2,813	<b>21,944</b>	30,900	25,108
Office and network expenses	162,688	48,434	31,047	<b>242,169</b>	281,450	228,801
General expenses	92,834	27,638	17,716	<b>138,188</b>	186,000	140,290
Depreciation	51,165	15,232	9,764	<b>76,162</b>	96,801	114,193
	<b>1,787,880</b>	<b>850,503</b>	<b>333,765</b>	<b>2,972,148</b>	<b>3,170,145</b>	<b>2,815,248</b>
<b>Total</b>	<b>9,637,275</b>	<b>850,503</b>	<b>333,765</b>	<b>10,821,543</b>	<b>12,438,305</b>	<b>11,443,507</b>

Financial income and expenses	2019	budget 2019	2018
	€	€	€
<b>Financial income</b>			
Interest income	701	2,000	231
	<b>701</b>	<b>2,000</b>	<b>231</b>
<b>Financial expenses</b>			
Exchange rate differences	955	13,000	-
	<b>955</b>	<b>13,000</b>	<b>-</b>
<b>Balance financial income and expenses</b>	<b>-254</b>	<b>-11,000</b>	<b>231</b>



## OTHER INFORMATION

### INDEPENDENT AUDITOR'S REPORT



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#### Independent auditor's report

To: the management board and supervisory board of Stichting Red een Kind

#### Report on the audit of the financial statements 2019 included in the annual report

##### Our opinion

We have audited the financial statements 2019 of Stichting Red een Kind, based in Zwolle.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Red een Kind as at 31 December 2019, and of its result for 2019 in accordance with RJ-Richtlijn 650 Fondsenwervende Organisaties (Guideline for annual reporting 650 "Fundraising Institutions" of the Dutch Accounting Standards Board).

##### The financial statements comprise:

- ▶ The consolidated and company balance sheet as at 31 December 2019
- ▶ The consolidated and company statement of income and expenditure for 2019
- ▶ The notes comprising a summary of the accounting policies and other explanatory information

##### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Stichting Red een Kind in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

##### Emphasis of matter relating to Corona developments

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The situation changes on a daily basis. The impact of these developments on Stichting Red een Kind is disclosed in the management report and the disclosure about events after the reporting period. We draw attention to these disclosures. Our opinion is not modified in respect of this matter.

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## Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ The management board's report
- ▶ Other information

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by the Guideline for annual reporting 650 "Fundraising Institutions"

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the Guideline for annual reporting 650 "Fundraising Institutions" and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with the Guideline for annual reporting 650 "Fundraising Institutions".

## Description of responsibilities for the financial statements

### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 "Fundraising Institutions". Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Zwolle, 22 June 2020

Ernst & Young Accountants LLP

J. Schuurkamp

## APPENDICES

### CONSOLIDATED BUDGET 2019

	Budget 2020		2019	
	€	€	€	€
<b>INCOME</b>				
<b>Raised income</b>				
Income from individuals	6,180,000		5,951,752	
Income from businesses	435,000		424,921	
Income from government subsidies	5,637,165		4,062,476	
Income from other non-profit organizations	1,555,000		1,305,390	
		<b>13,807,165</b>		<b>11,744,539</b>
<b>Income from supplied products and services</b>		<b>5,000</b>		<b>10,230</b>
<b>Other income</b>		<b>-</b>		<b>-1,145</b>
		<b>13,812,165</b>		<b>11,753,624</b>
<b>EXPENDITURE</b>				
<b>Expenditure on objectives</b>				
Child Development & Protection	3,960,474		3,647,124	
Youth & Work	1,066,180		792,822	
Community Resilience	2,532,454		2,309,469	
Food Security and Livelihoods	3,532,658		1,599,689	
Health, WASH and Nutrition	1,193,734		1,084,063	
Information and awareness	455,789		361,326	
		<b>12,741,290</b>		<b>9,794,493</b>
<b>Costs raising income</b>		<b>959,812</b>		<b>1,006,245</b>
<b>Management and administration costs</b>		<b>461,925</b>		<b>507,442</b>
		<b>14,163,027</b>		<b>11,308,180</b>
<b>Balance before financial income and expenses</b>		<b>-350,862</b>		<b>445,444</b>
<b>Net financial income and expenses</b>		<b>300</b>		<b>-19,875</b>
<b>Net income and expenses</b>		<b>-350,562</b>		<b>425,569</b>
Surplus/shortfall added to/withdrawn from				
- Continuity reserve		-193,562		-9,236
- Special purpose reserves		-50,000		-30,910
- Special purpose funds		-107,000		465,715
		<b>-350,562</b>		<b>425,569</b>

The 2020 budget concentrates on the further growth of income from government subsidies. In 2020 we still start a program in Somalia which is funded by DRA with an amount of almost 1 million euros. We will also accelerate the implementation of a number of innovation projects in DRC and South Sudan. Also the increased focus on institutional fundraising and setting up country offices will most probably result in additional funding.

Private fundraising will increase because of the indexation of our sponsorship contribution, but we also plan a moderate autonomous growth.

Thanks to the accrued reserves and developments until the end of 2018, Help a Child has been able to budget a negative result for 2019. This gives us scope to invest in further decentralization and the expansion of our fundraising activities.

Because most of the income growth relates to disaster response a relatively big part of the growth of expenditure relates to food security and livelihoods.

The multi-year budget 2021 - 2025 of Help a Child is at the moment of publishing its financial statements 2019 (June 2020) still work in progress.