

CORDAID ANNUAL REPORT 2018

**FINANCIAL STATEMENTS
THE HAGUE**

CONTENTS

ANNUAL ACCOUNTS 2018	3
Introduction	3
Consolidated Balance Sheet as of December 31, 2018 (after proposed appropriation of funds)	4
Consolidated Statement of Income and Expenditure for the year ended December 31, 2018	5
Appropriation of the funds	6
Performance indicators	7
Consolidated Statement of Cash Flows for the year ended December 31, 2018	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9
Foundation Individual Financial Statements of Stichting Cordaid	36
Individual Balance sheet of Stichting Cordaid	36
Individual Statement of income and Expenditure for the year ended at December 31, 2018	37
NOTES TO THE FOUNDATION INDIVIDUAL FINANCIAL STATEMENTS	38
OTHER INFORMATION	44
Provision in the constitution governing the appropriation of balances	44
Appropriation of result	44
Country offices	44
Subsequent events	44
INDEPENDENT AUDITOR'S OPINION	45

ANNUAL ACCOUNTS 2018

INTRODUCTION

These financial statements reflect a detailed accounting of Cordaid's activities in 2018, described in the annual report. The annual accounts are an integrated part of Cordaid's annual report.

For Cordaid, 2018 was the first year of the implementation of its strategic plan 2018-2020. In terms of finance and operations the main elements in the strategic plan are the implementation of Project Based Working as the main organizing principle and the implementation of Subsidiarity which includes handing over project implementation responsibilities from the Global Office to our Country Offices.

Cordaid acquired an income of €136.7m, that is €5.3m below budget, but a growth of €7.5m (6%) compared to 2017. Private fundraising results (including companies) were well in line with budget, except for the income from inheritances and legacies. As a result, income from private individuals and companies came out €1.2m below budget. The income from lotteries was below budget (€3.6m), because an additional contribution from the Postcode Lottery was not realized. Income from non-profit organizations came out €1.4m below budget for a large part compensated by government grants that were €0.8m above budget. The income from related organizations (Caritas members) was in line with budget.

The other income, consisting mainly of income from investments issued in connection with the objectives, was €1.7m below budget. The negative result is caused by significant write-off on participations and loans amounting to €5.3m, partly compensated by exchange rate gains caused by the appreciation of the US dollar in 2018 and an unrealized gain on the valuation of a hedge instrument.

Overall expenditure was €141.9m, of which €132.7m (93.6% of total expenditure) was spent on Cordaid's objectives. Delayed implementation of programs, as a consequence of political factors in our operating environments, is the main cause for the lower expenditure compared to budget.

Expenditure on fundraising amounted to €6.2m (4.4% of total expenditure) in 2018. This is in line with previous year and €1.1m below budget. Because the foreseen lower income from inheritances, it was decided, during the year, to reduce the campaign budget.

The costs of management and administration stood at €3.0m, which is €1.5m above budget and €0.9m above previous year. The expenditure above budget was due to the additionally approved investment budget of €1.5m for implementation of the new strategic plan. Without these additional costs, the cost for management and administration would have been in line with budget.

The financial income & expenses amounted to €0.3m in 2018. The negative result was mainly caused by a sharp drop in share prices in the fourth quarter of 2018.

The overall result of -€3.9m was €1.6m better than budgeted. Although satisfactory, further measures will be taken to achieve a balanced budget whilst implementing the 2018-2020 strategic plan.

The Hague
July 25, 2019

Consolidated Balance Sheet as of December 31, 2018

(after proposed appropriation of funds)

X € 1,000	NOTE	31/DEC/2018	31/DEC/2017
Assets			
Fixed assets			
Tangible fixed assets	5	251	444
Financial fixed assets			
- Issued in connection with the objectives	6	56,379	60,297
- Investments	7	20,871	21,542
		77,250	81,839
Current assets			
Receivables	8		
- Receivables from grants		13,899	10,252
- Implementing organization advances		11,086	5,253
- Receivable from inheritances		7,033	5,142
- Interest receivable		959	763
- Other receivables		1,772	1,580
		34,749	22,990
Cash and Bank	9	44,066	51,813
Total assets		156,316	157,086

X € 1,000	NOTE	31/DEC/2018	31/DEC/2017
Liabilities			
Reserves	10		
- Continuity reserve		11,000	5,887
- Earmarked reserves		1,282	1,383
		12,282	7,270
Funds	10		
- Restricted funds		1,526	2,301
- Semi-restricted funds		19,489	18,067
- Loans & guarantees fund		74,589	84,099
		95,604	104,467
Provisions	11	1,141	1,974
Non-current liabilities	12		
- Project commitments		0	0
Current liabilities	12		
- Project commitments		15,977	13,736
- Other current liabilities		31,312	29,639
		47,289	43,375
Total liabilities		156,316	157,086

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 2018

X € 1,000	NOTE	2018	BUDGET 2018	2017
Income				
- Income from private individuals	14	25,246	27,000	23,675
- Income from companies	15	547	-	578
- Benefits from lottery organizations	16	2,700	6,285	2,725
- Government grants	17	104,216	103,396	90,176
- Income from related (international) Organizations	18	789	734	1,811
- Income from other non-profit organizations	19	3,242	4,630	10,246
Total acquired income		136,740	142,045	129,211
- Income from sale of goods and or rendering of services	20	24	-	242
- Other income	21	1,520	3,248	-4,408
Total incoming resources		138,284	145,293	125,045
Resources expended				
<i>Spent on objectives</i>				
- Program costs:	22			
Healthcare		76,770	78,345	59,051
Humanitarian Aid		24,752	28,110	24,804
Security & Justice		11,111	14,260	13,499
Cordaid Netherlands		365	-	435
Resilience		10,935	10,907	10,053
Investments		4,348	5,505	4,118
Other activities		29	-	4,698
- Public information / awareness campaigns	23	4,423	5,088	4,917
Expenditure on objectives		132,733	142,215	121,575
- Expenditure on fundraising	23	6,172	7,235	6,461
- Management and administration cost	23	2,959	1,469	2,061
Total resources expended		141,864	150,919	130,097
Sum of income and expenditures before financial income and expenses		-3,580	-5,626	-5,052
Financial income and expenses	27	-270	180	-5
Corporate income taxes		-1	-	-94
Balance of income and expenditures		-3,851	-5,446	-5,151

APPROPRIATION OF THE FUNDS

The funds were appropriated as follows:

X € 1,000	2018		2017	
Appropriation of funds				
The balance of funds was appropriated as follows:				
Reserves				
- continuity reserve	5,113		0	
- earmarked reserves	-101		-2,601	
		5,012		-2,601
Funds				
- restricted funds	-775		1,586	
- semi-restricted funds	1,422		3,654	
- loans & guarantees fund	-9,510		-7,790	
		-8,863		-2,550
Balance of income and expenditures		-3,851		-5,151

PERFORMANCE INDICATORS

In 2018 the following performance indicators were derived from the statement of income and expenditure:

PERFORMANCE INDICATORS	2018	BUDGET	2017
Ability to spend income on objectives			
- Income-to-spending ratio (% expenditure on objectives vs. total incoming resources)	96.0%	97.9%	97.0%
Overall efficiency of the organization			
- Total program-to-spending ratio (% expenditure on objectives vs. total resources expended)	93.6%	94.2%	93.4%
- Program-to-spending ratio (% of direct program costs vs total resources expended)	87.8%	87.8%	87.9%
- Program-management-to-spending ratio (% of program management costs vs total resources expended)	5.8%	6.5%	5.6%
- Fundraising-to-spending ratio (% of fundraising costs vs. total resources expended)	4.4%	4.8%	5.0%
- Management and administration ratio (% vs. total resources expended)	2.1%	1.0%	1.6%
Efficiency of fundraising			
- Fundraising ratio (% cost of generating funds vs. total incoming resources)	4.5%	5.1%	5.0%

- **Income-to-spending ratio:** 96.0%. Income and expenditure on objectives follow the same trend compared to prior year and is slightly below budget.
- **Program-to-spending ratio:** 87.8%. In line with prior year and budget. Program expenditure follows the same pattern as overall expenditure.
- **Program-management-to-spending ratio:** 5.8%. Due to the release of the hypotax reservation, program management costs are relatively low compared to overall expenditure.
- **Fundraising-to-spending ratio:** 4.4%. Due to the savings on the campaign budget during the year as a response to lower income from inheritances, the percentage of fundraising costs is below budget and previous year.
- **Management & administration ratio:** 2.1%. Management & administration costs were above budget and prior year, because the separately budgeted investments related to the new strategic plan are for the larger part included in the Management & administration costs.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018

The movement of the cash and cash equivalents is as following:

X € 1,000	NOTE	2018		2017	
Cash flows from operating activities					
Incoming resources	14-21	138,284		125,045	
Resources expended	22-23	141,864		130,097	
			-3,580		-5,052
<i>Adjustments for:</i>					
- Depreciation tangible fixed assets	5	277		702	
- Financial income and expenses	27	-270		-5	
- Corporate income tax		-1		-94	
- Changes in provisions	11	-833		-4,869	
			-827		-4,266
<i>Changes coming from operating activities:</i>					
- Receivables	8	-11,759		1,969	
- Financial fixed assets (connected to the objectives)	6	3,918		2,408	
- Project commitments	12	2,241		-3,154	
- Investments	7	671		-679	
- Other current liabilities	12	1,673		-4,674	
			-3,256		-4,130
Cash flows from operating activities			-7,663		-13,448
<i>Cash flows from investing activities</i>					
Purchases of tangible fixed assets	5	-84		-10	
Cash flows from investing activities			-84		-10
<i>Cash flows from financing activities</i>					
Receipts / repayments of long-term borrowings		-		-	
Cash flows from financing activities			-		-
Net decrease in cash			-7,747		-13,458

X € 1,000	2018	2017
Balance at 1 January	51,813	65,271
Changes	-7,747	-13,458
Balance at 31 december	44,066	51,813

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL NOTES

1.1 Activities

Rooted in the tradition of the Catholic Social Teachings, Cordaid's mission is to reduce fragility and people's vulnerability where it is most needed and most difficult: in fragile and conflict-affected settings. Cordaid does this by promoting equality and social inclusion, by increasing the resilience of people and their communities and by strengthening the social contract between citizens and their governments. Cordaid focuses aid efforts in some of world's most conflict-torn and volatile countries like South Sudan, Afghanistan, the Central African Republic and the Democratic Republic of Congo. In the Netherlands, Cordaid reduces poverty and promote inclusion by encouraging cooperative entrepreneurship for people with low incomes and a distance to the labour market.

Cordaid is a foundation. Its objectives as described in its Articles of Association are as follows (translated from Dutch):

'In accordance with the evangelical message and inspired by the Catholic community in the Netherlands, the purpose of the foundation is to carry out activities focused on:

- a. providing emergency and refugee aid;*
- b. providing aid to specific groups, such as the elderly people, the disabled and children;*
- c. providing medical aid; and*
- d. all aspects related to structural poverty relief of subordinated groups, especially in developing countries, and in Central and Eastern Europe and the Netherlands.'*

The consolidated annual accounts comprise the figures of the following entities:

- Stichting Cordaid, The Hague
- Stichting Cordaid Expats, The Hague
- Stichting Cordaid Participaties, The Hague
- Corpav BV, The Hague
- Cordaid Investment Management BV, The Hague

Stichting Cordaid Expats' objective is to employ expatriates working for Stichting Cordaid. Stichting Cordaid Participaties' objective is to invest through loans or participation in social enterprises worldwide. Both foundations have the same Board of Directors as Stichting Cordaid.

Corpav BV makes direct and indirect investments in social enterprises all over the world. Stichting Cordaid Participaties is the only shareholder of Corpav BV.

Cordaid Investment Management BV has the objective to act as manager for one or more investment institutions. Currently Cordaid Investment Management BV manages the social impact investment portfolio of Stichting Cordaid. Stichting

Cordaid holds 100% of the shares of Cordaid Investment Management BV.

The street address of all foundations and companies is:
Lutherse Burgwal 10
2512 CB The Hague
The Netherlands
Dutch Chamber of Commerce: 41160054

The Board of Directors of Cordaid bears ultimate responsibility for the general course of affairs at Stichting Cordaid. With the Supervisory Board, the Board is responsible for Cordaid's corporate governance structure and compliance with good governance rules. The composition of the Supervisory Board is such that its members can act critically and independently of one another, of the Board and of any particular interests. The Supervisory Board is responsible for supervising the Board and the general course of affairs at Cordaid.

The Board of Directors is tasked with managing the foundation, including running its day-to-day business and implementing its programs and activities. The budget, the annual report and the annual accounts that are prepared by the Board of Directors are subject to adoption by the Supervisory Board after advice from the Audit Committee. The Supervisory Board also adopts the multi-annual strategic policy plan drafted by the Board of Directors and approves the annual plan.

The members of the Board of Directors of Stichting Cordaid at December 31, 2018 are:

- L.C. Zevenbergen, CEO
- W.J. van Wijk, CFO

During 2018, the Supervisory Board members of Stichting Cordaid were:

- A.J.M. Heerts, Chair
- M.C.T. van de Coevering, member Audit Committee
- J.H.M. van Bussel, member Audit Committee
- M. van Beek
- J.J.A. de Boer
- B.L.J.M. van Dijk-van de Reijt
- M.W.J.A. Landheer-Regouw

The Board members of Stichting Cordaid Participations and Stichting Cordaid Expats are the same as for Stichting Cordaid at December 31, 2018.

At December 31, 2018, the board of directors of Cordaid Investment Management BV comprises J.M.F. Verheijen and F.J.M. Goossens. Stichting Cordaid is the only shareholder.

1.2 Notes to the cash flow statement

The cash flow statement is prepared using the indirect method. The funds in the cash flow statement comprise cash and cash equivalents. Cash flows in foreign currencies are translated at an average rate. Exchange differences affecting cash items, interest paid and interest received are included in cash from operating activities.

Cash flows from operating activities

The negative gross cash flow from operating activities of €7.7m was mainly driven by the negative balance of funds and reserves in 2018.

Factors positively affecting cash flow, compared to the balance of funds in the statement of income and expenditure are:

- A decreased value of the Fixed Financial Assets of €3.9m, as a consequence of non-cash related depreciations and write-offs.
- Increased current liabilities of €3.9m, mainly due to higher deferred grants related to advance payments received by the Global Fund and higher project commitments related to a recently started resilience program in South Sudan.

Factors negatively affecting cash flow compared to the balance of funds in the statement of income and expenditure are:

- Receivables increased €11.8m, mainly driven by higher receivables from governments, receivables from inheritances and advance payments to implementing organisations. The higher receivables from governments mainly relate to delayed donor payments for health and resilience projects in South Sudan and Central African Republic. The higher advance payments to implementing organisations is due to advance payments to sub-recipients made for the new Global Fund program in DR Congo. Because of the closure of the previous Global Fund contract end of 2017, balances were significantly lower at the end of 2017.
- Provisions were settled for €0.8m, especially in connection to the redundancy provision formed year-end 2016.

Cash flows from investing activities

Purchases of tangible assets came to €0.1m in 2018. Investments for new IT systems form the greater part of this cash outflow.

Cash flows from financing activities

Cordaid has no non-current liabilities for financing its operations. The non-current liabilities on the balance sheet relate to long-term project financing, which are recognized as cash flows from operating activities.

1.3 Changes in accounting estimates

Cordaid made no changes to its policies for accounting estimates compared to the previous year.

1.4 Estimates

In applying accounting policies and standards for preparing annual accounts, the Board of Cordaid is required to make estimates and judgments that might significantly influence the amounts disclosed in the annual accounts. If necessary for the purposes of providing the view required under Section 362(1), Book 2 of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, are disclosed in the notes to the relevant items.

1.5 Consolidation

The consolidation includes the financial information of Stichting Cordaid and the entities in which it exercises control or whose central management it conducts. All entities in which Cordaid exercises control or whose central management it conducts are consolidated in full.

Intercompany transactions, profits and balances among consolidated entities are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are eliminated as well, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary in order to align them to the prevailing group accounting policies.

The consolidated entities are listed below:

- Stichting Cordaid Expats, The Hague
- Stichting Cordaid Participaties, The Hague
- Corpav BV, The Hague
- Cordaid Investment Management BV, The Hague

2. ACCOUNTING PRINCIPLES

2.1 General

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. More specifically, the financial statements have been prepared in accordance with the Dutch Accounting Standard for Fundraising Institutions (RJ 650). The financial statements are prepared in Euros. Balances and results in 2018 are compared with the budget as approved by the Supervisory Board and 2017 results and balances. Assets and liabilities are generally valued at acquisition cost, production cost or at current value. If no specific valuation method is indicated, the valuation is done at the acquisition price. References are included in the balance sheet and statement of income and expenses.

2.2 Comparison with previous year

The accounting principles used for valuation and recognition of income and expenditure are unchanged from previous year.

For comparison purposes, the prior year figures of work advances paid to implementing partners have been reclassified from Other accruals and deferred income to Implementing partner advances. In addition, the revaluation of the cross currency interest rate swap derivative has been reclassified from Financial income and expenses to Other income.

2.3 Foreign currency

Functional currency

The financial statements are presented in euros, which is the functional and presentation currency of Cordaid.

Transactions, receivables and payables

Transactions in foreign currencies during the period are included in the financial statements at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing rate. The exchange differences arising from the settlement and translation are credited or charged to the statement of income and expenditure.

Translation differences on non-monetary assets held at cost are recognized using the exchange rates prevailing at the dates of the transactions. Translation differences on non-monetary assets such as equities held at fair value through income or expenditure are recognized through income or expenditure as part of the fair value gain or loss.

2.4 Tangible fixed assets

Buildings, IT equipment, furniture and fittings, vehicles and other assets are all valued at historical cost or manufacturing price including directly attributable expenditure, less straight-line depreciation over their estimated useful lives, and impairment losses. Grants are deducted from the acquisition or manufacturing cost of the assets to which they relate.

2.5 Financial fixed assets

Issued in connection with the objectives:

Loans, guarantees and participations

Loans and guarantees disclosed under financial assets are recognized initially at fair value of the amount owed net of any provisions considered necessary. These receivables are subsequently measured at amortized cost.

Participations are valued at acquisition cost adjusted for impairments at reporting date. These participations do not involve a structural commitment for the purposes of Cordaid's own operations.

Derivatives

Derivatives are initially valued at cost price and subsequently valued at fair value. Derivatives with a negative value are presented under current liabilities. Changes in the value of derivatives are recognized directly in the statement of income and expenditure. Transaction costs for derivatives are included in the acquisition cost.

Investments:

Bonds and shares

Bonds and shares are measured at fair value. Changes in value and transaction costs are recognized through income or expenditure. Transaction costs are charged directly to the statement of income and expenditure.

2.6 Non-current asset impairment

Cordaid assesses at each reporting date whether there is any evidence of assets being subject to impairment. If any such evidence exists, the recoverable amount of the relevant asset is determined. An asset is subject to impairment if its carrying amount is higher than its recoverable amount; the recoverable amount is the higher of net realizable value and value in use. If it is established that a previously recognized impairment loss no longer applies or has declined, the increased carrying amount of the asset in question is not set higher than the carrying amount that would have been determined had no impairment loss been recognized.

The net realizable value is determined based on the active market. An impairment loss is directly expensed in the income statement.

Cordaid assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognized in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized through profit or loss.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

2.7 Receivables

General

Receivables are initially recognized at fair value and subsequently carried at amortized cost. Allowances for doubtful debts are deducted from the carrying amount of receivables.

Receivable from inheritances

Inheritances on which third parties have a right of usufruct are recognized in the annual accounts. Recognition is based on the best practices prescribed by the Dutch branche organization Goede Doelen Nederland. The valuation method used by Cordaid is based on the calculation used by the tax authorities for the calculation of inheritances tax. Receivables are recognized and included in the balance sheet. Income is however recognized through the statement of income and expenditure, after which the benefits are included in a designated fund until the moment of release.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and demand deposits falling due in less than 12 months. Cash and cash equivalents are stated at face value.

2.9 Reserves and funds

The equity of Cordaid is divided into the following reserves and funds:

- The continuity reserve is created to ensure that Cordaid can meet its legal and moral obligations in case of a significant fall in income in the future.
- Earmarked reserves are earmarked for future spending on the objectives of Cordaid. The Board of Directors decides on the actual purposes of the reserves, based on internally agreed criteria.
- The restricted funds are earmarked for a specific project as agreed with third-party donors.
- Semi-restricted funds are earmarked for activities related to a certain topic, but not limited to specific projects.
- The loans and guarantees fund has been committed for loans, guarantees and equities connected to the objectives of Cordaid. The result on these financial assets and the costs of managing this portfolio reflect the changes in the fund in a year.

2.10 Provisions

Provisions are recognized for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which will probably require an outflow of resources whose extent can be reliably estimated.

Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

2.11 Liabilities

General

Liabilities are initially recognized at fair value. Transaction costs directly attributable to the incurrence of the liabilities are included in the measurement on initial recognition. Liabilities are subsequently measured at amortized cost; this is the amount received plus or less any premium or discount and net of transaction costs.

Operational lease

Liabilities under operating leases (such as the lease of premises) are accounted for in the statement of income and expenditure equally over the term of the contract, taking into account reimbursements received from the lessor.

Project commitments

Project commitments are recognized as soon as a contract is issued or when a grant decision is communicated in writing or otherwise and are stated at the fair value stated in the contract, net of any payments.

3. ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

3.1 General

Income and expenses are recognized in the statement of income and expenditure in the year to which they relate. The allocation is made consistently with previous years. The balance of funds is defined as the difference between income and expenses. Income is accounted for in the year it was realised and losses are accounted for as soon as they are identified.

3.2 Income recognition

Income from private individuals and companies

Income from individuals and companies, previously classified as own fundraising, involves gifts and donations, mailings, collections, legacies and the sale of materials. Income from gifts and donations, contributions, collections and mailings are accounted for in the year in which they are received. Exceptions are written undertakings that have been received before year-end as these can be accounted for in the current year.

Legacies are recognized based on a statement received from the executor in the year in which the amount can be determined reliably. The valuation of legacies with property is done based on the most recent correspondence and receipts are included up to the preparation of financial statements. The valuation is done prudently.

Income from lottery organizations

Income from lottery organizations is accounted as such when Cordaid carries no risk in the fundraising campaign. The income from lottery organizations is recognized in the year in which the income is received or pledged.

Income from other non-profit organizations

Income from non-profit organizations is accounted as such when Cordaid carries no risk in the fundraising campaign. The income from non-profit organizations is recognized in the year in which the income is received or pledged. However, grants and subsidies from other non-profit organizations are recognized in the statement of income and expenditure in the year in which the subsidized costs were incurred. The grants are recognized where it is likely that they will be received and Cordaid will comply with all attached conditions.

Income from government grants

Grants and subsidies are recognized in the statement of income and expenditure in the year in which the subsidized costs were incurred. The grants are recognized where it is likely that they will be received and Cordaid will comply with all attached conditions.

Gifts in kind

Gifts in kind are stated at their fair market value in the Netherlands. Where items involving gifts in kind are sent directly to emergency areas, their value is recognized as a gift and as an

expended resource. Cordaid accounts for gifts in kind if the discount/gift has a connection with the nature of Cordaid's activities and objectives and Cordaid would have purchased the services or goods if the gift/discount had not been received.

Other Income

Result of loans, guarantees and participations

The result of loans, guarantees and participations is made up of interest received on loans and guarantees under the Loan and Guarantee Program, realised and unrealised changes in the valuation of loans and participations, dividend and fees for restructuring loans.

Income from sale of goods and or rendering of services

Income from sale of goods and or rendering of services are accounted for in the year in which the materials are sold or services have been provided.

3.3 Exchange rate differences

Transactions denominated in foreign currencies conducted during the reporting period are recognized in the annual accounts at the rate of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange at the reporting date. Any resulting exchange differences are recognized through income or expenditure. Non-monetary assets and liabilities stated at cost and denominated in foreign currencies are translated at the rate of exchange at the transaction date (or the approximate rate of exchange).

3.4 Depreciations on tangible fixed assets

Tangible fixed assets are carried at cost less straight-line depreciation over their estimated useful lives. Tangible assets are depreciated from the time they are taken into use over their estimated useful lives. Future depreciation is adjusted if the estimate of future useful life changes. Gains and losses on the sale of tangible fixed assets are included in depreciation.

3.5 Employee benefits

Short-term employee benefits

Salaries, wages and social security contributions are recognized in the statement of income and expenditure based on the pay and benefits package to the extent that they are payable to employees.

Pensions

Cordaid's pension plan is administered by the Zorg en Welzijn Pension Fund, a pension fund for the health and welfare sector. Employees' retirement and partner pensions are based on their pensionable salary for full-time employment, net of the state-pension offset. The pension fund endeavors to index-link any accrued pension entitlements and pensions in payment based on general salary trends in the collective bargaining agreements that govern its affiliated employers in a particular year. The pension fund decides every year whether index-linking would be appropriate and, if so, what index to use given the financial situation and expected developments in that situation. In doing so, the pension fund uses nominal and realistic

coverage ratios as benchmarks. Although the pension fund may decide to apply catch-up index linking, such a decision will not have a retroactive effect and will not trigger subsequent payments. Index linking is funded partially from contributions and partially from the return on plan assets. The actual coverage ratio was 97.5% at 31 December 2018 (30 April 2019: 100.4%).

Contributions are recognized as employee benefits expense as soon as they are payable. Prepaid contributions are recognized within prepayments and accrued income if they entail a refund or a reduction in future payments. Contributions payable are disclosed as liabilities in the balance sheet.

3.6 Financial income and expenses

Interest paid and received

Interest paid and received is recognized on a time-weighted basis, taking into account the effective interest rate of the assets and liabilities concerned. When recognizing interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

Interest income and income from investments

The line item interest income and income from investments contains the (gross) interest, dividends and realised and unrealised capital gains. Interest income and expense are recognized time proportionally.

Interest income is recognized as investment income exclusive of interest received on loans and guarantees issued in the context of the Loans & Guarantees Program, which is recognized entirely as gains on financial assets issued in connection with the objectives.

Changes in financial instruments at fair value

Financial instruments are initially valued at cost price and subsequently valued at fair value. Changes in the value of the following financial instruments are recognized directly in the statement of income and expenditure:

- purchased loans, bonds (unless held to maturity) and equity instruments that are quoted in an active market;
- decreases in value of financial instruments at fair value are recognized in the statement of income and expenditure.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

4.1 Market risk

Currency risk

Cordaid operates in the European Union, Africa, Asia, Latin-America and the United States. The currency risk for Cordaid largely concerns positions and future transactions in US dollars and currencies whose rate is closely related to the US dollar. Management has determined that the cost of structurally hedging these currency risks does not outweigh the benefits. Based on management's risk assessment, one incidental hedge contract is in place to cover currency risks on loan(s) denominated in Myanmar Kyat (MMK). A swap contract, MMK to USD, has been used for this purpose. This swap contract does not hold a risk, because the USD inflow is dependent on the 6 month LIBOR. Natural hedges exist because receivables and liabilities are often related.

Price risk

Cordaid invests its temporary cash balances according to a defensive to neutral strategy compared to a very conservative policy in previous years. As a consequence, Cordaid faces a limited market risk related to its portfolio of bonds and shares that is valued at market value.

Interest rate and cash flow risk

Cordaid incurs interest rate risk on interest-bearing receivables (in particular those included in financial assets and cash).

Credit risk

Cordaid does not have any significant concentrations of credit risk. Receivables mainly relate to grants from solid governments or multilateral institutions.

Liquidity risk

Cordaid uses several banks to avail itself of a range of overdraft facilities. Where necessary, further securities will be furnished to the bank for available overdraft facilities.

5. TANGIBLE FIXED ASSETS

Movements of the tangible fixed assets are as follows:

X € 1,000	BUILDINGS	IT EQUIPMENT	FURNITURE AND FITTINGS	VEHICLES	OTHER ASSETS	TOTAL
Balance at 1 January						
Cost	1,990	4,516	1,601	28	283	8,418
Accumulated depreciation	-1,884	-4,294	-1,485	-28	-283	-7,974
Carrying value at 1 January	106	222	116	0	0	444
Changes						
Purchases	0	84	0	0	0	84
Disposals	0	0	0	0	0	0
Depreciation	-71	-154	-52	0	0	-277
Depreciation on disposals	0	0	0	0	0	0
Total changes	-71	-70	-52	0	0	-193
Balance at 31 December						
Cost	1,990	4,600	1,601	28	283	8,502
Accumulated depreciation	-1,955	-4,448	-1,537	-28	-283	-8,251
Carrying value at 31 December	35	152	64	0	0	251
Depreciation percentages	10%	33%	20%	33%	33%	

The total investments in 2018 amounted to €0.1m. Investments relate to a project monitoring application designed for international development projects to capture results of our interventions worldwide.

All assets are held for business operations.

6. FINANCIAL FIXED ASSETS ISSUED IN CONNECTION WITH THE OBJECTIVES

Outstanding loans, participations and guarantees are recognized as financial assets issued in connection with the objectives. This relates to loans issued to and a number of participations in partner organizations for the purposes of funding small-scale economic activities (e.g. through microfinance institutions), for which partner organizations find it difficult or impossible to secure finance from commercial banks. Interest rates on these loans are determined by country and by customer.

Movements in financial assets were as follows in 2018:

X € 1,000	LOANS	GUARANTEES	PARTICIPATIONS	TOTAL
Value of portfolio at 1 January 2018	41,719	1,312	19,667	62,698
Provision at 1 January 2018	-2,401	0	0	-2,401
Carrying amount 1 January 2018	39,318	1,312	19,667	60,297
Changes				
Loans and guarantees issued	12,834	0	0	12,834
Loans and guarantees repaid	-11,968	-568	0	-12,536
Participations acquired/committed	0	0	-143	-143
Participations sold/commitments withdrawn	0	0	-8	-8
Impaired loans and guarantees	0	0	0	0
Revaluation of participations	0	0	-3,818	-3,818
Currency gains and losses	919	56	249	1,224
Value of portfolio at 31 December 2018	43,504	800	15,947	60,251
Changes in the provision				
Impaired loans and guarantees	0	0	0	0
Allocated to/withdrawn from provision for loans and guarantees	-1,471	0	0	-1,471
Provision at 31 December 2018	-3,872	0	0	-3,872
Value of portfolio at 31 December 2018	43,504	800	15,947	60,251
Provision at 31 December 2018	-3,872	0	0	-3,872
Carrying amount 31 December 2018	39,632	800	15,947	56,379

The provision on loans and guarantees increased by €1.5m in 2018 (2017: €0.3m). The total provisions as a percentage of the outstanding portfolio is 5.8%. The main driver is liquidity issues at investees in the Rural and Agricultural Finance Portfolio (€1.7m).

Loans and guarantees

The outstanding loans are the amounts actually transferred to the partner organizations. At balance sheet date an amount of €2.0m was signed as loan but not yet disbursed (2017: €3.9m). This outstanding amount is not included in the figures above. To secure loans and guarantees the following type of collateral have been pledged: loan portfolio pledges, debentures, corporate and or personal guarantees, mortgages and subordinating loans to our loans and guarantees. The average interest rate on the loans and guarantees is 11.52%. For all outstanding loans, the amortized cost is equal to cost.

Loans and guarantees will fall due in the following periods:

X € 1,000	LOANS	GUARANTEES	TOTAL
< 1 year	7,454	0	7,454
1-5 years	35,750	800	36,550
> 5 year	300	0	300
	43,504	800	44,304

Participations

Cordaid takes a prudent approach to the valuation of its participations. They are carried at acquisition cost adjusted for impairment. Previously recognized impairments can be (partially) reversed, if the original reasons for impairment are no longer valid, as long as the value does not become higher than original cost. Payments in foreign currencies are recorded at the payment date. Cordaid has the policy of selling all foreign currencies, besides US dollars, directly upon receipt.

Cordaid operates in fragile countries where there is no active market for these equity stakes. Accurate and timely information on valuation is often limited available. As a result of these factors, Cordaid adopts a conservative approach towards valuation of participations. Their fair value is however determined taking into account suitable valuation methods such as book value principle, price-earning ratios and recent sale prices of similar investments. The fair value of the participations is equal to or above the valuation in the balance sheet according to the valuation at acquisition price adjusted for impairment.

List of participations (in €1,000):

NAME OF ORGANIZATION	CITY	COUNTRY	OPENING BALANCE 2018	PURCHASED / COMMITTED	CURRENCY GAINS AND LOSSES	REVALUATION	SOLD	CLOSING BALANCE 2018	ACTIVITIES
Aavishkar	Mumbai	India	1,220	0	0	0	0	1,220	Investment fund SME India
Afrioils	Lilongwe	Malawi	0	0	0	0	0	0	Nut processor
Finance South Sudan	Juba	South Sudan	0	0	0	0	0	0	MFI
Dia Vikas	Gurgaon (Uttar Pradesh)	India	2,701	0	0	0	0	2,701	Investment fund MFIs India
FPM SA	Kinshasa	DRC	3,292	0	167	47	0	3,506	Investment fund for Financial Institutions DR Congo
HEKIMA Micro Finance SA	Kinshasa	DRC	237	0	0	0	0	237	MFI women engaged SME DRC
InReturn B.V.	Rotterdam	Netherlands	88	0	-29	-21	0	38	Investment fund SME Africa
Liberation	London	UK	80	0	0	0	0	80	Nut producer association
Oikocredit	Amersfoort	Netherlands	8	0	0	0	-8	0	Investment social investor
PEAK II LP	Moshi	Tanzania	2	0	104	-104	0	2	Leasing fund SME Africa
Progression Capital Africa LTD	Port Louis	Mauritius	3,176	-143	144	-102	0	3,075	Investment fund SME Africa
PYME Capital	Panama City	Panama	938	0	0	-937	0	1	Investment fund SME Latin America
Rabo Rural Fund	Utrecht	Netherlands	2,053	0	103	23	0	2,179	Small producers trade finance fund
SICSA	Panama City	Panama	454	0	0	0	0	454	Investment fund MFI Central America
SME Impact Fund CV	Amsterdam	Netherlands	793	0	0	-238	0	555	Investment fund SME Tanzania
Stromme Microfinance East Africa Limited	Kampala	Uganda	1,000	0	-240	-301	0	459	Investment fund MFI Africa
WAVF	Port Louis	Mauritius	2,186	0	0	-2,185	0	1	Investment fund SME Sierra Leone / Liberia
WMF	Accra	Ghana	1,439	0	0	0	0	1,439	Investment fund MFI Ghana
Total			19,667	-143	249	-3,818	-8	15,947	

Debt investments carrying the same risk as equity participations are included in the list of participations.

Given the nature and objectives of the participations, Cordaid enters into new participations only when an exit strategy on the short or middle longterm can be formulated. Therefore, Cordaid does not consolidate any of the participations in the list above, although for 2 participations Cordaid holds more than 50% of the shares.

At December 31, 2018, the number of participations decreased to 18 and the total value of the portfolio of participations decreased from €19.7m in 2017 to €15.9m. Cordaid did not invest in new participations in 2018.

Two participations have been decommitted. The main decommitment was on Progression Capital Africa Ltd: a manager of private equity funds specializing in financial services, financial technology and adjacent sector investments in Sub-Saharan Africa. Cordaid holds an interest of 11.2%. As a result of repayments of investees to the fund manager an amount of €0.1m has been decommitted.

The total revaluations of intrinsic values amounted to losses of €3.8m. The following impairments have the most impact on total impairment:

- The participation in WAVF has been impaired to reflect result deterioration and liquidity problems.
- The participation in PYME Capital Latin America Fund has been impaired to reflect result deterioration and liquidity problems.
- Stromme Microfinance East Africa Limited has been impaired. The revaluation of €0.3m reflects the valuation of our stake. Devaluation of local currencies resulted in €0.2m currency losses.

7. INVESTMENTS

Cordaid selected ING and Van Lanschot in 2015 as their asset managers. Both asset managers were instructed to invest following a defensive to neutral profile. The investment strategy has a horizon of 5 to 10 years. Both asset managers receive a fee based on the invested amount only and no performance based fee.

The portfolio investments must meet strict sustainability criteria. Cordaid invests in businesses that have sound staff policies in place, that protect the environment and that respect human rights. Cordaid applies its own investments policy, based on the UN Global Compact and the Standard for Financial Management of Fundraising Institutions of Goede Doelen Nederland.

The current portfolio investments can be specified as follows:

X € 1,000	31/DEC/2018	31/DEC/2017
Bonds		
Government bonds	3,386	3,087
Corporate bonds	7,818	7,385
Other bonds	2,207	2,542
Total bonds	13,411	13,014
Shares	6,881	7,851
Other funds	579	677
	20,871	21,542

The portfolio is carried at fair value based on the known market prices for the specific bonds, shares and funds in the portfolio. The fair value of the portfolio decreased €0.6m to €20.9m. Decrease in share prices is the main reason for this decrease in fair value of the portfolio. The originally invested amount for the current portfolio is €20m.

The movement of the investments during 2018 were as follows:

X € 1,000	SHARES	BONDS	OTHER FUNDS	TOTAL
Opening balance 1 January 2018	7,851	13,014	677	21,542
Purchased in 2018	562	1,028	210	1,800
Sold in 2018	-242	-1,526	0	-1,768
(Un)realised gains and losses	-1,290	895	-308	-703
Closing balance 31 December 2018	6,881	13,411	579	20,871

8. RECEIVABLES

All receivables have a remaining maturity of less than one year.

X € 1,000	31/DEC/2018	31/DEC/2017
Receivables		
- Receivables from grants	14,108	10,461
- Provision uncollectable receivables from grants	-209	-209
- Implementing organization advances	11,086	5,253
- Receivable from inheritances	7,033	5,142
- Interest receivables	959	763
- Other receivables	1,772	1,580
	34,749	22,990

Contracts with donors lead to a receivable if costs incurred are higher than advances received from the donor. The related receivables increased by €3.6m compared to 2017. Delayed donor payments in health projects in South Sudan, a backlog of Performance Based Finance payments to be received in Central African Republic and high commitments to consortium members in the Netherlands, leading to a high level of expenditure, for a resilience project in South Sudan, are the main drivers of the increased receivable.

Compared to 2017 advance payments to implementing partners increased by €5.8m in 2018 to €11.1m. During implementation and execution of projects, Cordaid Country Office's provide advance payments to its implementing parties. These advances are subsequently justified by the partners after implementation of the activities. The aforementioned increase is mainly a result of advance payments to sub recipients for the new Global Fund program in DR Congo.

The receivable from inheritances in 2018 increased by €1.9m to €7.0m. In 2018, a higher number of legacies was unsettled compared to 2017 (158 vs 137). The average amount receivable per legacy decreased compared to prior year, except for one large amount receivable of €1.7m, leading to a higher total receivable at the end of 2018 compared to 2017.

Interest receivables

X € 1,000	31/DEC/2018	31/DEC/2017
Interest receivables		
- Banks & deposits	8	2
- Bonds	30	37
- Loans & guarantees issued in connection to the objectives	921	724
	959	763

Interest receivable relates to the bonds in the investment portfolio, outstanding deposits, savings deposits and outstanding loans and guarantees relating to Cordaid's objectives. The interest to be received on loans & guarantees increased by €0.2m as a result of a higher outstanding nominal amount and a higher average interest rate.

Other receivables

X € 1,000	31/DEC/2018	31/DEC/2017
Other receivables		
- Security deposit	11	6
- Derivatives	563	0
- Prepayments	272	757
- Other receivables	926	817
	1,772	1,580

Other receivables increased with €0.2m mainly due to a €0.6m positive value of a hedge contract to cover currency risks on loans denominated in Myanmar Kyat to US Dollars. Prepayments of pension premiums and office rent by Cordaid the Hague decreased by €0.3m in 2018.

9. CASH AND BANK

Cash and bank comprise cash and bank balances of the Cordaid office in The Hague, in the Country Offices abroad and deposits falling due in less than one year. Cash and cash equivalents decreased from €51.8m to €44.1m during 2018. The main factors in the movements in cash and bank are explained in section 1.2 Notes to the cash flow statement.

10. RESERVES AND FUNDS

X € 1,000	CONTINUITY RESERVE	EARMARKED RESERVES	RESTRICTED FUNDS	SEMI-RESTRICTED FUNDS	RESTRICTED FUND LOANS & GUARANTEES	TOTAL RESERVES AND FUNDS
Opening balance 1 January 2018	5,887	1,383	2,301	18,067	84,099	111,737
<i>Changes</i>						
Extraction	0	-101	-775	0	-9,510	-10,386
Dotations	5,113	0	0	1,422	0	6,535
Closing balance 31 December 2018	11,000	1,282	1,526	19,489	74,589	107,886

Continuity reserve

The continuity reserve is designed to create a sufficiently large buffer to enable Cordaid to complete ongoing programs appropriately, with due observance of existing legal and moral obligations and staffing them with our own people, if one or more key sources of funding were to dry up unexpectedly or if an unforeseen outflow of cash occurs.

At the end of 2018, the Board of Directors proposed to increase the continuity reserve with an amount of €5.1m, based on a risk analysis of future events that might lead to unforeseen outflow of funds. The Supervisory Board approved the proposal. The amount is dotated from the fund Loan & Guarantees. The amount of €5.1m will still be invested by Cordaid Investment

X € 1,000	31/DEC/2018	31/DEC/2017
Cash and cash equivalents		
- Deposits	13,959	21,336
- Bank accounts	29,452	30,062
- Cash in hand	347	294
- Cross accounts	309	121
	44,066	51,813

Cordaid has a bank guarantee facility up till a maximum of €5.5m. Bank guarantees have been issued for a total amount of €1.2m. Included in the cash balance is a guarantee of €0.1m for a donor project (2017: €0.3m) and a guarantee for the rent agreement of €0.2m (2017: €0.2m). This part of the cash is not at Cordaid's free disposal.

Other guarantees with a total value of €0.8m (2017: €1.2m) in deposited cash, are presented as financial fixed assets issued in connection with the objectives. These guarantees are used as an investment instrument. The deposited cash is also not at Cordaid's free disposal.

Cordaid has an amount of €0.5m deposited at a South Sudanese bank account, specifically for pension liabilities towards local staff. This part of the cash is not at Cordaid's free disposal.

All remaining cash (€43.3m) is at Cordaid's free disposal.

Management BV in line with Cordaid's objectives. In the planning of repayments and re-investments it will be ensured that funds are available in case of an unforeseen event that should be financed from the continuity reserve.

On December 31, 2018, the continuity reserve amounted to €11.0m. This is below the maximum of 1.5 times total operating expenses as formulated by Centraal Bureau Fondsenwerving (CBF).

Earmarked reserves

Earmarked reserves comprise interest income, income from investments of temporary surpluses of semi-restricted funds and income not earmarked for specific topics. The reserves are earmarked for spending on objectives and coverage of operational losses. The allocation of these reserves to different themes, programs and objectives is subject to a decision by the Board of Directors. Decision-making is based on internally agreed upon criteria.

The total amount of earmarked reserves per December 31, 2018 is €1.3m. Operational losses and exchange results on regular operations have been charged against the earmarked reserves in the past years.

Restricted funds

Restricted funds are funds received for an earmarked purpose, such as incoming resources for project specific campaigns or other funds specifically allocated to one or more projects.

Restricted funds decreased by €0.8m to €1.5m at December 31, 2018 (2017: €2.3m). The decrease is mainly due to €1.7m spending of funds for the SHO action 'Help slachtoffers hongersnood' and to lesser extent the 2018 spending of previously unspent received adoption funds. The effect is partly off set by the €1.1m unspent funds for the SHO action 'Nederland helpt Sulawesi'.

Schedule below comprises movements in restricted funds per brand during financial year 2018:

X € 1,000	OPENING BALANCE 1 JANUARY 2018	INCOMING RESOURCES	OVERHEAD FEE	PROJECT RESOURCES EXPENDED	CLOSING BALANCE 31 DECEMBER 2018
Cordaid Mensen in Nood					
Adoptions	14	186	-2	-198	0
SHO 'Nederland helpt Nepal'	0	-2	0	2	0
SHO 'Help slachtoffers hongersnood'	1,223	0	0	-1,223	0
SHO 'Nederland helpt Sulawesi'	0	1,666		-567	1,099
	1,237	1,850	-2	-1,986	1,099
Cordaid Kinderstem					
Adoptions	437	0	0	-259	178
Major donor fund	19	207	0	-207	19
	456	207	0	-466	197
Cordaid Memisa					
Adoptions	18	0	0	-18	0
Cordaid Microkrediet					
Adoptions	83	0	0	-83	0
Cordaid/General					
Vastenactie	256	0	0	-256	0
Adoptions	251	63	0	-84	230
	507	63	0	-340	230
Total restricted funds	2,301	2,120	-2	-2,893	1,526

SHO 'NEDERLAND HELPT NEPAL'

X €1	2018			UP TO AND INCLUDING 2018		
	EMERGENCY AID	RECONSTRUCTION	TOTAL	EMERGENCY AID	RECONSTRUCTION	TOTAL
Incoming resources from third party campaigns			-2			2,297
Interest			0			1
Total incoming resources			-2			2,298
Preparation and coordination costs			0			161
Total available for charitable activities			-2			2,137
<i>Resources expended</i>						
Commitments undertaken by participant						
- support offered through local relief providers	0	-2	-2	757	1,109	1,866
- support offered through international umbrella organization	0	0	0	50	0	50
- support offered through participant	0	0	0	96	125	221
	0	-2	-2	903	1,234	2,137
Available commitment capacity						0
Breakdown of participant's cash flows						
Transfer by participant for:						
- support offered through local relief providers	0	254	254	757	1,109	1,866
- support offered through international umbrella organization	0	0	0	50	0	50
- support offered through participant	0	0	0	96	125	221
Total transferred	0	254	254	903	1,234	2,137
Breakdown of resources expended locally						
- support offered through local relief providers	0	249	249	757	1,109	1,866
- support offered through international umbrella organization	0	0	0	50	0	50
- support offered through participant	0	0	0	96	125	221
Total resources expended	0	249	249	903	1,234	2,137

A full report of expenditure and activities in the reconstruction phase can be found on the website of Samenwerkende Hulporganisaties (SHO) (www.giro555.nl).

SHO 'HELP SLACHTOFFERS HONGERSNOOD'

X €1	2018			UP TO AND INCLUDING 2018		
	EMERGENCY AID	RECONSTRUCTION	TOTAL	EMERGENCY AID	RECONSTRUCTION	TOTAL
Incoming resources from third party campaigns			0			5,297
Interest			0			0
Total incoming resources			0			5,297
Preparation and coordination costs			0			371
Total available for charitable activities			0			4,926
<i>Resources expended</i>						
Commitments undertaken by participant						
- support offered through local relief providers	273	0	273	1,902	0	1,902
- support offered through international umbrella organization	0	0	0	0	0	0
- support offered through participant	950	0	950	3,024	0	3,024
	1,223	0	1,223	4,926	0	4,926
Available commitment capacity						0
Breakdown of participant's cash flows						
Transfer by participant for:						
- support offered through local relief providers	761	0	761	1,902	0	1,902
- support offered through international umbrella organization	0	0	0	0	0	0
- support offered through participant	950	0	950	3,024	0	3,024
Total transferred	1,711	0	1,711	4,926	0	4,926
Breakdown of resources expended locally						
- support offered through local relief providers	761	0	761	1,902	0	1,902
- support offered through international umbrella organization	0	0	0	0	0	0
- support offered through participant	950	0	950	3,024	0	3,024
Total resources expended	1,711	0	1,711	4,926	0	4,926

A full report of expenditure and activities in the reconstruction phase can be found on the website of Samenwerkende Hulporganisaties (SHO) (www.giro555.nl).

SHO 'NEDERLAND HELPT SULAWESI'

X €1	2018			UP TO AND INCLUDING 2018		
	EMERGENCY AID	RECONSTRUCTION	TOTAL	EMERGENCY AID	RECONSTRUCTION	TOTAL
Incoming resources from third party campaigns			1,666			1,666
Interest			0			0
Total incoming resources			1,666			1,666
Preparation and coordination costs			117			117
Total available for charitable activities			1,549			1,549
<i>Resources expended</i>						
Commitments undertaken by participant						
- support offered through local relief providers	450	0	450	450	0	450
- support offered through international umbrella organization	0	0	0	0	0	0
- support offered through participant	0	0	0	0	0	0
	450	0	450	450	0	450
Available commitment capacity						1,099
Breakdown of participant's cash flows						
Transfer by participant for:						
- support offered through local relief providers	450	0	450	450	0	450
- support offered through international umbrella organization	0	0	0	0	0	0
- support offered through participant	0	0	0	0	0	0
Total transferred	450	0	450	450	0	450
Breakdown of resources expended locally						
- support offered through local relief providers	0	0	0	0	0	0
- support offered through international umbrella organization	0	0	0	0	0	0
- support offered through participant	0	0	0	0	0	0
Total resources expended	0	0	0	0	0	0

A full report of expenditure and activities in the reconstruction phase can be found on the website of Samenwerkende Hulporganisaties (SHO) (www.giro555.nl).

The resources expended locally in the overview above is set at €0, because the local relief provider sent its first report in March 2019, covering the period October 2018 - February 2019. Attribution to the period till December 2018 could not be made.

SHO allocation key

The key for allocating the income from fundraising activities of the SHO is based on 3-year average of the volume of emergency aid and reconstruction activities and the income from own fundraising of the participants of SHO.

In the table below the relevant figures for Cordaid in the period 2016-2018 are provided.

X € 1,000	2018	2017	2016
1. Volume of emergency aid and reconstruction activities	25,655	18,876	17,128
2. Income from own fundraising	27,396	29,444	26,402

The volume of delivered emergency aid and reconstruction activities is exclusive of SHO funds and exclusive of funds transferred to other organizations in the role of administrative lead agency/horizontal lead agency (for example in the role of lead agency in the DRA).

The income from own fundraising for 2018 and 2017 is calculated by the sum of:

- Income from private individuals
- Income from companies
- Income from other non-profit organizations minus income from SHO
- Income from sale of goods and or rendering of services

The income from own fundraising for 2016 is equal to the SHO allocation key statements of 2016.

Semi-restricted funds

Semi-restricted funds are accruals of income from own fundraising that are not earmarked for one specific project, but only earmarked for a broadly defined purpose. The increase in semi-restricted funds of €1.4m is a result of contributions exceeding spending on projects in 2018.

11. PROVISIONS

The composition of, and movements in, the provisions were as follows:

X € 1,000	REDUNDANCY PROVISION	PROVISION FOR UNOCCUPIED OFFICE SPACE	BACKDONOR PROJECTS	TOTAL
Opening balance 1 January 2018	1,014	350	610	1,974
<i>Changes</i>				
- Allocated	168	-	790	958
- Withdrawn	-1,014	-72	-204	-1,290
- Released	-5	-	-496	-501
Closing balance 31 December 2018	163	278	700	1,141

Loans & Guarantees Fund

The Loans & Guarantees Fund comprises the resources that have been accrued within the scope of the Loans & Guarantees Program. The resources for the Loans & Guarantees Fund stem from the co-financing program and from own resources. As no new funds will be added to the fund by Cordaid, the portfolio can only grow through a positive result from the social impact investments itself. Grant approvals for projects supporting the social impact investments are deducted from the fund Loans & Guarantees. The operating costs consist of the cost of Cordaid Investment Management BV (CIM BV), including overhead charged from Stichting Cordaid to CIM BV based on the service-level-agreement between these parties. Also social impact investments outside the scope of the funds managed by CIM BV are financed through this fund up to a maximum of cumulative €5m. In 2018, an amount of €2.2m was extracted for the investments made for implementation of Cordaid's new strategic plan and an extraction was made to increase the continuity reserve of Cordaid to an appropriate level.

X € 1,000	31/DEC/2018	31/DEC/2017
Opening balance 1 January 2018	84,099	91,889
<i>Financial result assets connect to objectives:</i>		
Income from financial assets issued for objectives	-763	-4,327
Investment income (assets not issued for objectives)	768	53
Unrealised change in value of derivatives	796	-234
Direct operating costs	-2,021	-1,989
Allocated overhead costs	-784	-982
Grant approvals	-233	-94
Financial result assets connect to objectives	-2,237	-7,573
Financial result Corpav and Cordaid Participaties	-1	-217
Cost coverage Cordaid in Transition	-2,159	0
Financial result after non-operational results	79,702	84,099
Addition to continuity reserve	-5,113	0
Balance 31 December 2018	74,589	84,099

Compared to 2017 the provisions decreased by €0.8m to €1.1m as at December 31, 2018.

In 2018 the year-end 2016 reorganization plans have been finalized. In 2018 €1.0m has been withdrawn for transition and redundancy fees and transition expenses. The remaining balance has been released. The remaining amount of €0.2m is related to obliged redundancy payments of local staff in Country Offices.

As a consequence of the restructuring process in 2016, Cordaid does not use a part of the office space, hence expenditures related to unoccupied work space have been provided for. The provision for the costs related to the unoccupied office space at December 31, 2018 amounts €0.3m.

In 2018, Cordaid settled €0.2m related to several possible ineligibilities coming from 2016. For a re-audit of an EU funded Hiatian projects an ineligibility of €0.2m was expected, the final audit revealed only €0.1m. The remainder of the provision was released.

Two EU funded projects in Ethiopia have been subjected to a re-audit in 2018 and possible ineligibilities have been revealed. Cordaid acted as consortium lead in this project. Cordaid took a prudent approach in determining the total provision related to these ineligibilities. The amount declared ineligible that was spent by consortium members (€0.3m) is included in the provision, but will be claimed from the consortium members as soon as the final impact is known. A receivable is not included in the balance sheet per 31 December 2018. A total amount of €0.3m has been provided.

After an evacuation due to the civil war in South Sudan in July 2016, substantial parts of our local financial administration were lost. Despite an ongoing investigation to retrieve the full administration an amount of €1.2m was provided in 2016. At January 1, 2018 a provision €0.4m for projects in South Sudan was still in place. In 2018 €0.1m has been withdrawn from this provision and the remainder of €0.3m has been released. However in 2018 possible ineligible expenses for projects in South Sudan and Central African Republic have been identified and €0.3m has been provided for.

At present, no legal proceedings are pending for which a provision should be formed.

All provisions are expected to be settled within one year.

12. CURRENT AND NON-CURRENT LIABILITIES

The composition of, and movements in, the current and non-current liabilities were as follows:

X € 1,000	31/DEC/2018	31/DEC/2017
Non-current liabilities		
Project commitments	0	0
	0	0
Current liabilities		
Project commitments	15,977	13,736
Deferred grants	23,627	19,283
Accounts payables	3,331	3,055
Taxes and social security contributions	712	1,622
Reservation for leave days and holiday allowance	1,108	1,163
Participations payable	664	1,121
Derivatives	-	234
Other accruals and deferred income	1,870	3,161
	47,289	43,375

Compared to 2017 the outstanding project commitments increased €2.2m to €16.0m at year-end 2018. The main cause are commitments made to (Dutch) consortium partners in a Resilience project in South Sudan that started in 2018.

Deferred grants increased by €4.3m during 2018 to €23.6m at December 31, 2018. The main factor is received advance payments from the Global Fund for the new contract started in 2018, while expenditure slowly took off in the startup phase.

The participations payable decreased €0.5m due to disbursements to participations in Progression Capital Africa LTD and WAVE.

Other accruals and deferred income decreased €1.3m compared to prior year. Year-end 2017 a €1.9m accrual was in place for Zimbabwean Result Based Financing subsidies to local health centers and hospitals. As at 31 December 2018 no accrual has been recognized as a result of the transfer of the Zimbabwean result based financing project to local authorities. This decrease has been partly offset by an €0.8m increase in Cordaid Country Office accrued expenses for direct program expenditures (€0.2m), purchased tangible assets in DR Congo (€0.1m) and a pension reservation for South Sudanese staff (€0.5m).

The movement of project commitments was as follows:

X € 1,000	2018	2017
Opening balance 1 January	13,736	16,890
New commitments	27,148	33,594
Released commitments	-2,482	-4,423
Payments	-22,425	-32,325
Closing balance 31 December	15,977	13,736

All current liabilities are payable within one year.

13. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

Off-balance sheet rights

Financing contracts with donors

Cordaid signed several large financing contracts with donors to carry out specific projects with end dates in 2019 and beyond. Cordaid recognizes the incoming resources from these financing contracts and grant decisions in accordance with Dutch Accounting Standard 274. This means that incoming resources are recognized at the time resources are actually expended. The difference between the income recognized and the actual amount received in the form of contributions from donors is recorded in the balance sheet. This results in a receivable if more resources have been expended than received or in a deferred grant if incoming resources are greater than those expended. Therefore, the full amount of the contract is not disclosed in the annual accounts.

Below an overview of all the contract with a spendable amount above €5m in future years:

X € 1,000 FUNDING ORGANIZATION	DESCRIPTION OF THE PROJECT	DURATION	CONTRACT VALUE	CUMULATIVE INCOME	BALANCE TO BE SPENT
The Global Fund	Investment for impact against Tuberculosis and HIV in Democratic Republic of the Congo	Jan 2018 – Dec 2020	125,194	26,679	98,515
Dutch Ministry of Foreign Affairs	Capacitating change: Empowering people in fragile contexts	Jan 2016 - Dec 2020	34,500	17,123	17,377
Ministry of Primary, Secondary and Professional Education of Democratic Republic Congo	Education Quality Improvement Project in Democratic Republic Congo	Mai 2018 - Feb 2021	15,297	706	14,591
Dutch Ministry of Foreign Affairs	Jeune S3 - My rights to sexual and reproductive health	Jan 2016 - Dec 2020	30,955	19,094	11,861
The Embassy if the Kingdom of The Netherlands in South Sudan	Food security through Agribusiness in South Sudan	Aug 2018 - Jul 2023	9,929	3,675	6,254
Dutch Ministry of Foreign Affairs	Partners for Resilience	Jan 2016 - Dec 2020	12,104	6,451	5,653
European Union	Support for Strengthening the Health System in Central African Republic	Jul 2018 - Dec 2020	5,909	699	5,210

Note: the Dutch Accounting Standards can differ from the reporting requirements of certain donors. Reported income in these statements can therefore differ from what was reported to the related donors.

Other off-balance sheet rights

Cordaid has 12 legacies estimated at €1.2m which are still subject to usufruct at the reporting date and therefore not reported as income in the statement of income and expenditure. Due to uncertainties related to usufructuary's lifespan an overview on the estimated expiration of usufruct rights can't be reliably determined.

Off-balance sheet commitments

All commitments (including project commitments) are recognized on the balance sheet. For organizational costs, Cordaid's policy, wherever possible, is to avoid long-term contracts with suppliers that include fixed commitments. Almost all contracts can be terminated within 1 year or amounts payable are based on actual usage.

Cordaid will move to another office building in 2019. December 2018 a lease contract for office rental has been agreed upon. The rental period begins on July 1, 2019 and expires on June 30, 2024, with an optional extension of five years.

At year-end, off-balance sheet liabilities for overheads were as follows:

X € 1,000	OFFICE LEASE THE HAGUE
Payable:	
- in less than 1 year	758
- between 1 and 5 years	1,307
- in more than 5 years	163
Total	2,228

During the reporting period, lease payments amounting to €1.0m are included in the statement of income and expenditure.

14. INCOME FROM PRIVATE INDIVIDUALS

X € 1,000	CORDAID GENERAL	CORDAID MENSEN IN NOOD	CORDAID KINDER- STEM	CORDAID MEMISA	CORDAID MICRO CREDIT	CORDAID BZN	TOTAL 2018	TOTAL 2017
Collections	-	3	-	4	-	-	7	13
Donations and gifts	3,869	2,715	1,766	2,495	69	81	10,995	11,378
Legacies	1,126	1,678	140	2,988	1,728	5	7,665	6,830
Contributions	1,665	1,463	1,361	1,862	53	19	6,423	5,291
Mailing campaigns	-	91	2	63	-	-	156	163
Other	-	-	-	-	-	-	-	-
Total 2018	6,660	5,950	3,269	7,412	1,850	105	25,246	23,675
Budget 2018	5,400	9,180	2,970	9,180	-	270	27,000	
Total 2017	2,383	8,534	3,670	8,593	194	301	23,675	

Income from private individuals amounted to €25.2m, €1.8m below budget, but €1.6m higher than in 2017.

The main cause for the increase compared to 2017 is the higher income from contributions, offsetting to a significant extent the decrease in donations and gifts. The higher income from contributions results from the first contribution of a conditional five year contribution.

One significant legacy (€1.7m) granted to Cordaid Micro Credit is the cause for a higher income from legacies and inheritances that for the remainder follows the downward trend of previous years. Given the nature of this stream of income it is hard to give a clear explanation for the lower income compared to budget. The number of supporters and income from individuals remained relatively stable over the years in a competitive fundraising market.

15. INCOME FROM COMPANIES

X € 1,000	CORDAID GENERAL	CORDAID MENSEN IN NOOD	CORDAID KINDER- STEM	CORDAID MEMISA	CORDAID MICRO CREDIT	CORDAID BZN	TOTAL 2018	TOTAL 2017
Contributions	5	-	368	1	43	-	417	437
Donations and gifts	83	10	2	6	3	-	104	120
Grants	19	-	-	-	-	-	19	12
Mailing campaigns	-	-	-	-	7	-	7	9
Total 2018	107	10	370	7	53	-	547	578
Budget 2018	-	-	-	-	-	-	-	
Total 2017	89	35	351	8	93	2	578	

The income from companies decreased from €0.6m in 2017 to €0.5m in 2018. Income from companies is in the budget included in the income from private individuals and therefore at €0 in the table above.

16. BENEFITS FROM LOTTERY ORGANIZATIONS

X € 1,000	2018	BUDGET 2018	2017
Nationale Postcode Loterij	2,700	6,285	2,725

Benefits from lottery organizations slightly decreased compared to prior year. The regular contribution from the Dutch National Postcode Lottery (NPL) was €2.7m in 2018 (2017: €2.7m). The income from lottery organizations is significantly below budget in 2018 (€3.6m) because a budgeted additional contribution was not granted.

17. GOVERNMENT GRANTS

X € 1,000	2018	BUDGET 2018	2017
Dutch Government	39,443	36,157	34,317
Global Fund	35,162	25,143	21,898
World bank	8,875	17,599	12,549
European Union	3,650	7,006	7,283
Other	17,086	17,491	14,129
Total income from government grants	104,216	103,396	90,176

Government grants comprise project funding provided by such bodies as the European Union, the Dutch government, the Global Fund, the World Bank and various United Nations organizations. Income is recognized based on the project expenditures made within the framework of the financing contract with the donor. In 2018 income from government grants significantly increased by €14.0m to €104.2m (2017: €90.2m). Compared to budget, the income from government grants was up by €0.8m.

Income from Dutch Government totaled €39.4m, €3.2m above budget and €5.1m higher compared to 2017. These increases mainly relate to higher income from projects funded by Dutch Relief Alliance and the Royal Dutch Embassy in South Sudan that were not included in the budget.

Income from Global Fund increased with €13.3m to €35.2m in 2018 (2017: €21.9m) and was €10.0m above budget.

Global Fund and Cordaid have signed a project grant agreement over the period 1 January 2018 to 31 December 2020 to fight HIV/AIDS, tuberculosis and malaria in Democratic Republic Congo. Project activities related to the new grant resulted in €26.7m income in 2018. Due to timing differences in recognizing income from the Global Fund project 2015-2017 a part of its income (€8.5m) shifted from 2017 to 2018. This extension and shift was not included in the budget.

Incoming resources from World Bank, related to Performance Based Financing programs and health projects, totaled €8.9m

in 2018, €3.7m lower compared to 2017. In 2017 project contracts in Zimbabwe and Afghanistan were extended. Major part of these contracts have been realized in 2017 resulting in €1.7m lower income on Afghan health projects. Incoming resources also decreased by €2.8m following a shift from Performance Based Financing in Zimbabwe to merely technical assistance. These factors negatively affecting the income, have partly been compensated by projects in Central African Republic, Democratic Republic Congo, Burundi and Liberia.

Income from the European Union stood at €3.7m in 2018. This €3.3m below budget and a decrease of €3.6m compared to prior year. The lower income was mainly related to two contracts that were not won, but that were included in the budget. Cordaid signed several large financing contracts with donors to carry out specific projects with end dates in 2019 and beyond. Income from these grants is only recognized if subsidized costs are incurred or if a legal payment obligation towards partner organizations exists. An overview of the amount to be spent per contract with a total value above €5m can be found in note 13.

18. INCOME FROM RELATED (INTERNATIONAL) ORGANIZATIONS

X € 1,000	2018	BUDGET 2018	2017
Caritas Internationalis (members)	789	734	1,811

Incoming resources from related (international) organizations in 2018 decreased €1.0m compared to 2017 mainly due to a €0.9m contribution from Caritas Germany in previous year related to the project mitigating migration in Afghanistan.

19. INCOME FROM OTHER NON-PROFIT ORGANIZATIONS

X € 1,000	2018	BUDGET 2018	2017
Samenwerkende Hulporganisaties	1,663	3,497	5,297
Stichting Bisschoppelijke Vastenactie	0	79	2,147
Other organizations	1,579	1,054	2,802
Total income from other non-profit organizations	3,242	4,630	10,246

Income from other non-profit organizations decreased €7.0m compared to the prior year, totaling up to €3.2m at year-end 2018. This decrease is predominantly the result of €3.6m lower incoming resources on the 2018 SHO campaign 'Nederland helpt Sulawesi' compared to the 2017 SHO campaign 'Help slachtoffers hongersnood' and €2.1m lower income caused by the termination of the contract with Vastenactie. The decrease of incoming resources from other organizations is primarily due to lower income from Cordaids' matching fund that stopped in 2018.

20. INCOME FROM SALE OF GOODS AND OR RENDERING OF SERVICES

X € 1,000	CORDAID GENERAL	CORDAID MENSEN IN NOOD	CORDAID KINDER-STEM	CORDAID MEMISA	CORDAID MICRO CREDIT	CORDAID BZN	TOTAL	TOTAL 2016
Materials sold	-	-	4	-	-	-	4	6
Rendering of services	20	-	-	-	-	-	20	236
Total	20	-	4	-	-	-	24	242
Budget 2018	-	-	-	-	-	-	-	-
Total 2017	236	-	5	-	-	1	242	-

21. OTHER INCOME

X € 1,000	2018	BUDGET 2018	2017
- Results on financial assets	1,244	3,008	-4,766
- Other	276	240	358
Total other income	1,520	3,248	-4,408

Results on financial assets comprises operating gains and losses on the Loans, Guarantees and Participations program.

X € 1,000	2018	2017
Interest received on loans and guarantees	4,080	3,483
Income from dividends/provision guarantees	372	170
Revaluation of participations	-3,569	-602
Allocated to/withdrawn from provision for loans and guarantees	-1,471	-853
Unrealised change in value of derivatives	796	-234
(Un)realised currency gains and losses	1,036	-6,730
Total result on financial assets	1,244	-4,766

In 2018 the result on financial assets improved with €6.0m ending year-end 2018 with a positive result of €1.2m (2017: €4.8m loss). New issued and disbursed loans contributed €0.6m positively to the interest on loans and guarantees of €4.1m compared to €3.5m in 2017. Compared to 2017 income from dividends and guarantees grew with €0.2m to €0.4m in 2018.

The significant devaluation of participations and additions to the provision on loans and guarantees, totaling up to a loss of €5.0m fully evaporate this better performance and realized income. Refer also to note 6.

The €0.8m unrealised change in value of derivatives comprised the change in valuation of the cross currency interest rate swap on MMK to USD. The swap contract is held to cover currency risks on loan(s) denominated in Myanmar Kyat (MMK). This derivative is measured at fair value through the statement of income and expenditures.

The exchange rate result in 2018 amounted to €1.0m positive as a consequence of the appreciation of the US dollar compared to the euro in 2018 (2017: €6.7m loss).

22. SPENT ON OBJECTIVES

Comparison of 2018 program costs and program management costs with the budget and previous year

X € 1,000	ACTUAL 2018			BUDGET 2018			ACTUAL 2017		
	DIRECT PROGRAM COSTS	PROGRAM MANAGEMENT COST	TOTAL 2018	DIRECT PROGRAM COSTS	PROGRAM MANAGEMENT COST	TOTAL BUDGET 2018	DIRECT PROGRAM COSTS	PROGRAM MANAGEMENT COSTS	TOTAL 2017
Healthcare	74,585	2,185	76,770	75,772	2,573	78,345	57,521	1,530	59,051
Humanitarian Aid	23,628	1,124	24,752	26,966	1,144	28,110	23,719	1,085	24,804
Security & Justice	10,850	261	11,111	12,828	1,432	14,260	13,266	233	13,499
Cordaid Netherlands	155	210	365	-	-	-	261	174	435
Resilience	10,049	886	10,935	9,414	1,493	10,907	9,391	662	10,053
Investments	811	3,537	4,348	2,383	3,122	5,505	527	3,591	4,118
Other	29	-	29	-	-	-	4,698	-	4,698
Total costs of programs	120,107	8,203	128,310	127,363	9,764	137,127	109,383	7,275	116,658

Program costs in 2018 amounted to €128.3m, €8.8m below budget, but €11.7m higher than previous year.

The lower expenditures compared to budget is mainly due to Humanitarian aid (€3.4m) and Security & Justice (€3.1m). For the Humanitarian Aid department the lower expenditure was mainly related to missed contracts from the European Union. Lower expenditure for Security & Justice projects is mainly related to delayed implementation of programs as a consequence of political circumstances in the countries where Cordaid operates. Total program management costs in 2018 stood at €8.2m, €1.6m down on budget, but €0.9m higher compared to 2017. Higher costs compared to prior year mainly relate to the higher number of projects and therefore higher cost of staff and travel. This effect is partly offset by the release of the hypotax reservation in 2018. In the budget a further increase of program management activities was foreseen, in line with higher direct program expenditure while the release of the hypotax was not budgeted for.

Direct program costs on Investments is very low compared to the program management costs. Because new investments are done with returned funds from settled investments and are therefore not expressed in the statement of income and expenditure.

23. COST ALLOCATION TO THE DIFFERENT ACTIVITIES

Cordaid uses different allocation keys to allocate costs, making allowance where possible for the recommendations of Goede Doelen Nederland. Costs are allocated in two stages.

1. First, costs relating directly to Programs, Fundraising and Management & administration are directly allocated to these activities. This involves the costs of the thematic program units (programs), Private Fundraising & Communication (public information/awareness campaigns and fundraising), the Board of Directors (management & administration) and Finance & Control (management & administration). Costs of the department for Institutional Account Management are fully labelled as expenditure on fundraising.
2. Other costs allocated to Programs, Fundraising and Management & administration include the costs of the departments such as Human Resource management, IT and Facility management and Quality Assurance. FTE of the departments that can be directly allocated is used as key to allocate the costs of the mentioned departments to Programs, Fundraising, or Management & administration.

For the 2018 budget, the public information and fundraising costs were categorized, and a list was prepared for each category outlining the specifics of the percentage of costs that should be allocated to fundraising (FR) and to public information (PI). The list of key activities/costs was used to decide on the 2018 budget for both fundraising costs and public information. The relative division between the two activities was:

1. Fundraising: 50.0% (2017: 50.0%);
 2. Public Information/Awareness campaigns: 50.0% (2017: 50.0%)
- These percentages were used to allocate the total 2018 marketing & funding budgets over the two activities.

Costs incurred per activity and per cost category:

RESOURCES EXPENDED (X € 1,000)	EXPENDITURE ON THE OBJECTIVES		EXPENDITURE ON FUNDRAISING	MANAGEMENT AND ADMINISTRATION	TOTAL EXPENDITURE		
	PUBLIC INFORMATION / AWARENESS CAMPAIGNS	PROGRAM COSTS			TOTAL 2018	BUDGET 2018	TOTAL 2017
Grants and contributions	-	108,640	-	-	108,640	121,799	97,669
Publicity and communication	3,121	-	3,232	-	6,353	6,995	7,327
Staff	903	11,741	2,074	1,072	15,790	13,241	14,842
Travel and accommodation	8	1,448	34	251	1,741	568	1,217
Housing	117	899	252	98	1,366	1,094	1,248
Office & General	274	5,582	580	1,538	7,974	7,222	7,794
Total actual 2018	4,423	128,310	6,172	2,959	141,864	150,919	130,097
Budget 2018	5,088	137,127	7,235	1,469	150,919		
Actual 2017	4,917	116,658	6,461	2,061	130,097		

The overall costs in 2018 are €9.1m down on budget and €11.8m higher compared to 2017.

The largest deviations from budget were:

- Grants and contributions were €13.2m below budget due to lower spending on programs.
- Costs for publicity and communication were €0.6m down on budget. During the year the decision was taken to reduce spending on Publicity and communication after signals of lower income from inheritances.
- Staff costs were €2.5m above budget. Additional staff is hired as part of the investment in Cordaid's new strategy. Additional staff is needed to ensure a smooth handover of project responsibilities from Global Office to Country Office, without exposing project implementation to any risk and in the meantime build capacities at the level of the Country Offices. This is a temporary situation until the transition phase is finalized.
- Housing costs are €0.3m above budget and include a release of €0.1m from the provision for unoccupied office space.
- Travel and accommodation costs are €1.2m higher than budget as a consequence of the underestimation of the number of travels. More programs in consortia and more cooperation with the Country Offices, implies more travels than in prior year.

The cost per category is relatively well in line with 2017, except for the publicity and communication cost and travel and accommodation cost. By reducing expenditures a cost saving of €1.0m on publicity and communication has been realized (budgetted €0.6m). The higher cost for travel and accommodation is the result of more cooperation with the Country Offices. Housing costs are in line with prior year and include the release from the provision for unoccupied office space.

Office & General include costs incurred for telecommunications, IT, advisory services and field offices and fees charged by Ernst & Young Accountants LLP, our independent auditor.

Total audit fees charged by Ernst & Young Accountants LLP stood at €885k in 2018 (2017: €358k). The audit fee for the annual accounts of Stichting Cordaid and Cordaid Management Investments B.V. amounts to €653k (2017: €271k). The other amounts are fees for specific project audits and special investigations.

The fees above relate to all the work performed at Stichting Cordaid and entities included in the consolidated accounts by the audit firms and auditors mentioned in article 1, section 1 Wta (Wet toezicht accountantsorganisaties) and the fees charged by the network of the audit firm. The fees relate to the fiscal year 2018, although the related work can be executed in other years.

Additionally, €348k (2017: €120k) was spent on local audits and audits of partner organizations. These audits were carried out by other audit firms than Ernst & Young Accountants LLP.

24. COST OF STAFF

	2018	2017
Head count in The Hague	186.0	177.0
Head count expats at field offices	36.0	42.0
Total head count	222.0	219.0
Average number of FTEs including expats	185.1	184.9
Program staff	112.1	115.6
Fundrais/Awareness staff	32.4	32.2
Other departments	40.6	37.1
Total average FTE including expats	185.1	184.9

At year-end 2018, Cordaid had a headcount of 222 (2017: 219), of whom were 126 women and 96 men.

X € 1,000	2018	2017
- Salaries and wages	11,427	9,087
- Social security contributions	1,423	1,545
- Pension costs	961	1,134
- Temporary staff	1,131	401
- Cost of training and education	300	296
- Other personnel expenses	595	433
	15,837	12,896

Cost of staff increased in with €2.9m from €12.9m in 2017 to €15.8m in 2018. Salary and wages in 2017 comprises a €3.6m release from the redundancy provision following the year-end 2016 reorganization. If normalized, salary costs per FTE were relatively stable in 2018 compared to 2017. Temporary staff increased by €0.7m to €1.1m in 2018 (2017: €0.4m) as a result of additional consultancy for implementing project based working and supporting finance & control departments at Cordaid Country Offices and Global Office.

Cordaid's pension plan is administered by the Zorg en Welzijn Pension Fund, a pension fund for the health and welfare sector. Employees' retirement and partner pensions are based on their pensionable salary for full-time employment, net of the state pension offset. The pension fund endeavors to index-link any accrued pension entitlements and pensions in payment, based on general salary trends in the collective bargaining agreements that govern its affiliated employers in a particular year. The pension fund decides every year whether index-linking would be appropriate and, if so, what index to use given the financial situation and expected developments in that situation. In doing so, the pension fund uses nominal and realistic coverage ratios as benchmarks. Although the pension fund may decide to apply catch-up index linking, such a decision will not have retroactive effect and will not trigger subsequent payments. Index linking is funded partially from contributions and partially from returns on plan assets. The coverage ratio was 97.5% at 31 December 2018 (30 April 2019: 100.4%).

Contributions are recognized as employee benefits expense as soon as they are payable. Prepaid contributions are recognized within prepayments and accrued income if they entail a refund or a reduction in future payments. Contributions payable are disclosed as liabilities in the balance sheet.

25. RELATED PARTIES

Introduction

As part of Cordaid's transition to a more social entrepreneurial approach, Cordaid wants to help develop new ideas for start-ups aimed at social impact. In addition, Cordaid wants to professionalize the management of its social impact investments further and aims to increase its impact by finding external investors. To facilitate these changes Cordaid established two foundations and two private limited companies (BV's). Stichting Cordaid has full control in all these entities and they are therefore classified as related parties. In addition, on December 31, 2014 Cordaid established a foundation to pay salaries to expats working for Stichting Cordaid.

Cordaid identified the following related parties:

- Stichting Cordaid Expats, The Hague
- Stichting Cordaid Participaties, The Hague
- Cordaid Investment Management BV, The Hague
- Corpav BV, The Hague
- Stichting Beheer Subsidiegelden Dutch Relief Alliance, The Hague

The Stichting Beheer Subsidiegelden Dutch Relief Alliance was founded in 2018 with the objective to channel grants from the Dutch Ministry of Foreign Affairs for acute crises and innovation funds to participating organisations of the Dutch Relief Alliance. A Cordaid employee has been appointed as member of the Board of the foundation. Cordaid is also secretary of the foundation.

Related party transaction:

During 2018 all transactions with the mentioned related parties were done at arm's length. The nature of the transactions was mainly funding of the activities of the different entities by Stichting Cordaid. In return Cordaid Investment Management BV managed the Loans & Guarantees fund of Stichting Cordaid and Stichting Participaties held the shares of Corpav BV. Corpav BV holds shares in one local investment in South Sudan (Finance South Sudan), which is part of the financial fixed assets on the consolidated balance sheet of Cordaid.

26. EXECUTIVE REMUNERATION

The Supervisory Board has adopted an executive remuneration policy including the level of executive remuneration and other pay and benefits. The policy is updated periodically and was evaluated most recently in 2016. In determining the remuneration policy and adopting the level of the remuneration, Cordaid follows the regulation for executive remuneration of Goede Doelen Nederland (see www.goededoelennederland.nl).

The regulation uses weighting criteria to set a maximum for an executive's annual income. The most recent VFI standard of 1

January 2018 was used to determine these weighting criteria. This has resulted in a so-called BSD score of 513 points for the CEO and 472 points for the CFO, with a maximum annual income of respectively €153,080 and €135,314.

The total annual income amounted to €121,816 for L.C. Zevenbergen (CEO) and €117,491 for W.J. van Wijk (CFO). The total annual income is within the maximum remuneration limits of the regulation of Goede Doelen Nederland.

Executive remuneration comprises gross salary costs inclusive of holiday allowance, social security contributions, pension costs, expense allowances and year-end allowance. As a rule, all employees receive a year-end allowance.

During 2018, the employed members of the Board were:

	L.C. ZEVENBERGEN CEO	W.J. VAN WIJK CFO
Employment contract		
Duration	03/31/2019	08/31/2022
Number of hours	36	36
part-time percentage	100	100
Period in 2018	1/1 - 31/12	1/1 - 31/12
Former board member	No	No
Gross salary	104,148	101,904
Holiday allowance	8,332	7,351
Year-end bonus	9,336	8,236
Variable pay	-	-
Total annual income	121,816	117,491
Social security contributions (employer's share)	9,988	9,988
Taxable allowances	-	-
Pension costs (employer's share)	11,912	11,882
Pension compensation	-	-
End of contract benefits	-	-
	21,900	21,871
Total remuneration for 2018	143,717	139,362
Total remuneration for 2017*	105,538	138,632

* The total remuneration for L.C. Zevenbergen in 2017 is based on 9 months of service compared to 12 months in 2018.

The members of the board of directors did not have any outstanding loans, advances or guarantees at December 31, 2018 or during 2018.

Supervisory Board

The cost of the Supervisory Board consists of expenses for general and special meetings, travel costs, fixed expense allowances paid to members of the Supervisory Board and the hiring of expertise and advisors on request of the Supervisory Board. In 2018 these costs were €6,504 (2017: €4,002). This

amount includes the fixed expense allowances paid to the individual members of the Supervisory Board, as shown in the table below. As per Cordaid's policy for good governance

Supervisory Board members do not receive any remuneration for their work. They only have the opportunity to cover their out of pocket expenses through a fixed expense allowance.

Amounts paid for individual members of the Supervisory Board in 2018 were as follows:

AMOUNT IN € 1	SUPERVISORY BOARD		
	A.J.M. HEERTS	M.C.T. VAN DE COEVERING	J.H.M. VAN BUSSEL
Function	Chair	Member Audit Committee	Member Audit Committee
Duration of function in 2018 (days)	365	365	365
Remuneration	0	0	0
Fixed expense allowances	0	0	0
Provisions for future payments	0	0	0
Total	0	0	0
	M. VAN BEEK	B.L.J.M. VAN DIJK-VAN DE REIJT	J.J.A. DE BOER
Function	Member	Member	Member
Duration of function in 2018 (days)	365	365	365
Remuneration	0	0	0
Fixed expense allowances	0	0	2,203
Provisions for future payments	0	0	0
Total	0	0	2,203
	M.W.J.A. LANDHEER-REGOUW		
Function	Member		
Duration of function in 2018 (days)	252		
Remuneration	0		
Fixed expense allowances	0		
Provisions for future payments	0		
Total	0		

The fixed expense allowance paid in 2018 is a gross amount. The net amount received is €1,200 and relates to the fiscal year 2018.

27. FINANCIAL INCOME AND EXPENSES

Financial income and expenses includes interest and other income from bonds, capital gains on shares, interest earned on the bank account and currency gains and losses that are not related to the investments issued in connection with the objectives.

What follows is a five-year summary of this item:

X € 1,000	2018	2017	2016	2015	2014
Interest received on bonds	320	191	185	551	954
Interest received on cash and cash equivalents	14	57	139	457	508
Realised change in value of investments and liquid assets	-87	1,329	-75	-680	860
Unrealised change in value of investments and liquid assets	-441	-1,434	1,171	-117	1,233
	-194	143	1,420	211	3,555
Investment costs	-76	-148	-79	-90	-53
	-270	-5	1,341	121	3,502

In 2018 the financial income and expenses amount €0.3m loss. (Un)realized losses on investments and liquid assets reduced from €1.4m loss in 2017 to €0.4m loss in 2018. In 2017 the loss was mainly related to exchange rate losses on foreign currencies, while in 2018 an exchange rate gain on foreign currencies was offset against unrealized loss in value of the investment portfolio held by Cordaid.

28. BALANCE SHEET AND STATEMENT OF INCOME AND EXPENDITURE FOR THE FUND LOANS & GUARANTEES

An important part of Cordaid's activities is related to non-grant projects. Instead of providing a grant to partner organizations, Cordaid provides loans or guarantees to its partners or it participates in social entrepreneurships with the same objectives as Cordaid. The partner organizations involved are different from Cordaid's regular partner organizations. Rather than NGOs or grass-roots organizations, Cordaid mainly supports microfinance institutions, local banks, social funds and SMEs. Until June 30, 2015 these activities were managed by the Investments Business Unit, which was an integral part of Stichting Cordaid. To increase the impact of this social impact portfolio, Cordaid decided to separate the management of this portfolio from the regular activities of Stichting Cordaid and founded Cordaid Investment Management BV. The main objective of the separate entity is to further professionalize the fund management and to increase the impact of these social impact investments by finding new external investors to increase the scale of the activities. As stakeholders interested in the Cordaid's social impact investment portfolio and the work of Cordaid Investment Management BV can have information needs other than the information disclosed in Cordaid's financial statements, Cordaid presents a separate statement of income and expendi-

ture and balance sheet for the activities in relation to the Loans & Guarantees Fund. The social impact investments through Corpav BV and Stichting Cordaid Participaties are excluded from the statements below.

All figures originate from the figures in Cordaid's financial statements. The principles for valuation of assets and liabilities and revenue recognition are the same in the statements below, only the classification and presentation of several items differ. The costs to manage the fund, incurred by Cordaid Investment Management BV, are included in the statement of income and expenditure and charged to the Loans & Guarantees Fund in full, as long as Cordaid is Cordaid Investment Management BV's only client.

All items in this financial overview can be traced to items in the figures presented before, except for cash and investments. Cash and investments are allocated to the Loans & Guarantees Fund based on the division made in Cordaid's financial administration. The fund has separated and designated bank accounts, and investments are administered separately. The right-hand column in the statements below refers to the notes where the corresponding item can be found in Cordaid's full financial statements.

BALANCE FUND LOANS & GUARANTEES AS OF DECEMBER 31, 2018

X €1,000	NOTE	31/DEC/2018	31/DEC/2017	NOTE IN CORDAID FS
Assets				
<i>Net financial fixed assets issued for objectives</i>				
- Debt		44,760	44,919	
- Equity	2	15,947	19,667	
- Guarantees		1,900	1,312	
	1	62,607	65,898	
- Undisbursed loans and guarantees	3	-3,100	-3,944	
- Loan revaluations	4	-3,573	-2,104	
		-6,673	-6,048	
Net financial fixed assets issued for objectives	5	55,934	59,850	6 + 30
<i>Net financial assets (not issued for objectives)</i>				
Current account group companies		-	217	
Non Development investments	6	10,100	10,771	7
Cash and bank		16,233	14,315	
Other receivables		1,294	887	
Participation CIM BV	7	291	321	
Net financial floating assets		27,918	26,511	
Total Assets		83,852	86,361	
Equity and liabilities				
Equity (Fund Loans & Guarantees)				
Fund Loans & Guarantees until prior year	8	84,316	91,889	
Capital contributions fiscal year		-	-	
Operating income fiscal year	9	-2,004	-7,479	
Recharged overhead fee fiscal year	10	-2,159	-	
Grant approvals	11	-233	-94	
	12	79,920	84,316	10
Liabilities				
Current account group companies		3,268	-	
Current liabilities		-	925	
Undisbursed equity participations	13	664	1,120	12
		3,932	2,045	
Total Equity and liabilities		83,852	86,361	

1. **Total Debt, Equity and Guarantees:** Gross amount of all Cordaid's investments commitments at year-end, distributed over various instruments. The overall level has decreased from €65.9m in 2017 to €62.6m in 2018 mainly as a result of a significant negative revaluation of the equity portfolio. New committed loans, guarantees and participations in 2018 amount €11.9m and repayments €12.5m.

2. **Equity:** Equity investments have decreased significantly from €19.7m at December, 2017 to €15.9m at the end of 2018. The net revaluation of the equity lead to a net decrease in value of €3.8m and limited equity was sold and no participations were acquired in 2018.

3. **Undisbursed loans and guarantees:** This refers to the undisbursed amounts of the debt and guarantee instruments. Year-end 2018 the undisbursed loans amount €2.0m and undisbursed guarantees €1.1m.
4. **Loan revaluations:** The amount of €3.6m loan revaluations equals the provision for loans and guarantees. Provisioning is done in line with the Provisioning and write-off policies of Cordaid Investment Management BV.
5. **Total net financial assets issued for objectives:** Total net financial assets, as per the table, decreased €3.9m to €55.9m, mainly because of high amount of negative revaluations (€3.8m), repayments (€12.5m) and undisbursed loans and guarantees (€0.6m), which is partially offset by new commitments (€11.9m) and decreased undisbursed loans.
6. **Non-development investments:** Part of the total fund Loans & Guarantees that is not yet invested in connection with the objectives. Alternatively, these resources are invested in regular investments managed by ING and Van Lanschot. The amount included is 50% of the total portfolio of EUR 20.2m, see note 7 on the consolidated financial statements.
7. **Participation CIM BV:** Cordaid holds 100% of the shares of Cordaid Investment Management BV, funded from the fund Loans & Guarantees. The net asset value of CIM BV at December 31, 2018 amounts to €0.3m (2017: €0.3m).
8. **Loans & Guarantees Fund until year-end 2017:** Accumulated capital position of the fund at the beginning of 2018 amounting to €84.3m (2017: €91.8m).
9. **Operating income fiscal year:** Retained earnings over the reporting period (see the statement of income and expenditure for the Fund Loans & Guarantees hereafter).
10. **Recharged overhead fee fiscal year:** The overhead fees allocated to the fund besides the regular management fee paid to Cordaid Investment Management BV. The charged fee in 2018 relates to an allocation of Cordaid in transition expenditures to the fund loans & guarantees.
11. **Grant approvals:** All amounts granted to partner organizations, supporting an investment in the same organization and grants used to support social entrepreneurs, are paid from the funds Loans & Guarantees.
12. **Equity (Loans & Guarantees Fund):** Total value of the fund is €79.9m, again a significant decrease following previous year. The decrease is mainly due to the negative operational result (€2.0m) mainly as a result of the revaluation of equities and additions on loan provision in 2018 and the approved supporting grants (€0.2m). Including the cumulative result of Corpav BV and Stichting Cordaid Participaties (not under management of CIM BV) the value would be €79.7m in line with the value of the Loans & Guarantees fund in the consolidated balance sheet.
13. **Undisbursed equity participations:** This refers to the undisbursed tranches of equity investments. The outstanding amount mainly decreased by €0.5m because of the fulfilment of commitments for WAVF and PEAMEF. Please note that this has been considered a liability since 2010, in line with Dutch accounting principles.

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 2018 FOR THE FUND LOANS & GUARANTEES

X €1,000	NOTE	31/DEC/2018	31/DEC/2017	NOTE IN CORDAID FS
<i>Financial income</i>				
Interest income & fees	1+2	3,905	3,483	20
Dividends	1+2	372	170	
Income from non-development investments and cash	3	768	53	26
		5,045	3,706	
<i>Financial expenses</i>				
Additions loan losses	4	1,471	648	20
Revaluation investments	5	3,818	602	20
Unrealised change in value of derivatives	6	-796	234	26
Currency results	7	-249	6,730	20
		4,244	8,214	
<i>Margin on financial activities</i>				
		801	-4,508	
<i>Operating expenses</i>				
Operating expenses direct	8	2,021	1,989	10
Operating expenses indirect	9	784	982	10
		2,805	2,971	
Financial result from investing activities				
		-2,004	-7,479	
<i>Non-operating income</i>				
Capital contributions		-	-	
Contribution Cordaid in Transition	10	-2,159	-	10
		-2,159	-	
Net result Social Impact investments				
		-4,163	-7,479	10
Approvals grant reserve	11	-233	-94	
Net result Fund Loans & Guarantees				
		-4,396	-7,573	10

1+2. **Interest Income & Fees + Dividends:** These items refer to interest income on senior/subordinated debt, guarantee fees and dividends received. The overall level increased in comparison to 2017 by €0.4m, mainly due to the extension of the portfolio.

3. **Income non-development investments and cash/cash equivalents:** This item refers to income on long and short-term excess liquidity, which is out of the scope of the managed portfolio by Cordaid Investment Management B.V. More information on the result of non-development can be found in note 27 to the financial statements.

4. **Additions loan losses:** This reflects the net addition to the provision for loans and guarantees in the portfolio. The amount stated is the net result of the release of provisions and the actual impaired loans and guarantees or write-offs. These write-offs are included in €1.5m Allocated to/withdrawn from provision for loans and guarantees in note 21 to the consolidated financial statements.

5. **Revaluations investments:** This refers to the annual revaluation of the equity participations. Cordaid values equity participations conservatively using the lower value of a) acquisition price or b) the value of the Cordaid share as per the end of 2018.

6. **Unrealised change in value of derivatives:** to cover currency risks on loan(s) denominated in Myanmar Kyat (MMK) a swap contract, MMK to USD, is in place. As the USD inflow is dependent on the 6 months LIBOR this swap contract holds a risk. This derivative is measured at fair value, with fair value changes recognized in the

statement of income and expenditure. At December 31, 2018 the previous year current liability shifted to a receivable and thus an unrealised gain of €0.8m has been recognized.

7. **Currency results:** Loans and guarantees are valued against the exchange rate at balance sheet date if denominated in foreign currency. Participations that are impaired are also revalued against the exchange rate at balance sheet date. The result of this (mostly unrealized) amounted to €0.2m positive in 2018.
8. **Operating expenses direct:** This refers to the total direct costs of Cordaid Investment Management BV plus legal and other costs incurred which are directly related to the investments in the Loans & Guarantees portfolio.
9. **Operating expenses indirect:** This refers to the Cordaid corporate overhead costs charged to CIM BV and the indirect costs of CIM BV itself.
10. **Recharged overhead fee:** The overhead fees allocated to the fund besides the regular management fee paid to Cordaid Investment Management BV. The charged fee in 2018 relates to an allocation of Cordaid in transition expenditures to the fund loans & guarantees.
11. **Approvals grant reserve:** All amounts granted to partner organizations, supporting an investment in the same organization and grants used for support of social entrepreneurs are paid from the funds Loans & Guarantees. A total amount of €0.2m is available for such supporting grants.

FOUNDATION INDIVIDUAL FINANCIAL STATEMENTS OF STICHTING CORDAID

Individual Balance sheet of Stichting Cordaid

X € 1,000	NOTE	31/DEC/2018	31/DEC/2017
Assets			
<i>Fixed assets</i>			
Tangible fixed assets	30	251	444
Financial fixed assets	31		
- Issued in connection with the objectives		55,935	59,850
- Investments		20,871	21,542
- Participations in group companies		325	105
		77,131	81,497
Current assets			
Receivables	32		
- Receivables from group companies		650	805
- Receivables from grants		13,899	10,252
- Implementing organization advances		11,086	5,253
- Receivable from inheritances		7,033	5,142
- Other receivables		1,631	1,459
- Interest receivable		959	763
		35,258	23,674
Cash and Bank	33	43,640	51,215
Total assets		156,280	156,830

X € 1,000	NOTE	31/DEC/2018	31/DEC/2017
Liabilities			
Reserves	34		
- Continuity reserve		11,000	5,887
- Earmarked reserves		1,282	1,383
		12,282	7,270
Funds	34		
- Restricted funds		1,526	2,301
- Semi-restricted funds		19,489	18,067
- Loans & guarantees fund		74,589	84,099
		95,604	104,467
Provisions	35	1,141	1,974
Non-current liabilities	36		
- Project commitments		-	-
Current liabilities	36		
- Project commitments		15,977	13,736
- Other current liabilities		31,276	29,383
		47,253	43,119
Total Liabilities		156,280	156,830

INDIVIDUAL STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED AT DECEMBER 31, 2018

X € 1,000	NOTE	2018	2017
Income			
Income from private individuals	37	25,246	23,675
Income from companies	38	547	578
Benefits of lottery organizations	39	2,700	2,725
Government grants	40	104,216	90,176
Income from related (international) organizations	41	789	1,811
Income from other non-profit organizations	42	3,242	10,246
Total acquired income		136,740	129,211
Income from sale of goods and/or rendering of services	43	12	220
Other income	44	1,518	-4,203
Sum of income		138,270	125,462
Resources expended			
Spent on objectives			
- Program costs:	45		
Healthcare		76,770	59,051
Humanitarian Aid		24,752	24,804
Security & Justice		11,111	13,499
Cordaid Netherlands		365	435
Resilience		10,935	10,053
Investments		4,337	4,071
Other activities		29	4,698
- Public information / awareness campaigns	46	4,423	4,917
Expenditure on the objectives		132,722	121,528
Expenditure on fundraising	46	6,172	6,460
Management and administration	46	2,959	2,061
Total expenditures	46	141,853	130,049
Sum of income and expenditures before financial income and expenses		-3,583	-4,587
Financial income and expenses	48	-268	-330
Balance of funds		-3,851	-5,151

NOTES TO THE FOUNDATION INDIVIDUAL FINANCIAL STATEMENTS

29. ACCOUNTING PRINCIPLES

29.1 General

The Company financial statements are part of the 2018 financial statements of Stichting Cordaid. With reference to the Company income and expenditure statement of Stichting Cordaid use has been made of the exemption pursuant to Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. More specifically, the financial statements have been prepared in accordance with the Dutch Accounting Standard for Fundraising Institutions (RJ 650).

29.2 Principles for the measurement of assets and liabilities and the determination of the result

To stick to the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company financial statements, Stichting Cordaid makes use of the option provided in Section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company financial statements of Stichting Cordaid are the same as those applied for the consolidated financial statements. Participating interests, over which significant influence is exercised, are stated based on the equity method.

The share in the result of participating interests consists of the share of Stichting Cordaid in the result of these participating interests. Results on transactions are not incorporated insofar as they can be deemed to be unrealized, if the transfer of assets and liabilities between Stichting Cordaid and its participating interests and mutually between participating interests themselves.

30. TANGIBLE FIXED ASSETS

Refer to note 5 on the consolidated financial statements

31. FINANCIAL FIXED ASSETS

Stichting Cordaid holds three types of financial assets. Outstanding loans, participations and guarantees are recognized as financial assets issued in connection with the objectives. This relates to loans issued to and a number of participations in partner organizations for the purposes of funding usually small-scale economic activities (e.g. through microfinance institutions), for which partner organizations find it difficult or impossible to secure finance from commercial banks. Interest rates on these loans are determined by country and by customer.

X € 1,000	LOANS	GUARANTEES	PARTICIPATIONS	TOTAL
Value of portfolio as at 1 January 2018	40,975	1,312	19,667	61,954
Provision as at 1 January 2018	-2,104	-	-	-2,104
Carrying amount 1 January 2018	38,871	1,312	19,667	59,850
Changes				
Loans and guarantees issued	12,834	-	-	12,834
Loans and guarantees repaid	-11,967	-568	-	-12,535
Participations acquired/committed	-	-	-143	-143
Participations sold/commitments withdrawn	-	-	-8	-8
Impaired loans and guarantees	-	-	-	-
Revaluation of participations	-	-	-3,818	-3,818
Currency gains and losses	919	56	249	1,224
Value of portfolio as at 31 December 2018	42,761	800	15,947	59,508
Changes in the provision				
Impaired loans and guarantees	-	-	-	-
Allocated to/withdrawn from provision for loans and guarantees	-1,469	-	-	-1,469
Provision at 31 December 2018	-3,573	-	-	-3,573
Value of portfolio as at 31 December 2018	42,761	800	15,947	59,508
Provision as at 31 December 2018	-3,573	-	-	-3,573
Carrying amount as at 31 December 2018	39,188	800	15,947	55,935

Loans and guarantees

Loans and guarantees will fall due in the following periods:

X € 1,000	LOANS	GUARANTEES	TOTAL
< 1 year	7,354	-	7,354
1-5 years	35,407	800	36,207
> 5 year	-	-	-
	42,761	800	43,561

Temporary cash surpluses are kept in deposits and savings accounts, the earmarked reserves and uninvested cash from the Fund Loans & Guarantees, are up till an amount of €20m invested by ING and Van Lanschot Bankiers on behalf of Stichting Cordaid.

Refer to note 6 and 7 to the consolidated financial statements for more information.

The 100% interest hold by Stichting Cordaid in the Cordaid Investment Management BV is presented as participations in group companies. The participation is valued at net asset value and amounts to €0.3m at balance sheet date (2017: €0.2m).

32. RECEIVABLES

The receivables in the individual balance sheet of Stichting Cordaid are specified as follows:

X € 1,000	31/DEC/2018	31/DEC/2017
Receivables		
- Receivables from group companies	650	805
- Receivable from grants	14,108	10,461
- Provision uncollectable receivables from grants	-209	-209
- Implementing organization advances	11,086	5,253
- Receivable from inheritances	7,033	5,142
- Derivatives	563	-
- Interest receivables	959	763
- Other receivables	1,068	1,459
	35,258	23,674

The receivables in the individual balance sheet are €0.5m above the receivables in the consolidated balance sheet, mainly due to the receivable from group companies of €0.7m. The prepayments of Cordaid Investment Management BV account for €0.1m and are excluded from this individual balance sheet. We refer to note 8 to the consolidated financial statements for disclosures on other items.

All other receivables in the individual balance sheet are equal to the receivables in the consolidated balance sheet.

33. CASH AND BANK

Cash and bank comprise cash and bank balances of the Cordaid office in The Hague, in the Country Offices abroad and deposits falling due in less than one year.

X € 1,000	31/DEC/2018	31/DEC/2017
Cash and cash equivalents		
- Deposits	13,958	21,336
- Bank accounts	29,026	29,464
- Cash in hand	347	294
- Cross accounts	309	121
	43,640	51,215

The bank accounts held by Cordaid Investment Management BV amounting to €0.4m are excluded compared to consolidated balance sheet. The most important explanations for the change in cash and cash equivalents can be found in the consolidated cash flow statement.

34. RESERVES AND FUNDS

Stichting Cordaid holds 100% of the shares in Cordaid Investment Management BV and values this participation on the basis of net asset value. The funds and reserves of the other entities that are included in the consolidated financial statements amount to €0.0m. Funds and reserves in the individual balance sheet is therefore equal to the funds and reserves in the consolidated balance sheet.

Refer to note 10 to the consolidated financial statements.

35. PROVISIONS

Refer to note 11 to the consolidated balance sheet.

36. CURRENT AND NON-CURRENT LIABILITIES

The composition of the current and non-current liabilities in the individual balance sheet of Stichting Cordaid is as follows:

X € 1,000	31/DEC/2018	31/DEC/2017
Non-current liabilities		
Project commitments	-	-
	-	-
Current liabilities		
Project commitments	15,977	13,736
Deferred grants	23,626	8,980
Accounts payables	3,250	2,978
Taxes and social security contributions	766	1,554
Reservation for leave days and holiday allowance	1,023	1,071
Derivatives	-	234
Participations payable	664	1,121
Other accruals and deferred income	1,947	3,142
	47,253	43,119

Compared to the consolidated financial statements current liabilities slightly lower due to excluded accruals, accounts payable and staff related current liabilities of Cordaid Investment Management BV.

All other current and non-current liabilities are equal to the liabilities in the consolidated balance sheet. Refer to note 12 to the consolidated financial statements for more information.

37. INCOME FROM PRIVATE INDIVIDUALS

See note 14 to the consolidated statement of income and expenditure.

38. INCOME FROM COMPANIES

Refer to note 15 to the consolidated statement of income and expenditure.

39. BENEFITS FROM LOTTERY ORGANIZATIONS

Refer to note 16 to the consolidated statement of income and expenditure.

40. GOVERNMENT GRANTS

Refer note 17 to the consolidated statement of income and expenditure.

41. INCOME FROM RELATED (INTERNATIONAL) ORGANIZATIONS

Refer note 18 to the consolidated statement of income and expenditure.

42. INCOME FROM OTHER NON-PROFIT ORGANIZATIONS

Refer note 19 to the consolidated statement of income and expenditure.

43. INCOME FROM SALE OF GOODS AND OR RENDERING OF SERVICES

X € 1,000	CORDAID GENERAL	CORDAID MENSEN IN NOOD	CORDAID KINDER-STEM	CORDAID MEMISA	CORDAID MICRO CREDIT	CORDAID BZN	TOTAL 2018	TOTAL 2017
Materials sold	5	-	-	-	-	-	5	6
Rendering of services	7	-	-	-	-	-	7	214
Total	12	-	-	-	-	-	12	220
Total 2017	214	-	-	5	-	1	220	

44. OTHER INCOME

X € 1,000	2018	2017
Result on financial assets	1,246	-4,561
Other	272	358
Total other income	1,518	-3,969

Gains and losses on financial assets issued in connection with the objectives, comprise interest and commission received on loans and participations, as well as project income and currency gains and losses, refer to table below:

X € 1,000	2018	2017
Interest received on loans and guarantees	4,080	3,483
Income from dividends/provision guarantees	372	170
Revaluation of participations	-3,569	-602
(Un)realised currency gains and losses	1,038	-6,730
Unrealised change in value of derivatives	796	-234
Allocated to/withdrawn from provision for loans and guarantees	-1,471	-648
Total result on financial assets	1,246	-4,561

The total result on financial assets issued in connection with the objectives equals the consolidated results. Refer to note 21 to the consolidated financial statements.

Related to the gains on financial assets, Stichting Cordaid paid a management fee of €2.7m to Cordaid Investment Management BV for managing the investments issued in connection to the objectives.

45. SPENT ON OBJECTIVES

The total program expenditure of Stichting Cordaid in 2018 can be specified as follows:

X € 1,000	ACTUAL 2018			ACTUAL 2017		
	PROGRAM COSTS	PROGRAM MANAGEMENT COST	TOTAL 2018	PROGRAM COSTS	PROGRAM MANAGEMENT COST	TOTAL 2017
Healthcare	74,585	2,185	76,770	57,521	1,530	59,051
Humanitarian Aid	23,628	1,124	24,752	23,719	1,085	24,804
Security & Justice	10,850	261	11,111	13,266	233	13,499
Cordaid Netherlands	155	210	365	261	174	435
Resilience	10,049	886	10,935	9,391	662	10,053
Investments	811	3,526	4,337	527	3,544	4,071
Other	29	-	29	4,698	-	4,698
Total cost of programs	120,107	8,192	128,299	109,383	7,228	116,611

The operational costs of Cordaid Investment Management BV are excluded from the program management costs compared to the consolidated statement of income and expenditure. As a consequence, the allocation of costs of supporting departments to programs changes as well compared to the consolidated statement of income and expenditure. All other costs are equal to the costs as presented in the consolidated statement of income and expenditure.

46. COST ALLOCATION TO THE DIFFERENT ACTIVITIES

See note 22 to the consolidated statement of income and expenditure for more information on the method of cost allocation. The total costs of Stichting Cordaid are allocated to different categories as follows:

RESOURCES EXPENDED (X € 1,000)	EXPENDITURE ON THE OBJECTIVES		EXPENDITURE ON FUND- RAISING	MANAGEMENT AND ADMINISTRATION	TOTAL EXPENDITURES	
	PUBLIC INFORMATION / AWARENESS CAMPAIGNS	PROGRAM COSTS			ACTUAL 2018	ACTUAL 2017
Grants and contributions	-	108,640	-	-	108,640	97,493
Publicity and communication	3,121	-	3,232	-	6,353	7,326
Staff	903	12,953	2,074	1,072	17,002	16,303
Travel and accommodation	8	1,350	34	251	1,643	1,132
Housing	117	899	252	98	1,366	1,248
Office & General	274	4,457	580	1,538	6,849	6,547
Total actual 2018	4,423	128,299	6,172	2,959	141,853	
Total actual 2017	4,917	116,611	6,460	2,061		130,049

Total costs in the individual statement of income and expenditure are slightly lower than the total costs in the consolidated statement of income and expenditure.

A shift between program management costs for the operational costs of Cordaid Investment Management BV (€2.8m) and the management fee paid to Cordaid Investment Management BV by Stichting Cordaid, classified as investment costs (€2.7m) is the other important difference between the individual accounts and the consolidated accounts.

47. COST OF STAFF

	2018	2017
Head count in The Hague	166.0	142.0
Head count expats at field offices	36.0	42.0
Total head count	202.0	184.0
Average number of The Hague FTEs throughout the year	168.1	168.5
Program staf	95.1	99.2
Fundrais/Awareness staff	32.4	32.2
Other departments	40.6	37.1
Total average FTE including expats	168.1	168.5

The staff of Cordaid Investment Management BV consisting of 17 FTE (head count: 20) on average is not included in the statement above compared to the consolidated financial statements. The average number of FTEs in the annual accounts 2017 did not include expats. This has been corrected in the note above.

X € 1,000	2018	2017
Salaries and wages	10,146	8,102
Social security contributions	1,249	1,384
Pension costs	852	1,027
Temporary staff	1,131	401
Cost of training and education	292	284
Other personnel expenses	579	421
	14,249	11,619

As a consequence of excluding the group companies in the individual accounts, total staff costs are €1.6m lower than in the consolidated financial statements. Refer note 24 to the consolidated statement of income and expenditure for more detailed disclosure on cost of staff.

48. FINANCIAL INCOME AND EXPENSES

Financial income and expenses includes interest and other income from bond loans, interest earned on the bank account and currency gains and losses. The financial income and expenses can be specified as follows:

X € 1,000	2018	2017
Interest received on bonds	320	191
Interest received on cash and cash equivalents	22	53
Realised change in value of investments and liquid assets	-89	1,335
Unrealised change in value of investments and liquid assets	-448	-1,434
Result of participating in group companies	3	-327
Gross investment income	-192	-182
Investment costs for investments	-76	-148
	-268	-330

Compared to the consolidated statement of income and expenditure the result of participation in group companies is added. This line is equal to the net result of Cordaids' group companies in which Cordaid holds 100% of the shares or chair on the Board of Directors of the entity.

OTHER INFORMATION

Provision in the constitution governing the appropriation of balances

According to article 11.4 of the constitution of Cordaid, the Supervisory Board adopts the annual accounts drawn up by the Board of Directors. Included in the annual account is a proposal for the appropriation of positive or negative financial balances in the fiscal year concerned. The appropriation of the balance takes into account the imposed restrictions on spending by third parties.

Appropriation of result

Included in this annual account is the proposed appropriation of the negative balance of €3.9m as follows:

X € 1,000	2018	2017
Appropriation of funds		
The balance of funds was appropriated as follows:		
<i>Reserves</i>		
- continuity reserve	5,113	0
- earmarked reserves	-101	-2,601
	5,012	-2,601
<i>Funds</i>		
- restricted funds	-775	1,586
- semi-restricted funds	1,422	3,654
- loans & guarantees fund	-9,510	-7,790
	-8,863	-2,550
Balance of income and expenditures	-3,851	-5,151

Country Offices

At the end of 2018 Cordaid had 16 branches in 14 countries. The Country Offices monitor and/or implement the programs for different thematic areas in these countries. The branches are in the following countries:

- Afghanistan
- Burundi
- Central-African Republic
- Democratic Republic Congo (Kinshasa and Bukavu)
- Ethiopia (Country Office and Regional Office (Horn of Africa))
- Haiti
- Iraq
- Kenya
- Myanmar
- Sierra Leone
- South Sudan
- Uganda
- Zimbabwe
- Netherlands

Subsequent events

Cordaid did not identify any subsequent events affecting the annual accounts as presented.

INDEPENDENT AUDITOR'S OPINION



Independent auditor's report

To: the supervisory board and board of directors of Stichting Cordaid

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the financial statements 2018 of Stichting Cordaid based in The Hague.

In our opinion the financial statements give a true and fair view of the financial position of Stichting Cordaid as at 31 December 2018, and of its result for 2018 in accordance with the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board.

The financial statements comprise:

- ▶ The consolidated and individual balance sheet as at 31 December 2018
- ▶ The consolidated and individual statement of income and expenditure for 2018
- ▶ Appropriation of the funds
- ▶ Performance indicators
- ▶ The consolidated cash flow statement for 2018
- ▶ The notes of the consolidated and individual financial statements comprising 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 Cordaid in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Report on the 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:

- ▶ Message from the CEO
- ▶ Supervisory board report
- ▶ Other information pursuant to the guideline for annual reporting 650 "Fundraising Organizations"

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.



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 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.

The board of directors is responsible for the preparation of the other information, including the annual report in accordance with the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board. Furthermore, the board is responsible for such internal control as it 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, the board is responsible for assessing the organization's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

The board of directors should disclose events and circumstances that may cast significant doubt on the organization'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 assignment 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 judgement 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 the board
- ▶ 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 those charged with governance 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.

Amsterdam, 25 July 2019

Ernst & Young Accountants LLP

signed by B. Minks



Publication of auditor's report

1 Conditions

Authorization to publish the auditor's report is granted subject to the following conditions:

- Further consultation with the auditor is essential if, after this authorization has been granted, facts and circumstances become known which materially affect the view given by the financial statements.
- The authorization concerns inclusion of the auditor's report in the annual report to be tabled at the Annual General Meeting (hereafter AGM) incorporating the financial statements as drawn up.
- The authorization also concerns inclusion of the auditor's report in the annual report to be filed with the Trade Registrar, provided consideration of the financial statements by the AGM does not result in any amendments.
- Financial statements for filing at the offices of the Trade Registrar which have been abridged in accordance with Section 397 of Book 2 of the Dutch Civil Code must be derived from the financial statements adopted by the AGM and a draft version of these financial statements for filing purposes must be submitted to us for inspection.
- The auditor's report can also be included if the financial statements are published electronically, such as on the internet. In such cases, the full financial statements should be published and these should be easily distinguishable from other information provided electronically at the same time.
- If the published financial statements are to be included in another document which is to be made public, authorization to include the auditor's report must again be granted by the auditor.

2 Explanations to the conditions

2.1 Board of supervisory directors and board of executive directors

The auditor usually forwards his report to the board of supervisory directors and to the board of executive directors. This is pursuant to Book 2 of the Dutch Civil Code, section 393 which stipulates *inter alia*: "The auditor sets out the outcome of his examination in a report". "The auditor reports on his examination to the board of supervisory directors and the board of executive directors".

2.2 Annual General Meeting (AGM)

Publication of the auditor's report will only be permitted subject to the auditor's express consent. Publication is understood to mean: making available for circulation among the public or to such group of persons as to make it tantamount to the public. Circulation among shareholders or members, as appropriate, also comes within the scope of the term "publication", so that inclusion of the auditor's report in the annual report to be tabled at the AGM similarly requires authorization by the auditor.

2.3 Auditor's reports and financial statements

The authorization concerns publication in the annual report incorporating the financial statements that are the subject of the auditor's report. This condition is based on the auditors' rules of professional practice, which state that the auditor will not be allowed to authorize publication of his report except together with the financial statements to which this report refers.

The auditor will also at all times want to see the rest of the annual report, since the auditor is not allowed to authorize publication of his report if, owing to the contents of the documents jointly published, an incorrect impression is created as to the significance of the financial statements.

2.4 Events between the date of the auditor's report and the AGM

Attention should be paid to the fact that between the date of the auditor's report and the date of the meeting at which adoption, as appropriate, of the financial statements is considered, facts or circumstances may have occurred which materially affect the view given by the financial statements. Under COS 560, the auditor must perform audit procedures designed to obtain sufficient audit evidence to ensure that all events occurring before the date of the auditor's report that warrant amendment of or disclosure in the financial statements have been identified.

If the auditor becomes aware of events that may be of material significance to the financial statements, the auditor must consider whether those events have been adequately recognized and sufficiently disclosed in the notes to the financial statements. If between the date of the auditor's report and the date of publication of the financial statements, the auditor becomes aware of a fact that may have a material impact on the financial statements, the auditor must assess whether the financial statements should be amended, discuss the matter with management and act as circumstances dictate.

2.5 Trade Registrar

The financial statements are tabled at the AGM (legal entities coming within the scope of Title 9 of Book 2 of the Dutch Civil Code table the directors' report and the other information as well). The AGM considers adoption of the financial statements. Only after the financial statements have been adopted, do they become the statutory (i.e., the company) financial statements. As a rule, the statutory financial statements will be adopted without amendment. The auditor's report must be attached to the statutory financial statements as part of the other information. As a rule, the text of this report will be the same as that issued earlier. The documents to be made public by filing at the offices of the Trade Registrar will consist of the statutory financial statements, the directors' report and the other information. The auditor's report which refers to the unabridged financial statements will then have to be incorporated in the other information. If consideration of the financial statements by the AGM does not result in any amendments, the auditor's report may be attached to the financial statements adopted, by the AGM and, provided the annual report and financial statements are filed promptly at the offices of the Trade Registrar, published as part of these annual report and financial statements.

2.6 Other manner of publication

The financial statements may also be published other than by filing at the offices of the Trade Registrar. In that event, too, inclusion of the auditor's report is permitted, provided the financial statements are published in full. If publication concerns part of the financial statements or if the financial statements are published in abridged form, publication of any report the auditor has issued on such financial statements will be prohibited, unless:

- a. He has come to the conclusion that, in the circumstances of the case, the document concerned is appropriate
Or
- b. Based on legal regulations, publication of the document concerned is all that is required

If less than the full financial statements are published, further consultation with the auditor is essential. If the financial statements and the auditor's report are published on the internet, it should be ensured that the financial statements are easily distinguishable from other information contained on the internet site. This can be achieved, for example, by including the financial statements as a separate file in a read-only format or by including a warning message when the reader exits the financial statements document.

2.7 Inclusion in another document

If the published financial statements are to be included in another document which is to be made public, this is considered a new publication and authorization must again be obtained from the auditor. An example of this situation is the publication of an offering circular which includes the financial statements, after these financial statements have been filed at the office of the Trade Registrar together with the other annual reports. For each new publication, authorization must again be obtained from the auditor.

2.8 Events after the AGM

Even if facts and circumstances have become known after the adoption of the financial statements as a result of which they no longer give the statutory true and fair view, the auditor must stand by the report issued on the financial statements as adopted and by the auditor's report filed at the offices of the Trade Registrar. In that event, the legal entity is required to file a statement at the offices of the Trade Registrar on these facts and circumstances accompanied by an auditor's report. In this situation, too, further consultation with the auditor is essential.

CONTACT

P.O. Box 16440
2500 BK The Hague

Lutherse Burgwal 10
2512 CB The Hague
The Netherlands

+31(0)70-31 36 300
cordaid@cordaid.nl
www.cordaid.org

**CARE.
ACT.
SHARE.
LIKE CORDAID.**