HEALTH WORKS DRAFT ANNUAL REPORT 2017

Pursuant to statutory provisions and tax legislation, Health Works is required to prepare its annual report within six months after the end of the financial year. According to the regulations of the Netherlands fundraising regulater (Centraal Bureau Fondsenwerving) the financial statements have to be audited.

As the audit of the financial statements was not yet finalized at the end of June 2018, Health Works chose to provisionally publish its draft annual report 2017. Shortly after the audit will be finalized, Health Works will publish its final annual report 2017, including the audited financial statements.

INSIDE THIS YEAR'S REPORT

Foreword

In 2017 Health Works continued to build on the changes made in the previous year.

Marc Tijhuis joined the organization as Executive Director in January 2017. Mid-summer, the organization's name was changed to Health Works. This was supported by an advertising campaign in the Netherlands to bring the organization and its mission to the attention of the general public. Work at headquarters was further streamlined to increase efficiency and secure quality support for the country teams.

In November 2017 Health Works celebrated its 25th anniversary. It has a long-established and successful track record of project implementation in fragile countries in their core areas of need: Health Systems Strengthening, Mental Health & Psychosocial Support, Sexual and Reproductive Health Rights and Gender-Based Violence.

Our teams in Afghanistan, South Sudan, Burundi, Colombia and Lesotho implemented ***more projects and served more people***, sometimes in harrowing circumstances. In December 2017, two local staff members were taken hostage and held for some days in South Sudan. A few weeks later, a local team in Afghanistan was taken hostage. Fortunately, all were released, and returned safely to their families. We are very grateful to everyone who helped us liberate our colleagues! A big Thank You to all of you!

We continue to seek partnerships to strengthen our organization and its work in order to improve the service to our beneficiaries; people in need who cannot help themselves.

Carin Beumer

Chair of the Board of Directors

Chapter 1 – 2017 highlights

2017 can be characterized as the year of internal reconstruction, strategic reorientation, operational excellence, growth and reflection on the future. Through focus on the improvement of processes, procedures and policies, steps forward were realized in restoring deferred maintenance in the course of the year. The approach was more finance-driven and result-oriented.

One of the first highlights of 2017 was the one-off grant of €1 million we received from the Nationale Postcode Loterij (Dutch National Postcode Lottery) in February. This grant is to be put to use in the next three years. Furthermore, we recorded a growth in turnover by the end of the year of almost 40%. This is mainly due to the expansion of our operations in Afghanistan. Throughout 2017 ten new additional projects were attained.

The Research and Development department became the Department of Research and *Programme* Development and expanded with new expertise team members. The team switched focus and worked on updating of strategies at field level, resulting in a policy, technical framework and updated theory of change concerning the Mental Health and Psychosocial Support strategy, covering developments for the next three years.

The Marketing, Communication and Fundraising team was expanded with two new members, and worked on a new corporate identity, resulting in an adapted corporate identity, followed by a modern website and launch of the campaign "Refugees don't go back when there is nothing to go back to".

More details about our work in 2017 are to be read in the following pages.

Chapter 2 – Programmes

This chapter provides an overview of the developments in the contexts of our project countries.

2.1 Afghanistan

The conflict in Afghanistan further escalated in 2017, with more conflict-related incidents compared to the past few years. Many Afghans have been forced to leave their homes, as the battle for control between the different warring parties continues. In Afghanistan there are an estimated 3.3 million people with acute humanitarian needs as a result of specific crises, and a further 8.7 million people with chronic needs, which is the norm in a country with such a large development deficit.

Health Works and its partners continue to deliver humanitarian aid despite hostile conditions and increased insecurity. In 2017 Health Works carried out its operations in more conflict areas and supported the people most affected by the conflict. Major (new) 2017 projects were:

- Essential package of Hospital Services (EPHS) project in Nagharar regional Hospital;
- EPHS Paktia Provincial Hospital Project;
- Implementation of Health Sector Response to Gender-Based Violence (GBV) Project in six provinces in Afghanistan (Daikondi, Farah, Jowzan, Kapisa, Laghman, Parwan);
- Kabul Mental Health Hospital Project; this is the only tertiary hospital in Afghanistan, providing specialized services in mental healthcare since 1986;
- Kabul Urban Health Project - improving access to and utilization of preventive and promotive health services in Kabul urban health facilities;
- Mobile Health Team Project - establishing 15 mobile health teams for nomad population (Kuchies) in 12 provinces;
- Training psychosocial counselors for Community Health Centers Project;
- Malaria Control Program (MCP) Project in Laghman, Kunar, Wardak and Daikundi;
- Eye Care System Integration Project - a new project improving Afghanistan’s eye care system, with support of the Fred Hollow Foundation;
- Provision of mobile psychosocial, GBV and basic health services to conflict induced IDP’s project in Uruzgan and Kunduz.

In our 2016 annual report, we made some announcements regarding our future work for the Kabul Mental Health Hospital (KMHH). We’re using the opportunity to report on these commitments in this year’s report in the same order as stated in the 2016 annual report. Many activities have been completed in the last year on various occasions and for different kind of services. A short overview is presented below.

Forensic Psychiatry Services: Training Need Assessment done, staff trained on forensic mental health services at Fortis Hospital, India.

Emergency Services: Training Need Assessment done, staff trained at Institute of Psychiatry, Pakistan; fully equipped Emergency psychiatry unit established; emergency psychiatry guideline developed; hired a person to train KMHH staff on using medical equipment for emergency section.

Care for Children: Training Need Assessment of staff done; established a seven bed child and adolescent psychiatry unit; seven multidisciplinary staff trained on child and adolescent mental health at NIMHANS Bangalore India, fully functional unit; recruited an international psychiatrist with extensive experience in child psychiatry to develop and implement the child/adolescent mental health guideline.

Nursing Care: International nursing consultant was recruited for training and on the job coaching of KMHH staff, nursing related checklist and tools were developed and implemented, Essential Package of Health Services (EPHS) nurses were trained on mental health nursing, two batches of KMHH nursing staff were sent to Pakistan and India for nursing skills training.

Standard Operation Procedures (SOP): The following non- clinical SOPs were developed and implemented

- SOP for laundry and housekeeping services
- SOP for kitchen and catering services
- SOP for logistics and stock management
- SOP for Mental Health Hospital Management

Clinical/Technical SOPs, guidelines, curriculum, manuals and pathways developed/revised and implemented

- Nursing SOPs
- Social work Department guideline
- Social Work curriculum
- Occupational Therapy guideline
- Motivational Interviewing guideline
- Clinical Psychology manual
- Child/adolescent Mental Health guideline (implementation ongoing)
- 5 Child/adolescent psychiatry pathways

Hospital Laboratory: Necessary equipment/supplies procured for lab section and it is fully functional.

Hospital space: Comprehensive space management plan developed and implemented; female and male wards renovated; space provided for establishing child/adolescent psychiatry unit and emergency psychiatry unit; space for clinical departmental (psychiatry, psychology and nursing) offices allocated and furnished; patient caregivers waiting area

established. In addition well equipped/furnished project offices, training center, and library have been established.

Supportive services: The supportive services such as tailoring, laundry, kitchen and administrative sections were reorganized and allocated to improve provision of quality services.

Recreational activities: Recreational activities section established within the female ward with provision of craft/art work, tailoring/embroidery machines, TV, indoor games, books/magazines for reading; hired a female craft teacher to teach art and craft work to female patients; linked the recreational unit at KMHH with the women's garden in Kabul for sale of products made by patients and for skill training of discharged female patients. In addition a well-equipped and functional occupational therapy unit has been established.

Referral system: Basic Package of Health Services (BPHS) staff trained in basic mental health and EPHS staff trained on liaison psychiatry. Two way referral system established between KMHH and BPHS/EPHS facilities.

Medical products and pharmaceutical management: Timely procurement/supply of medicines and medical equipment's done; staff was trained on pharmacy management; and national pharmacy consultant providing regular supervision and support as required.

Infection prevention and waste management: Infection Prevention and Waste Management SOP developed and implemented, staff trained. Infection Prevention supplies timely provided to hospital.

A. EXAMPLE PROGRAMME AFGHANISTAN

Health Sector response to Gender-based violence in Afghanistan – 2017 achievements at a glance

Gender-based violence (GBV) is one of the core issues across Afghanistan. The GBV in Afghanistan is a result of several multi-dimensional factors that broadly consist of cultural norms and practices, inequalities that are complicated due to poverty, lack of education, lack of access to information/support and male-dominated social setup. According to UNFPA, 87% of Afghan women experience at least one form of physical, sexual or psychological violence, and 62% of women experience multiple forms of violence. These figures reflect the immense challenges that women face, and the dire need for change in Afghanistan: from policy to service provision to community understanding.

Health Works, active for the last two decades in Afghanistan, has embedded its GBV response into its sexual and reproductive health interventions and approaches. In line with these efforts, and in consideration of the principles of safety, dignity, respect, confidentiality and non-discrimination, Health Works is implementing the Ministry of Health's approved model of Family Protection Centers (FPCs). The implementation is done within health facilities to enhance the system's capacity and to offer wider choices and solutions for

women and girls subjected to abuse. It also aims to lessen, if not eliminate, security risks to GBV survivors and service providers through holistic and multi-sectorial interventions**.** This model of health sector response to GBV is being implemented in eight provinces of Afghanistan since January 2016: Daikondi, Farah, Jowzjan, Kapisa, Laghman, Kunduz, Urozgan and Parwan. The project will continue until 2019 and is periodically monitored by all key partners: MoPH, UNFPA and Health Works.

The project consists of 3 key activities:

- **Capacity building** – of health and non-health workers is seen as key in addressing the GBV issues at community and health facility level. In 2017, 25 non-health key actors, 25 health staff of mobile team, 350 of BPHS/EPHS staff were trainied in GBV/Psychosocial Counseling, while 348 staff were trained in GBV/SOP and Data Collection.
- **Community dialogues** – are necessary in order to address one of the important factors that relate to the role of the community members and issues at village and family level. Different levels of discussions and dialogues were conducted to impart those roles and responsibilities, as well as how to tackle different issues at community level. In 2017, 36 community dialogues were held.
- **GBV cases managed at FPCs**: the fundamental role of the FPCs is to treat all GBV cases, while retaining confidentiality, dignity and ethics. These cases are not to be treated in the centers only, but also when there is need for referral to other authorities, such as legal, criminal, or justice, the necessary actions are taken. In 2017, 6404 cases of GBV were treated, meeting the annual project targets.

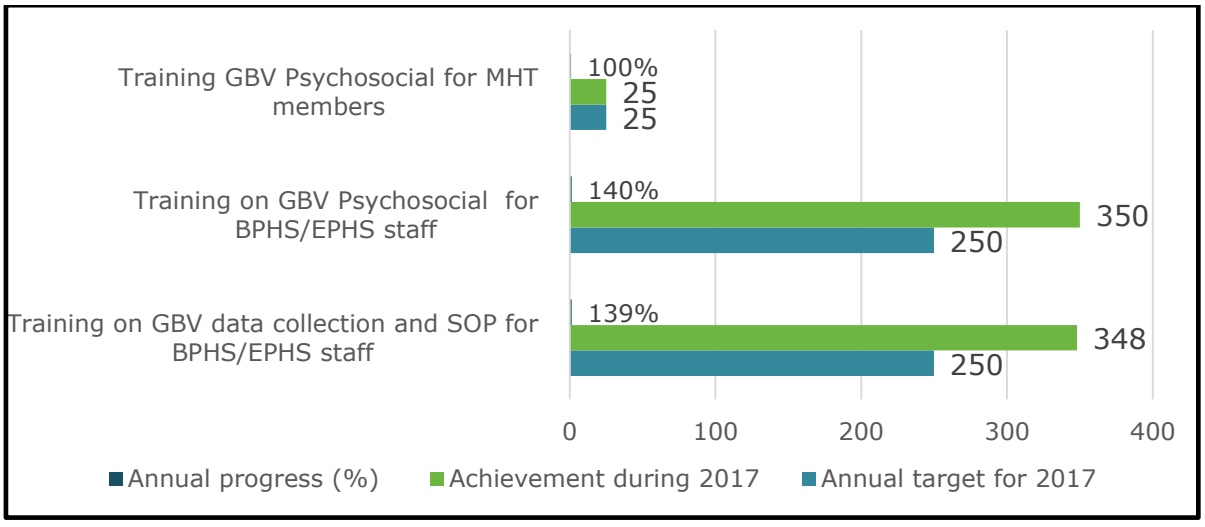

Figure 1. Capacity building in 2017

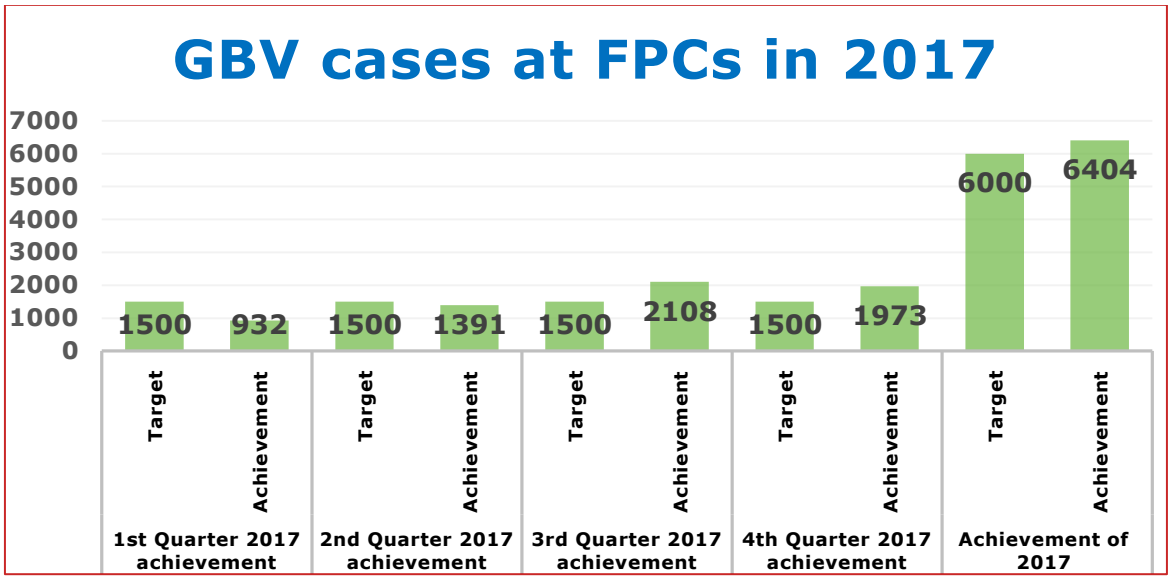

Figure 2. GBV cases in 2017

Way forward & challenges

GBV needs attention at different levels. At health level, there is a need for a complete integration into the health service packages. Although at policy level there is full commitment of the Ministry of Public Health and donors, this model needs to be fully integrated into the BPHS and EPHS, which are the essential health service packages in the country.

Dealing with gender-based violence issues in Afghanistan remains a sensitive topic. Gender-based violence is deeply rooted in cultural practices and beliefs. Taking into account that the environment may harm girls and women rather than support them, GBV programs were not developed. Health Works as well as many existing actors in this specific sector in Afghanistan need to increase knowledge on existing barriers preventing behavioural change to be able to develop programmes tailored to reach out to individuals, families and communities. In the meantime, security issues are gradually increasing and more areas are becoming insecure for operations and timely supervision and monitoring.

2.2 Burundi

The year 2017 showed a further worsening of the humanitarian situation in Burundi. The number of people in need of humanitarian aid tripled from 1 million in 2016 to 3 million in 2017, including over 188,000 internally displaced people. One out of four Burundians (2.6 million) face severe food insecurity. Burundi remains at high risk of epidemics, particularly as one out of four Burundians has no easy access to water. As a direct consequence of the

lacking water supply, there are multiple cholera outbreaks. A malaria epidemic is severely impacting the country with over 6.6 million cases and approx. 2,875 deaths in 2017.

Despite increasing needs, humanitarian funding is declining, as different donors have suspended external financial support, resulting in a dramatic decline in people's access to essential services. This limited availability of institutional funding is also reflected in Health Works operations in Burundi. In 2017 Health Works only managed to secure two new, relatively small projects. Firstly, the so-called PAPAB project is a project focused on the organization of farmers using new IFDC-funded technologies, implemented with our partner Auxfin. In this project Health Works is responsible for the 'social inclusion' aspect of the project. The second project "Economic empowering of the survivors of VSBG and other vulnerable groups" is funded by the World Bank. Depending on our success in obtaining new institutional funding, Health Works might be forced to close operations in Burundi in 2018. Given the deplorable humanitarian situation described earlier and our past track record and investments in Burundi, this would be a sad development.

B. EXAMPLE PROGRAMME BURUNDI

G50 approach: community activation through financial & social inclusion

Health Works developed the G50 approach as a methodology that combines financial and social inclusion activities in networks. Our experience is that sustainability is better secured by combining these two areas of intervention. The belief is that stronger relationships result in a strong commitment to (re-)weave the social fabric at grassroots level and will have a positive impact on health and well-being.

In Burundi, we involve the population to search for sustainable solutions to ensure food security and create appropriate agricultural conditions to make this happen. To achieve involvement, all people are invited to organize themselves through networks at community level, including the poorest people who do not belong to existing structures or groups in the community. In conjunction with our implementing partner AUXFIN, we thus create a social setting that provides basic security and mutual trust to work together towards common goals. This solid foundation or conditional trust is a precondition for financial inclusion, followed by building groups of 50 units (families/individuals). Once formed, these groups facilitate rapid registration that gives them access to all kinds of products, such as (subsidized) fertilizers, seed or solar energy, and essential information such as agricultural best practices, anti-erosion measures etc.

Initially, 2200 G50 were planned, but 2290 units were formed. The G50 approach has made it possible to integrate all members of the community into groups and structures, including the poorest that did not belong to existing groups/structures. The database has been updated and 97278 farmers registered in the programme. From these 97278 farmers who are G50 members, 78553 farmers have received training on topics related to social

inclusion: health, education, G50 approach, social cohesion, solidarity among G50 members, conflict prevention and disputes between families, good governance and leadership, collective savings that allow discipline and responsible consumption, etcetera. Other training courses covered topics such as the use of fertilizers and the use of tablet computers. In addition, 6870 group leaders received several additional training sessions on the G50 approach, social cohesion, conflict prevention, leadership and governance, the UMVA electronic system and health (hygene, family planning, AIDS, nutrition, malaria control).

We did encounter some challenges and obstacles during the project implementation, such as the lack of electricity in some municipalities, or the delay in activities due to the rainy season. Some tablets that broke down and solar panels that were not working properly hindered activities in some places. We lacked the logistic means to organize the capacity building training courses for group leaders in some cases. Nevertheless, 95% of G50 members found opportunities in their groups to work individually and expressed satisfaction with the project achievements. The project is planned to run until April 2018.

2.3 South Sudan

In South Sudan the humanitarian crisis continues to intensify. Civilians are exposed to repeated attacks and other violations of international humanitarian and human rights laws. The ongoing conflict has led to increased insecurity and further economic decline, diminishing people's capacity to face threats to their health, safety and livelihoods. Since 2013, 4 million people have fled their homes, more than half of those to neighbouring countries. Seven million people are estimated to be in need of humanitarian assistance and protection.

Health Works Operations suffered from the increased insecurity in 2017. Almost all our projects were influenced by the ensuing lack of access. Planned activities and training courses sometimes had to be cancelled; some projects and specific activities had to be temporarily put on hold. In December 2017 a critical incident occurred when two of our staff members were ambushed on the road from Raja to Wau and taken hostage. Although both staff members were released after a couple of days, this incident underlined the insecure and unsafe conditions in which Health Works operates in South Sudan.

C. EXAMPLE PROGRAMME SOUTH SUDAN

Increased referrals thanks to Mother to Mother support groups

The Hai Dinka Primary Health Care Centre (PHCC) in Wau County is no exception to other health facilities in South Sudan, lacking quality maternal and child health care. The 2013 data on health from the Ministry of Health (MoH) showed that inadequate access to quality reproductive health services was responsible for the high maternal and neonatal death rates, especially during home deliveries and when attended by unskilled health workers. For example, 83% of pregnant women deliver at home, while unskilled birth attendants assist

half of the 17% who deliver in health facilities. To address this gap and promote maternal and child health, Health Works initiated a Mother to Mother (M2M) support strategy under its multidonor-funded Health Pooled Fund project (II) that started in November 2016.

The M2M support groups are groups of women of any age who come together to learn about and discuss issues concerning mother, infant and young child nutrition. These women also support each other as they take care of children under 5 years old.

Hai Dinka PHCC is using the M2M strategy to undertake outreach activities to increase the number of clients visiting the facility for services, especially for antenatal care, post-natal care, and immunizations. This approach includes mothers trained by the Home Health Promoters (HHP) who conduct Mid Upper Arm Circumference screening and refer malnourished children to the PHCC for extensive service provision; by December 2017, 6449 children under the age of 5 were screened for malnutrition, compared to 494 in 2016. This group consists of at least four mothers who work jointly with the HHPs and Boma Health Committees. Through the M2M initiative, seven to ten mothers have been referred to a health facility per month.

M2M support is available in the mothers' own community, so it is easier for mothers to share their concerns with one another. Through the M2M groups, Hai Dinka PHCC has seen an increase in women delivering at the facility. They recorded their first facility deliveries in September 2017. This is attributed to the support from the M2M groups and provision of material incentives in the form of the 'mama kit', which encourages women to visit a health facility during their entire pregnancy. The kit contains soap, a mosquito net and towels. Because of health education and outreach activities, the facility is also recording an increase in demand for family planning services. This includes injectables, implants and condoms. The total number of FP methods distributed at the health facility quadrupled, from 313 in 2016, to 1337 in 2017, with Depo provera increasing from 18 to 116 doses and male condoms from 151 to 1166 pieces in 2016 and 2017 respectively (HMIS, 2017).

Chapter 3 – Research and Programme Development

The Research and Development department became the Department of Research and Programme Development (R&PD). In support of the organization's overall mission and strategies and for quality improvement purposes, the R&PD department was reinforced with new experts on Sexual and Reproductive Health Rights, Gender, Mental Health and Disability Inclusion. The (new) members of the department focused on updating strategies to respond to gaps and needs assessed at field level, resulting in a policy, technical framework and updated theory of change concerning the Mental Health and Psychosocial Support strategy, covering developments for the next three years.

Furthermore, the department enhanced the monitoring and evaluation strategy and procedures to evaluate outcomes and impact of our approaches and gather good practices and lessons learned on the community-based approach. More than ever, Health Works wants to ensure the full participation of survivors of conflict and natural disasters, and those affected by epidemics. It therefore designs and implements programs in the field involving future beneficiaries, survivors and local stakeholders from the very start, to tailor the programmes to their needs, increase commitment, upscale the programme sphere of activity and extend sustainability of the programmes' impact.

In 2017, Health Works improved and adapted its approach to improving community and individual mental health by linking it to global activities focused on disability and inclusion of persons with disabilities. Department members therefore joined the global movement advocating the inclusion of persons with disabilities, to improve their access to health care and education, and reduce/remove individual, societal and institutional barriers at programme level.

Health Works also strengthened its position in the humanitarian relief sector. Within the Dutch Coalition on Disability and Development, Health Works is joining and participating in lobbying activities at Dutch governmental level. The organization is again an active member of the IASC task team on the development of guidelines on inclusion of persons with disabilities, enabling it to share its expertise on Mental Health and Psychosocial care (MHPSS) in humanitarian settings.

Health Works is co-leading a working group with the World Health Organization (WHO) on psychosocial disability inclusion under the umbrella of Inter Agency Standing Committee (IASC) MHPSS Reference Group. In order to ensure that data collection will improve and cover (indicators of) psychosocial disabilities, Health Works is part of the steering committee of the Washington Group. Members of the department are also part of the Dutch Coalition on Mental Health, and therefore actively involved in advocating better mental health care for refugees and asylum seekers in the Netherlands.

A. EXAMPLE PROGRAMME DEVELOPMENT CONTRIBUTION

Health Works has been part of the IASC MHPSS Reference Group since 2007. Health Works technical advisors were involved in the development of the guidelines for *MHPSS in Emergency Settings*, offering intersectoral and inter-agency guidance for effective response in the midst of an emergency.

In 2017, Health Works joined the IASC Task Team to develop guidelines regarding the inclusion of persons with disabilities in humanitarian settings. Health Works has been pleading for MHPSS to be considered as cutting across issues and mainstreaming in each sector. Health Works' MHPSS expert helped develop the draft, participated actively in workshops and provided feedback.

In order to strengthen the collaboration between the two IASC subsidiary bodies, Health Works took the lead together with WHO in organizing a working group on mental health and disability inclusion in November. This active contribution to the development of guidelines is embedded in the R&D department strategy to focus on disability inclusion and will be incorporated into its programme implementation in 2018.

Chapter 4 – About us

Our mission is to facilitate and strengthen communities and help them regain control and maintain their health and well-being. We are convinced that even the most vulnerable people have the inner strength to (re)build a better future for themselves.

Health Works is a knowledge-driven organization. This means our activities are based on scientific research. The activities' efficiency is being monitored continuously.

4.1 Positioning of Health Works

The year started with the appointment of a new director, Marc Tijhuis. After a period of uncertainty and interim management, Health Works was ready for a clear vision and continuity. The first steps to rebuild the organization were made. In February Health Works received a one-off grant of €1 million from the Nationale Postcode Loterij (Dutch National Postcode Lottery). A fantastic start of the year! According to a signed agreement, the €1 million grant is to be put to use in the next three years.

Repositioning of Health Works started already in 2016 with the new strategy "sharing knowledge, strengthening communities". This process continued over the course of the second quarter of 2017, and finished in April, resulting in a sharpened *'why-how-what'* approach, core areas of expertise, strategic assumptions and positioning. The *'why-how-what'* emphasizes the way we approach our work – using local knowledge and resources, scientific research and evidence-based interventions to strengthen our capabilities and expertise. The following core areas of expertise were defined:

- Health Systems Strengthening
- Community Systems Strengthening
- Disease Control
- Sexual and Reproductive Health
- Mental Health
- Psychosocial Support

Additionally, we identified a number of strategic characteristics that define our approach and positioning within the field of international development aid.

1. ***Research*** is critical to our positioning. It is how we legitimize our promise to the world.
2. We focus on ***low-resource communities***, whether in a fragile state, a mid-income state, or even a wealthy state. Our work in fragile state communities gives us the credibility to work up the chain.
3. Our interventions are in ***health*** and ***well-being***. Given that community stability is dependent on more than just health, we partner with local partners, local governments and NGOs.

4. We are ***specialists***, not generalists.
5. We work in ***conflict*** and ***post-conflict situations***. Our operations are highly ***agile***.
6. We engage in ***community interventions*** via local people with local knowledge.
7. We leave no one out, i.e. our interventions are comprehensive, community-wide.
8. We are a global NGO with roots in the Netherlands. We are proud of our history and legacy in the Netherlands and our aim is to make use of the good reputation of NGOs there to drive funding.
9. Within the scope of health and well-being interventions, ***mental health*** is the area that we use to distinguish ourselves from other players in the field.

In the meantime, we strengthened our evidence-based way of working and published four articles in peer-reviewed journals. Unfortunately, we were confronted with negative feedback on two important proposals from Afghanistan at the end of May.

Two new colleagues were hired in the course of the summer of 2017 to complete the marketing, communication and fundraising team. At that time, improving our brand awareness was a major priority, so we needed in-house professional expertise to ensure attention and focus. In close collaboration with the board, we decided to change our name to HEALTH WORKS. We then adapted our corporate identity to the new name and launched a modern website. Our new campaign, "Refugees don't go back when there is nothing to go back to", was launched in August. Jan Terlouw did the voice-over for our radio commercial. We broadcasted our outdoor and print advertisements through partnerships with *Financieel Dagblad* and ClearChannel.

In November we celebrated our 25th anniversary. We looked back at a quarter of a century where we tried to bridge the gap between emergency aid and sustainable development by implementing various projects in around 27 countries, always serving our ultimate goal – accessible health care for all.

In December, our principal donor Zaluvida Foundation informed us about their inability to support us in 2018. The annual plan for 2018 had to be revised. Despite this setback, we managed to write an ambitious, high-spirited annual plan to continue our important work. We are aware that Health Works will in the long term not be able to attract sufficient free and unearmarked funding to strengthen the continuity reserves and to continue the activities. Furthermore, the income volume is insufficient to cover the head office costs. For this reason, we decided to strive for close collaboration with a larger organization to ensure the continuation of our work. The board considers it most likely that an agreement with this effect will be concluded in the second half of 2018.

4.2 Organizational structure

In January the Health Works Board of Directors was reinforced with a new treasurer, Piet Roelse, and in June it was completed with the appointment of another member, Guus Eskens.

4.2.1 Composition of the board

At the end of 2017, the composition of the board was as follows.

Carin Beumer (chair) was appointed to the board on 29 October 2015. She is founder and chair of the Zaluvida Group, which consists of a number of cutting-edge life sciences companies. Carin started her professional career in the financial sector and arranged financing for large infrastructural projects in developing countries. In 2005, together with her husband Thomas Hafner, she founded the Zaluvida Group. The two also set up the Zaluvida Foundation. This foundation actively supported Health Works (2015-17) and drives Community Care programs in all of Zaluvida's locations around the globe.

Kay de Gier-Formanek (vice-chair) was appointed to the board on 2 December 2015. Kay is the founder and CEO of KAY Diversity & Performance, which helps both profit and non-profit organizations in their development of effective diversity and inclusion programs. Prior to founding KAY Diversity & Performance in 2014, Kay worked at Accenture as managing director and as industry lead for its Life Sciences Practice in Europe, Africa and Latin America. She has significant experience in transforming and strengthening organizations that need to adapt to a changing environment.

Piet Roelse (treasurer) was officially appointed in January 2017. Piet is a business-driven senior financial executive and interim professional with over 30 years of international experience in Europe, the USA and the Far East. He is a certified public accountant and served as Audit Lead at PWC for about 10 years. Subsequently, he has held important positions in global and Dutch enterprises, including Sara Lee and Royal Wessanen. At the end of 2017 Piet Roelse resigned from the Board. He had a different view than most of the other board members on some important topics. Piet remains active for Health Works as financial advisor to the Board until a new treasurer is appointed.

Hans-Georg van Liempd (member) was appointed to the board on 5 October 2016. Hans-Georg is Managing Director at Tilburg University's School of Social and Behavioural Sciences. Apart from his career at Tilburg University, Hans-Georg has also been very active in the field of internationalization of Higher Education and has held important positions within the European Association for International Education (EAIE). Furthermore, Hans-Georg is chairman of the board of the Zanskar-Stongde Foundation, which aims to provide young people in India with opportunities for education.

Koos van der Velden (member) has been a member of the board since July 2013. Koos holds a professorship in Public Health at the department of Primary and Community Care at the Radboud University Medical Center Nijmegen. His main research topics are infectious disease

control and health systems development. He received his medical training at Utrecht University and specialised in tropical medicine, family medicine and community medicine in London. He defended his PhD thesis, titled 'General practice at work', at Erasmus University Rotterdam.

Guus Eskens (member) was appointed to the Board on 20 June 2017. After a career in the pharmaceutical industry, Guus has been involved in development aid since the mid-eighties. Among other activities, he worked in the health care industry in Africa, and was the Managing Director of CARE Netherlands for 10 years. During this period, CARE Netherlands developed into a solid organization focused on supporting fragile states and improving the disadvantaged position of women in these countries. Prior to this experience, Guus was director of Cordaid, the Memisa Medicus foundation and IDA Foundation.

4.2.2 Board responsibilities

The board is charged with Health Works' management. The board determines the policy, adopts the financial guidelines and bears the ultimate responsibility for the day-to-day management. The board has granted a power of attorney to the executive director to represent the foundation. The executive director shall represent the foundation with due observance of the limits of his power of attorney. The following tasks are among the duties with which the executive director may particularly be charged:

a. preparing the annual report and accounts and giving effect to the board decisions;
b. implementing the personnel policy within the foundation, with due observance of the general guidelines adopted by the board;
c. appointing, suspending and dismissing employees;
d. the day-to-day administration of the foundation's items of property;
e. entering into financial obligations;
f. supervising the organization's coherent and efficient functioning;
g. maintaining external and internal contacts;
h. facilitating and monitoring the proper collaboration and consultation procedures, both internally and externally;
i. in a general sense, taking care of those affairs that may reasonably be regarded as forming part of the day-to-day management, or which have been left to or charged to the executive director by the board.

4.2.3 Board focus

During 2017 many policies were revised and strategic documents were created and/or updated. The main changes occurred in the following documentation:

- renewed by-laws, directors' statute and power of attorney
- procurement policy
- authorisation schedule
- corporate positioning

- marketing charter
- fundraising strategy
- research and programme development strategy paper
- monitoring & evaluation policy
- country expansion policy
- project cycle management policy
- safety & security policies
- conditions of service
- audit & risk committee charter

A new risk & audit committee was installed in June 2017, consisting of Guus Eskens and Piet Roelse. In the second half of 2017 the focus of the risk & audit committee was primarily on financial risks. Preparations were started to structurally cover and report all organizational risks in a risk management framework.

In the last quarter of 2017, a remuneration committee was installed, consisting of Carin Beumer and Hans-Georg van Liempd. A remuneration charter is in the making and will be approved in the first quarter of 2018. The first outcome of the remuneration committee was the approval of the remuneration policy regarding the executive director's maximum salary, following the *regeling beloning directeuren van goede doelen*. This weighting resulted in a BSD score of 460 (category I) with a maximum annual salary of € 129.559. The executive director's current salary is 25% below maximum.

In 2017, the board met 13 times, not including an informal two-day reflection meeting in June to align the board's ambitions and boost team spirit. The increased number of meetings was mainly due to the changing financial situation and resulting outlook for the organization in the last quarter of 2017.

4.3 Risks and insecurities

As an organization that operates in areas disrupted by war or disaster and that depends on subsidies, gifts and partnerships, Health Works encounters risks. The primary risks we face are constantly being discussed among our management, risk & audit committee and board. We distinguish three generic risk types: organizational, operational activities and financial risks.

Organizational risks: Health Works is highly dependent on its employees and systems to achieve its goals and objectives. Risks related to data security are covered by strict procedures that are in accordance with the Dutch Personal Data Protection Act (Wet bescherming persoonsgegevens). Furthermore, we are committed to responsible human resources management and have set up policies that safeguard our employees' health and safety. We make sure that our local staff is paid in accordance to the local salary standards for specific positions.

Operational activities risks: many of our project operations are in settings with high security risks. In order to reduce the likelihood of these risks as far as possible and within our scope of reach, we have several procedures and controls that help us operate in areas with increased security risks. These procedures and controls include anti-corruption policy, Codes of Conduct (especially for aid workers), partner procedure, procurement handbook, safety and security policies, complaint & response procedure, and whistleblower policy, among others.

Financial risks: Fluctuations in income and withdrawal of major donors are Health Works' main financial risks. Drastic changes to our financial situation could significantly affect not only individual project continuity, but the organization as a whole. Sometimes we cannot do our work as a result of safety, but the costs (eg salaries) continue. If we can not work, we are not able to deliver and meet the requirements of the donor, risking that we might not be reimbursed for our costs. This is therefore a financial risk that we have due to the type of countries in which we operate.

Despite our fundraising activities in the third quarter of 2017, ensuring enough funding resources remains a concern. Many scenarios were worked out, resulting in an approved, ambitious, yet, realistic budget for 2018. The board decided to restructure the Amsterdam office, unfortunately involving the loss of several positions in the course of 2018. As the approved budget cannot sustain many setbacks, alternative scenarios to secure our services to our beneficiaries are under investigation in 2018. Besides working on our ambitious plan we will try to find a partner in order to make sure our field work and our services to our beneficiaries continue in the long run.

Chapter 5 – Financial report

5.1 Financial statements 2017

1. Statement of income and expenditure for the year 2017

(In euros)	*Note*	Actual 2017	Budget 2017	Actual 2016
Income				
Subsidies from government grants	*1*	11.529.377	16.679.472	8.439.378
Subsidies from affiliated organizations grants		2.908.584	3.850.000	1.878.917
Subsidies from non-governmental organizations		-	-	312.067
Coverage for organizational cost		871.635	1.182.528	647.584
		15.309.596	**21.712.000**	**11.277.946**
Donations and gifts	*2*	1.099.105	1.164.000	917.479
Local project income		(514)	-	-
		1.098.591	**1.164.000**	**917.479**
total income		**16.408.187**	**22.876.000**	**12.195.425**
Expenditure on objectives				
Reconstruction and development	*3*	14.930.521	20.879.950	10.937.087
Awareness raising and public information	*4*	59.989	285.420	224.969
	5	**14.990.510**	**21.165.370**	**11.162.056**
Expenditure income generation				
Own fundraising efforts	*6*	318.155	411.000	124.581
Securing government subsidies	*5*	106.162	95.000	89.546
		424.316	**506.000**	**214.127**
Expenditure management & administration	*5*	892.203	1.100.000	634.489
total expenditures		**16.307.029**	**22.771.370**	**12.010.673**
Other results	*7*	(14.105)	-	(23.489)
Result		**87.054**	**104.630**	**161.264**

Percentage expenditure on objectives vs total income	91,4%	92,5%	91,5%
Percentage expenditure on objectives vs total expenditure	91,9%	92,9%	92,9%

The 2017 project volume for institutional donors was firmly higher compared to 2016, but did not reach the budgeted turnover for 2017. The main reason for not meeting the budget is the lower turnover in Afghanistan. Health Works has a strong position in Afghanistan. We have a well operating local head office in Afghanistan already for many years that is being managed by professional staff. Due to good relations with different stakeholders we have established a strong network that makes it possible to operate in provinces not easy

accessible to others. The project volume in Afghanistan is steady for years and is the most important country for Health Works. The prospects looked also promising for 2017, but a few projects with high volumes were not granted to Health Works and some others were postponed. Despite this small drop in turnover the future still looks bright for Afghanistan. The average number of staff is about 1.300 fte and we expect a rise in 2018. Due to the Afghanistan share in the total volume, a decline in Afghanistan turnover also means a lower turnover for the entire organization.

Next to Afghanistan, South Sudan and Burundi are other important project countries. In South Sudan our two main projects are funded by the Health Pooled Fund. These projects started in November 2016 and began to run really well from February 2017 onwards. In Burundi we didn't succeed to increase the project turnover. The volume remained at a too low level for the country.

Part of the 2017 budget was to start up activities in new countries. In Colombia we are a partner of ICCO in a project funded by The World Bank and in Pakistan we have been working on obtaining a renewed registration.

The project turnover for 2017 increased with € 4.4 mln. compared to 2016, but was still €6.4 mln. below budget. Due to the lower project volume the coverage for overhead cost was around € 450.000,- less than budgeted. The loss of income due to the lower turnover was compensated by reducing the overhead cost. The savings compared to budget for Amsterdam head office costs amounted €250.000,-.

The income from fundraising was almost on budgeted level. Our fund raising strategy for 2017 focused on private equity funds and on a donation from the NPL. In February 2017 we were granted a donation from the NPL of € 1 mln. The policy of Health Works is to spend at least 90% of the total expenditures directly on the objectives. For 2017 we realized a percentage of 91,8% what was slightly below budget of the previous year but above the policy of 90%.

Expenditures on own fundraising efforts increased firmly compared to previous years. This increase can be explained by the increase of Marketing and Communication staff and by a marketing campaign investment. We changed our brand name and logo in 2017 and advertised on broadcasting and outdoor bill boards. The campaign was released in the second half of 2017. The expenditures for management & organization increased as we worked on strengthening the organization in several disciplines. With the support of an external consultant we have worked on improving operational processes such as our project cycle management. Our financial system is also in need of an upgrade. Preparations for this upgrade have taken place in 2017. The set up for the new system and supplier selection is completed.

The 2017 result is almost on budgeted level and due to this result the continuity reserve increased with 25% to € 463.145,-. Our policy is to have a reserve of 20% of regular balance total. To reach this we have to increase the reserves with still another €500.000,-. We do need these reserves to absorb potential financial setbacks as a consequence of the

risks that can occur when working in fragile countries. Besides we also need these kinds of reserves to meet certain donor requirements

2. Balance sheet for year ending 31 December 2017

(In euros)	*Note*	December 31 2017	December 31 2016
Intangible fixed assets	*8*	-	-
Tangible fixed assets	*9*	6.226	3.644
Receivables and accrued income			
Work In progress	*10*	2.451.288	1.923.795
Receivables	*11*	183.048	54.173
Cash and banks	*12*	4.862.166	2.901.660
Total Assets		**7.502.727**	**4.883.272**
Reserves	*13*	455.126	368.073
Provisions	*14*	742.440	565.909
Short-term liabilities			
Project balances	*10*	3.744.583	2.670.238
Other short-term liabilities	*15*	2.560.578	1.279.051
Total reserves and liabilities		**7.502.727**	**4.883.272**

3. Cash flow statement

(in euros)	2017 Project countries	2017 Netherlands	2017 Total	2016 Project countries	2016 Netherlands	2016 Total
Balance on 1 January	**2.556.800**	**344.860**	**2.901.660**	**363.177**	**1.446.486**	**1.809.663**
Donor instalments current projects	9.063.082	6.681.062	15.744.143	7.903.857	3.826.538	11.730.395
Repaid unspend subsidies to donor	-	-	-	(4.513)	-	(4.513)
Donations	2.492	1.005.755	1.008.247	34	803.381	803.415
Other income	118.074	15	118.089	(48.478)	2.574	(45.904)
	9.183.648	**7.686.831**	**16.870.479**	**7.850.900**	**4.632.493**	**12.483.393**
Transfers to the project countries	3.143.570	(3.143.570)	-	3.196.279	(3.196.278)	1
Expenditures on objectives in the field offices	(11.101.258)		(11.101.258)	(8.853.556)		(8.853.556)
Project expenses paid from the Netherlands		(1.773.379)	(1.773.379)	0	(438.159)	(438.159)
Expenditure on overhead in the Netherlands		(2.035.337)	(2.035.337)	-	(2.099.682)	(2.099.682)
Balance on 31 December	**3.782.760**	**1.079.406**	**4.862.166**	**2.556.800**	**344.860**	**2.901.660**

Donor instalments in project countries are instalments mainly received in Afghanistan. Only a few small instalments were received in Burundi and South Sudan. The project volume in Afghanistan increased compared to 2016 as well as the locally received donor instalments. For all the other project countries the instalments are received in Amsterdam.

The project volume in South Sudan increased due to the Health Pooled Fund projects that started already in November 2016. For these two Health Pooled Fund projects the procurement of drugs and medical equipment was organized from Amsterdam what explains the increase of project expenses paid from Amsterdam.

5.2 Notes to the statement of income and expenditure, the balance sheet and the cash flow statement

Accounting principles

The annual report is prepared in accordance with the 'Guideline 650 for Fundraising Institutions', as published by the Dutch Council for Annual Reporting in 2017. The purpose of this guideline is to provide information about the costs of the organization and the expenditure of funds to meet the objectives for which the funds were acquired. Project execution is the main objective of Health Works. For this reason, we adapted the annual report to be in line with the guidelines. The financial year coincides with the calendar year.

Health Works strives for close collaboration with a larger organization to ensure the continuation of its work. The board considers it most likely that an agreement with this effect will be concluded in the second half of 2018 and Health Works will continue in operational existence for the foresee-able future. Therefore, the going concern basis is used in the preparation of the financial statements.

Unless stated otherwise, items in the balance sheet are shown at nominal value and income and expenditures are allocated to the relevant year. Purchase of assets or stock (e.g. vehicles or medicines) in the program countries for projects are recognized on a cash basis.

Going concern basis

The financial statements have been prepared on the basis of going concern.

Foreign currencies

Transactions denominated in foreign currencies are translated into Euros at the monthly exchange rate of the European Central Bank (ECB) prevailing on the transaction date. At the end of the financial year, all assets and liabilities in foreign currencies are translated into Euros at the exchange rate of the ECB on the balance sheet date. The resulting exchange rate gains/losses are included in the statement of income and expenditure.

Allocation of organizational cost

The administrative cost of own fundraising efforts, securing government subsidies, awareness raising and public information, and those of reconstruction and development are calculated based upon the cost of the fulltime employees at the head office directly employed for these activities. The other, non-direct staff costs are allocated in proportion to these direct costs. Depreciation cost and interest expenses have been included.

Expenditure management & administration

This represents expenditures on managing the organization. These costs are calculated based on the guidance of the RJ650. Included are the direct costs of the human resources and administration departments and 50% of the director's office. The costs of the operational department are considered to be administrative expenses for 20%. Other costs are allocated on a pro rata basis based on the allocation of the direct costs.

Cash flow statement
The cash flow statement was prepared using the direct method.

Assets
The assets shown on the balance sheet are all held for the purpose of the activities of the organization.

Intangible fixed assets
The intangible fixed assets are stated at cost less depreciation. Depreciation is calculated at fixed percentages based upon the useful life. The following rates of depreciation are used:

ERP system	20.0% per annum
Computer software	33.3% per annum

Tangible fixed assets
The tangible fixed assets are stated at cost less depreciation. Depreciation is calculated at fixed percentages based upon the useful life. The following rates of depreciation are used:

Office furniture	14.3% per annum
Office equipment	20.0% per annum
Computer hardware	33.3% per annum

Debtors
Debtors are shown at face value. If necessary, a provision for bad and doubtful debts is deducted.

Reserves and funds
The organization currently only has a continuity reserve. All reserves will be used for its objectives.

Provisions
The provisions are valued on the basis of the most recent information and probable expectation of possible future costs.

Project balance and work in progress
The project balance is presented according the work in progress method. The balance for each project is determined based on project expenditures and received instalments/ reimbursements up to balance sheet date and realized income based on the progress of projects. In determining the realized project income losses due to budget overruns, ineligible costs or unsecured co-funding obligations are taken into account.

Notes to the statement of income and expenditure

Income

The income of Health Works comes from subsidies from governments and non-governmental organizations, third-party campaigns and fundraising.

Subsidies that the donor allocated depending on project costs are accounted for in the year that the subsidized expenditure took place. In this context, the expenditures by alliance partners, where Health Works is lead agency, is equal to the amounts paid to these partners.

Differences in allocated and actual income from subsidies are accounted for in the statement of income and expenditure in the year in which these differences can be reliably estimated.

(1) Income institutional donors

(In euros)	0	Budget 2017	Actual 2016
Subsidies from government grants:			
Afghan Ministry of Health	4.841.891	8.500.000	5.059.803
Dutch Ministry of Foreign Affairs	605.389	1.100.000	1.363.807
European Commission	802.978	1.000.000	761.902
Health Pooled Fund	4.524.923	5.500.000	1.090.198
USAID	-	-	8.391
Other governments	754.196	579.472	155.277
	11.529.377	**16.679.472**	**8.439.378**
Subsidies from affiliated organizations grants:			
Gavi	267.146	150.000	-
Global Fund	-	50.000	(3.000)
United Nations organizations	1.244.592	1.500.000	966.108
WHO	31.982	350.000	268.647
World Bank	1.364.865	1.800.000	647.162
	2.908.584	**3.850.000**	**1.878.917**
Subsidies from non-governmental organizations			
Achmea	-	-	312.067
	-	-	**312.067**
Subtotal	***14.437.961***	***20.529.472***	***10.630.361***
Coverage for organizational cost	871.635	1.182.528	647.584
Total institutional subsidies	**15.309.596**	**21.712.000**	**11.277.946**

The increase of the 2017 income from institutional donors is mainly caused by the two projects in South Sudan for the Health Pooled Fund. These projects started in November 2016 and ended in March 2018. Currently the budget for an extension is under negotiation. For the World Bank project in South Sudan that was completed in December 2017, we do not yet have 100% certainty that we can take the full contract value as turnover. We have met the conditions and it seems that this is a lump sum contract. As a precaution, the amount not spent on the project, € 405,000,-, is still presented as a debt to the donor and not as turnover.

(2) Income Fundraising

(In euros)	Actual 2017	Budget 2017	Actual 2016
Donations			
Private donations	8.247	70.000	3.415
Lotteries: Nationale Postcode Loterij	1.000.000	500.000	
Zaluvida Foundation	-		800.000
Companies: Google Adw ords	90.858	94.000	114.064
Private Equity Funds		500.000	
	-		-
	1.099.105	***1.164.000***	***917.479***
Local project income	(514)	-	-
Total income from fundraising	**1.098.591**	**1.164.000**	**917.479**

In 2017 Health Works received € 1 mln. from the National Postcode Lottery. With this donation Health Works could f.i. realize a branding campaign, invest in Research & Development, what resulted in four publications in peer reviewed journals. And with the help of an external consultant the Project Management Cycle process was defined and implemented and we could further strengthen our operational excellence.

Expenditure

The expenditures on objectives are divided into two groups, expenditure on (1) Reconstruction and Development, and (2) Awareness Raising and Public Information. The policy of Health Works is to spend at least 90% of the total expenditures directly on the objectives. In 2017 91,8% (€ 15.0 mln.) of total expenditures (€ 16.3 mln) was directly spent on the objectives. Main part of this (99,5%) was for Reconstruction and Development. It is the policy of Health Works to work with own staff in the field as often as possible. Therefore, salary costs are the main part of the reconstruction and development costs. Medical goods form another large part of the expenditures.

(3)Reconstruction and development

(In euros)	Afghani-stan		Burundi		South Sudan		Other Countries		Total 2017		Budget 2017		Actuals 2016	
Actuals 2017														
Expat staff	60.998	1%	2.784	1%	297.318	6%	81.287	21%	**442.387**	3%	549.635	3%	277.243	3%
HQ staff	74.070	1%	17.460	4%	58.545	1%	151.149	39%	**301.224**	2%	458.070	2%	445.627	4%
Local staff	4.208.607	49%	201.319	43%	1.545.938	30%	-	0%	**5.955.864**	41%	9.045.194	45%	4.771.960	45%
Field office cost	897.632	10%	44.370	10%	235.902	5%	15.779	4%	**1.193.683**	8%	2.492.360	12%	1.257.180	12%
Transportation	490.819	6%	71.586	15%	517.629	10%	9.382	2%	**1.089.415**	7%	1.505.428	7%	759.358	7%
Training and education	548.926	6%	94.446	20%	222.140	4%	971	0%	**866.482**	6%	2.120.666	10%	1.069.692	10%
Medical and other goods	2.345.127	27%	-	0%	779.713	15%	-	0%	**3.124.840**	21%	3.662.072	18%	1.847.199	17%
Consultancy	10.768	0%	31.821	7%	21.021	0%	20.644	5%	**84.254**	1%	399.769	2%	201.649	2%
Local partners	-	0%	-	0%	1.390.791	27%	103.685	27%	**1.494.477**	10%	86.109	0%	43.435	0%
	8.636.947		**463.785**		**5.068.997**		**382.896**		**14.552.626**		**20.319.302**		**10.673.343**	
Local income	(9.220)		-		(109.369)		(15)		**(118.603)**		-		45.904	
Total Expenditures	**8.627.728**		**463.785**		**4.959.629**		**382.881**		**14.434.022**		**20.319.302**		**10.719.247**	
							Allocated organizational costs		396.600		458.000		298.871	
							Exchange rate and post project results		99.899		102.648		(81.031)	
									14.930.521		**20.879.950**		**10.937.087**	

(4) Awareness raising and public information

(In euro)	Actuals 2017	Budget 2017	Actuals 2016
Website	13.044	115.000	116.405
Other activities	665	100.000	43.387
	13.709	***215.000***	***159.792***
Allocated organizational costs (Note 5)	46.280	70.420	65.177
	59.989	**285.420**	**224.969**

(5) Allocation of organizational cost

Expenditures	Reconstruction and development	Awareness raising and public information	Total expenditure on objectives	Own fundraising efforts	Securing government subsidies	Management & Administration	Actual 2017	Budget 2017	Actual 2016
Average number FTEs	6,7	0,7	**7,4**	1,0	1,2	8,3	**17,8**	19,1	17,0
Personnel costs	566.974	41.237	**608.212**	57.567	103.277	771.901	**1.540.957**	1.846.128	1.431.579
Accommodation costs	37.216	4.109	**41.325**	5.736	6.902	46.193	**100.157**	113.550	112.437
Office and general costs	45.294	2.062	**47.356**	2.878	11.291	105.873	**167.398**	120.903	114.760
Depreciation and interest	632	70	**702**	97	117	784	**1.701**	29.641	8.011
	650.117	**47.478**	**697.595**	**66.279**	**121.587**	**924.752**	**1.810.213**	**2.110.222**	**1.666.787**
Recovered organizational cost	(253.516)	(1.198)	**(254.715)**	(1.673)	(15.425)	(36.161)	**(307.974)**	(458.070)	(491.033)
	396.600	**46.280**	**442.880**	**64.607**	**106.162**	**888.591**	**1.502.239**	**1.652.152**	**1.175.754**
Subsidies and contribution	14.652.524	13.709	**14.666.233**	253.548	-	3.612	**14.923.393**	20.897.950	10.789.013
Local income	(118.603)		**(118.603)**				**(118.603)**		45.904
Total allocation	**14.930.521**	**59.989**	**14.990.510**	**318.155**	**106.162**	**892.203**	**16.307.029**	**22.550.102**	**12.010.671**
percentage of expenditures on objectives				*2,1%*	*0,7%*	*6,0%*			

Note: Coverage of indirect cost	**871.635**	**1.182.528**	**647.584**
In % of total organizational cost (incl. Subsidies and contribution for Management and Administration)	*62%*	*67%*	*51%*

(6) Cost own fundraising efforts

(In euro)	Actuals 2017	Budget 2017	Actuals 2016
Advertisement	140.022	71.000	303
Other fundraising cost	113.526	190.000	33.291
	253.548	**261.000**	***33.594***
Allocated organizational costs (Note 5)	64.607	150.000	90.987
	318.155	**411.000**	**124.581**
Cost percentage own fundraising efforts	*29,0%*	*35,3%*	*10,1%*

Costs securing government subsidies

The costs for securing government subsidies consist entirely of allocated organizational cost. Within Health Works 1.2 FTE was engaged in securing government subsidies.

Management and Administration

The expenditures for Management and Administration consist as well entirely of allocated organizational cost. Staff of the departments finance, operational support, technical support and the directors spends a percentage of their time on Management and Administration. After a stabilization in 2016 the average number of FTE's assigned for Management and Administration further decreased in 2017 to 8,3 FTE.

Exchange rate and post project results, communication expenses

(In euros)	Afghanistan	Burundi	DRC	South Sudan	Other Countries	Total 2017	Budget 2017	Actuals 2016
Actuals 2017								
Exchange rate results	(267.072)	(10.661)	-	(70.113)	9.513	**(338.332)**	-	26.088
Post-project results	(1.533)	(11.952)	-	285.346	(33.427)	**238.434**	102.648	54.942
	(268.605)	**(22.613)**	**-**	**215.234**	**(23.914)**	**(99.899)**	**102.648**	**81.031**
Communication expenses	-	-	-	-	3.612	**3.612**	-	3.316
Total	**(268.605)**	**(22.613)**	**-**	**215.234**	**(20.302)**	**(96.287)**	**102.648**	**84.347**

The negative 2017 exchange result in Afghanistan is caused by the devaluation of the AFN. For one project that already ended in 2016 we received the final instalment. The exchange result for this project was € 120.000,- negative.

Organizational cost head office

(In euro)	Actuals 2017	Budget 2017	Actuals 2016
Salary cost			
Gross salaries	1.136.309	1.303.203	1.049.189
Social security	158.148	207.332	156.230
Pension	182.016	210.253	164.281
Other personnel costs	64.483	125.339	61.879
Total salary cost	**1.540.957**	**1.846.128**	**1.431.579**
Average number of FTE's	*17,8*	*19,1*	*17,0*
Accommodation cost			
Rent	55.097	71.600	69.349
Service charges and move	36.689	35.500	36.689
Office maintenance	8.371	6.450	6.400
Total accommodation cost	**100.157**	**113.550**	**112.437**
Office and General cost			
Automation/Telecom	36.451	29.603	23.781
Office cost	7.736	9.608	7.651
Insurrance	3.460	11.712	7.207
Bank charges	2.195	1.050	2.189
Consultancy	49.030	7.470	11.148
Audit fees	51.809	40.000	48.222
Other general cost	16.718	21.460	14.562
Total office and general cost	**167.398**	**120.904**	**114.760**
Depreciation and interest			
Depreciation	2.208	29.641	10.051
Interest expense	-507	0	-2.040
Total depreciation and interest	**1.701**	**29.641**	**8.011**
Total organization cost head office	**1.810.213**	**2.110.223**	**1.666.787**

The actual 2017 number of FTE is 1,3 FTE lower than budgeted. This has a positive impact on all salary related cost. In July 2017 our HR advisor left the organization. She was replaced for two days a week by an HR consultant. Besides the regular HR activities, the consultant investigated all of our HR activities for possible efficiency improvements.

(7) Other results

(In euros)	Actuals 2017	Budget 2017	Actuals 2016
Exchange rate gains/(losses)	(14.105)	-	(23.489)
Other results	-	-	-
Total other results	**(14.105)**	**-**	**(23.489)**

5.3 Notes to the balance sheet 2017

(8) Intangible assets

(In euros)	Software	ERP System	Total
Purchase value			
Balance on 1 January	19.558	500.097	519.655
Investments 2017		-	-
Desinvestments 2017	-	-	-
	19.558	**500.097**	**519.655**
Depreciation			
Balance on 1 January	19.558	500.097	519.655
Depreciation 2017	-	-	-
	19.558	**500.097**	**519.655**
Balance 31 December	**-**	**-**	**-**

No main investments took place in 2017. In 2017 we worked on the preparation of the ERP system upgrade. Because our current system is from 2010, an upgrade is not possible anymore. Therefore, we will implement the Navision software. Because the Microsoft license fees have been paid all past years, we don't need to invest in new software. In this process we were supported by an external IT advisor.

(9) Tangible assets

(In euros)	Furniture	Office machines	Computers	Total
Purchase value				
Balance on 1 January	54.636	21.672	54.776	131.084
Investments 2017	-	-	4.790	4.790
Desinvestments 2017	-	(6.443)	(2.987)	(9.430)
	54.636	**15.229**	**56.579**	**126.444**
Depreciation				
Balance on 1 January	54.406	21.657	51.377	127.440
Depreciation 2017	229	0	1.979	2.208
Desinvestments 2017	-	(6.443)	(2.987)	(9.430)
	54.636	**15.214**	**50.368**	**120.218**
Balance 31 December	**-**	**15**	**6.211**	**6.226**

(11) Receivables

(In euros)	Actual 2017	Actual 2016
Debtors	81.176	24.034
Prepaid expenses	57.083	24.153
Prepayments to subcontractors	20.236	
Accrued assets	24.554	5.986
Total receivables	**183.048**	**54.173**

Donor receivables for final settlement
This includes the final instalments/reimbursement by donors for completed projects. Some uncollectable final instalments were written of in 2017.

Pre-paid expenses
This includes the deposits and pre-paid expenses at headquarters and in the field offices.

Prepayments to sub-contractors
For a number of projects Health Works cooperates with sub-contractors. Some of the sub-contractors are pre-financed by Health Works. Because no unconditional commitments have been made, we book and charge the expenses of sub-contractors only when the sub-contractor reports the actual expenses. When Health Works is not pre-financing the sub-contractors, the sub-contractors are reimbursed afterwards. The commitment is presented as short-term liability.

Accrued assets
This includes the balance of advances that are given to Health Works staff to carry out activities in the field. Health Works carries out projects in areas where the (financial) infrastructure is sometimes lacking. To be able to do all the activities in these areas, cash advances are occasionally given to Health Works staff. These advances are accounted for within one month.

(12) Cash and banks

(In euros)	Actual 2017	Actual 2016
Cash at bank and in hand in Amsterdam	1.079.406	344.860
Cash at bank and in hand in project countries	3.782.760	2.556.800
Total cash and bank	**4.862.166**	**2.901.660**

All the funds are repayable on demand except for a bank guarantee of € 43,785 for rental obligations.

Cash and banks per country

(In euros)	Actual 2017	Actual 2016
Afghanistan	3.759.432	2.405.471
Burundi	1.826	13.468
South Sudan	21.501	137.860
Total cash and bank in cou	**3.782.760**	**2.556.800**

In the fourth quarter of 2017 several pre-financing donor instalments were received for projects in Afghanistan what explains the high value of the Afghanistan bank account by the end of December 2017.

(13) Reserves

(In euros)	Actual 2017	Actual 2016
Continuity reserve		
Balance 1 January	368.073	206.809
Result current year	87.054	161.264
Total continuity reserve	**455.126**	**368.073**
Designated reserve		
Balance 1 January	-	-
Result current year	-	-
Total designated reserve	**-**	**-**
Total reserves		
Balance 1 January	368.073	206.809
Result current year	87.054	161.264
Total reserves	**455.126**	**368.073**

Due to the financial support from Zaluvida that we received in 2015, the equity turned positive by the end of 2015. In 2016 Health Works worked on strengthening the organization and increasing the acquisition activities. Although the situation improved significantly in 2016, Health Works still needed the financial support, and received albeit at a lower level than in 2015. Due to the positive 2017 result, the equity increased further.

(14) Provisions

(In euros)	Actual 2017	Actual 2016
Balance 1 January	565.909	553.978
Allocation	465.889	91.522
Withdrawal	2.450	(79.591)
Release	(291.808)	-
Total provisions	**742.440**	**565.909**
post project provision	163.752	127.875
social securities	520.938	438.034
court cases Burundi	57.750	
Total provisions	**742.440**	**565.909**

(In euros)	post project provision	social securities	court cases
Balance 1 January 2017	127.875	438.034	-
Allocation	33.427	82.904	57.750
Withdrawal	2.450	-	-
Release	-	-	-
Balance 31 December 2017	**163.752**	**520.938**	**57.750**

Health Works projects are regularly audited after they finish and the financial report has been submitted. These project audits can take place until five years after a project finished. Based on results of the project audits in the past, it was decided to form a provision. Every year 0.25% of the yearly income out of government subsidies is added to this provision.

For two USAID projects from 2014 there is a discussion with the Afghan Ministry of Health about USD 175K of reported project costs. We assume, however, that no concrete claim will result from this. Together with other NGOs in Afghanistan we are in discussion with the ministry.

In some of our project countries social security contributions are not paid to the government, but directly to the employees at the end of their employment period. Because of the nature of these obligations, it was decided to record these long-term obligations as of 2016 as a provision instead of short term liabilities. Because of the strong devaluation in South Sudan January 2016 exchange rate is used for the 2016 obligations. Although this is more favourable for the employees than the actual rates, there is still no definitive agreement with the employees.

(10) Overview project balances

(in euros)	Actual 2017	Actual 2016
Balance on 1 January	(746.441)	(266.909)
Received subsidies	(15.617.844)	(11.640.483)
Subsidies spent	15.070.993	11.110.291
Subsidies to be refunded to donor	-	50.660
Total project balance	**(1.293.291)**	**(746.441)**

Specification project balance per donor

(In euros)	2017		2016	
	To be received from donor	Unspent project subsidies	To be received from donor	Unspent project subsidies
Achmea	0	(3.366)	29.876	(0)
Afghan Ministry of Health	96.638	(1.585.271)	258.352	(290.333)
Dutch Ministry of Foreign Affairs	185.053	(245.358)	425.092	(52.846)
European Commission	88.438	(54.000)	64.366	(284.564)
GAVI	187.313	(503.565)	0	(0)
United Nations organizations	363.917	(554.692)	304.823	(1.028.404)
USAID	26.714	(0)	26.714	-
World Bank	124.075	(697.362)	303.313	(996.535)
Health Pooled Fund	1.307.185	(0)	469.155	
Other donors	71.959	(100.968)	42.104	(17.555)
	2.451.291	**(3.744.583)**	**1.923.795**	**(2.670.237)**
Total project balance	**-1.293.292**		**-746.441**	

The table above includes the balance of all running projects. This balance is determined based on project expenditures and received instalments/reimbursements up to the balance sheet date and realized income, based on the progress of projects. In determining the realized project income losses due to budget overruns, ineligible costs or unsecured co-funding obligations are taken into account.

Based on the project progress and received instalments Health Works can have a receivable from or a payable to a donor. In the specification project balance per donor the individual position for each donor is explained.

(15) Short-term liabilities

(In euros)	Actual 2017	Actual 2016
Creditors	246.553	46.597
Payable to project partners	798.940	23.350
Invoices to be received	64.453	113.536
Provision holiday allow ance and holiday hours	104.350	101.113
Accrued personnel costs headquarters	942	11.574
Accrued tax and social security headquarters	42.576	38.733
Accrued personnel costs in project countries	176.026	98.465
Accrued social security project countries	62.320	54.835
Accrued subcontractors	85.513	56.014
Accrued other cost in project countries	978.906	734.834
Total short-term liabilities	**2.560.578**	**1.279.051**

Accrued personnel costs headquarter: This includes the salary and insurance commitments for staff at headquarters per December 31st 2017.

Accrued tax and social security headquarter: This includes the tax payables and social security, per December 31st 2017, for the staff at headquarters.

Accrued personnel cost in project countries: This includes the salary and tax commitments for staff at field offices per December 31st 2017 in Afghanistan, Burundi and Sudan.

Accrued social security project countries: This includes reservations for paying social security and 'end of contract payments' in Burundi.

Accrued sub-contractors: These are commitments to local partners for services they have provided. About 20% of this amount relates to a subcontractor in Afghanistan. The remaining part is mainly for the partners Cordaid and Afod that we work with on Health Pooled Fund projects in South Sudan.

Accrued other cost in project countries: This includes all, non-salary related, project commitments in the project countries. These commitments include received invoices and made commitments for medicine, constructions of health facilities, fuel and other contracts.

Rights not included in the balance sheet:
Since August 2015 Health Works is subletting part of her office to Zoombim BV. The contract is for one year with a tacit renewal and a notice period of one month. More office space was sublet to Zoombim BV in 2017 and the total revenue from this rental agreement increased to €82.474 in 2017.

Since February 2014, another small part of the office is being sublet to Stichting Antares for the period of one year with a tacit renewal and a notice period of one month. The yearly income from this agreement amounts €7.279,-.

Liabilities not included in the balance sheet:

- The rental agreement for the office in Amsterdam, which runs from 16 January 2012 until 15 January 2019, has a total commitment of €1.167.447. This requires a bank guarantee of €43.785. For 2017 the total rental cost including service charges amounted to €179.506,-.
- As of October 2011, Health Works has signed a lease contract with Canon Business Center for three printers. This agreement runs until May 2019. This contract has been renewed for a period of 1 year. Health Works pays €1.811 per 3 months for using the printers.

5.4 Budget 2018

Budget 2018

(In euros)	Budget 2018	Actual 2017
Income institutional donors	19.757.188	15.309.596
Income from fundraising		
Donations and gifts	280.000	1.099.105
Local project income	-	514-
Subsidies from non-governmental organizations		
	280.000	1.098.591
Income third party campaigns		
total income	**20.037.188**	**16.408.187**
Expenditure on objectives		
Reconstruction and development	18.780.560	14.930.521
Awareness raising and public information	50.000	59.989
	18.830.560	**14.990.510**
Expenditure income generation		
Own fundraising efforts	210.000	318.155
Securing government subsidies	50.000	106.162
	260.000	**424.316**
Expenditure management & administration	696.446	892.203
total expenditures	**19.787.006**	**16.307.029**
Other results	-	(14.105)
Result	**250.182**	**87.054**

Percentage expenditure on objectives vs total income	94,0%	91,4%
Percentage expenditure on objectives vs total expenditure	95,2%	91,9%

5.5 Other information

Expenditure on objectives per region

	Budget 2017	Actual 2017	Actual 2016
Asia	46%	63%	69%
Africa	51%	36%	30%
Overige	3%	1%	1%

(16) Staff overview

	Budget 2017	Actual 2017	Actual 2016
Staff at Amsterdam office			
1 January	18,3	16,1	18,2
31 December	25,7	18,3	16,1
Number of volunteers during the year	10	6	9
Average number of staff at headquarters	22,7	17,7	17,4
Personnel cost per FTE at headquarters (euro)	81.171	87.306	82.098
Other cost per FTE at headquarters(euro)	24.006	15.255	13.489
Hourly rate staff Amsterdam office (budget only, euro)	90,00	90,00	90,00
Field staff per 31 December			
Afghanistan - Local staff	1.400,0	1.272,0	1.130,0
Afghanistan - Expat staff	7,0	6,0	2,3
Burundi - Local staff	35,0	27,0	58,4
lesotho - Expat staff	1,0	1,0	1,0
South Sudan - Local staff	35,0	31,0	26,3
South Sudan - Expat staff	3,0	4,0	1,0
Total field staff	**1.481,0**	**1.341,0**	**1.219,0**

Board and director

The board members are not employed by the organization. Board members and former board members do not (nor did) receive any remuneration during the financial year. No loans or advances were made and no guarantees were issued to the board members.

The board has determined the remuneration policy, the height of the executive benefits and the amount of remuneration components. The remuneration policy is updated periodically.

As of 2017 Health Works has one director, Marc Tijhuis. Health Works has no bonuses, year-end bonuses or gratuities. Expenses are refunded on a claim basis.

(17) Remuneration director(s)

(In euro)	2017	2016
Marc Tijhuis, Director		
Gross wage/salary	85.705	
Holiday allowance	6.856	
Social security - employer's part	9.131	
Pension	15.692	
	117.384	
Hans Grootendorst, Internal Director		
Gross wage/salary		105.099
Holiday allowance		8.314
Social security - employer's part		9.671
Pension		19.158
		142.242
Willem van de Put, External Director		
Gross wage/salary		78.825
Holiday allowance		8.314
Social security - employer's part		9.672
Pension		16.821
		113.632