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## Financial Report 2020

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# Financial Statements 2020

## Vereniging Artsen zonder Grenzen

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▲ MSF Staff helping a woman refugee to put on her mask inside the clinic run by MSF in Um Rakuba refugee camp. MSF runs the water supplies and has an emergency clinic in the camp. Sudan, December 2020.

The Financial Statements 2020 include the financial information of the Association Artsen zonder Grenzen and the activities carried out under its direct responsibility. The Vereniging Artsen zonder Grenzen (Médecins Sans Frontières - Nederland) was founded September 7, 1984 and has its registered office and actual address at Plantage Middenlaan 14-16, 1018 DD Amsterdam, The Netherlands.

### Our mission

The organising of practical medical aid to people in disaster areas and crises worldwide, in accordance with the principles expressed in the Charter. Providing medical humanitarian aid to people in emergency situations, whether caused by conflicts, epidemics, disasters or exclusion from healthcare is the core of what we do. Based on our medical work, we will also make every effort towards effective advocacy on behalf of the population that we assist.

The Charter and more comprehensive information about the organisation are published on our website [www.artsenzondergrenzen.nl](http://www.artsenzondergrenzen.nl) and in the Annual Report of Artsen zonder Grenzen.

The Annual Report is published on the website ([www.artsenzondergrenzen.nl/jaarverslag](http://www.artsenzondergrenzen.nl/jaarverslag)) and includes the Board Report for the year.

### Artsen zonder Grenzen

Artsen zonder Grenzen is registered with the Amsterdam Chamber of Commerce under number 41215974 and is a Public Benefit Organisation (ANBI) with Legal Entities and Partnerships Identification Number (RSIN) or Tax Number 006790264. Artsen zonder Grenzen is a member of Goede Doelen Nederland and is a CBF recognised charity in the Netherlands (CBF-erkend goed doel).

Artsen zonder Grenzen (Médecins Sans Frontières Nederland) uses the trade names "Artsen zonder Grenzen"; "Médecins Sans Frontières The Netherlands (MSF-NL)"; "MSF-Holland" and "Operational Centre Amsterdam (MSF-OCA)". In addition, 'Baby zonder Grenzen' and 'Actie zonder Grenzen' are registered trademarks held by the organisation.

In these Financial Statements Artsen zonder Grenzen is further referred to as 'MSF-Holland'.

### **MSF-Holland in the international movement Médecins Sans Frontières**

MSF-Holland is part of the international network of Médecins Sans Frontières, which in 2020 counted 25 institutional members (MSF-sections) worldwide. MSF-Holland works in particular with the MSF-sections in Germany and the United Kingdom as well as Canada, Sweden and South Asia; together we take responsibility for the Operational Centre Amsterdam (MSF-OCA). In addition to MSF-OCA, four other MSF operational centres carry out projects independently and under the responsibility of their respective Boards.

Each of the MSF-sections is an independent economic and legal entity. The MSF-sections are united in the Swiss-based association Médecins Sans Frontières International. These Financial Statements include a chapter Partnerships that further describes the international financial cooperation, the mutual agreements made, the governance between the MSF-sections and the risks resulting from their interdependencies.

### **Reporting guidelines**

The Financial Statements have been prepared in accordance with Dutch Accounting Standard 650 for the Reporting of Fundraising Institutions as published by the Dutch Accounting Standards Board (RJ 650, Raad voor de Jaarverslaggeving). The specific aim of the Guideline 650 is to provide insight into the acquisition of income, the realised expenditure, and the reserves and funds held by the organisation. The Guideline 650 emphasises that the Financial Statements should provide a transparent insight into the organisation's activities and the outcomes of its activities.

MSF-Holland further complies with established guidelines for fundraising organisations in The Netherlands including the governance code for fundraising organisations, the guidelines on the holding of financial reserves, and the guideline on remuneration for the director and the management. Furthermore, the MSF-sections apply commonly agreed principles of

interpretation and cost allocation that are consistent with the accounting policies applied in these Financial Statements.

### **Presentation of the Financial Statements**

Because we consider our activities and the related expenditures on the Association's goals to be our principal objective, we deviate from the prescribed model for the presentation of income and expenditure. These Financial Statements show our expenditures before our income. In addition, the Statement of Expenditure and Income is shown before the Balance Sheet.

The Accounting Policies and the basis used for the valuation of the expenditure and the assets are explained in chapter 4 of these Financial Statements. It is recommended that this be read before viewing the Statement of Expenditure and Income and the Balance Sheet. There were no changes to accounting policies or accounting estimates in 2020.

In applying the principles and policies for drawing up these Financial Statements, management makes various estimates and judgments that may be essential to the amounts disclosed in the Financial Statements. The main areas for consideration and judgement are:

- provisions: estimates for the likelihood as well as timing of (possible) cash outflows (note 3.10 and chapter 4.1), and
- income recognition: judgement in the determination of the value of inheritances (note 3.6 and chapter 4.2).

The nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item in order to provide the transparency required under the Dutch Civil Code, article 362:1, Book 2.

### **Financial Risks and Forward Statement**

Our medical emergency aid operations and financial health could be adversely affected by certain risks. The Board Report elaborates our approach to risk management, internal controls and the extent of the exposure to certain risks. In the Board Report a specific paragraph is included on the response of the organisation to the management of risks arising due to the COVID-19 pandemic. Financial risks are included in chapter 5 of this financial report.

In Annex 1 Forward Statement on expenditure and income, the development of main reporting indicators is included. The forward-looking statements are linked to our strategic medical operational ambitions. By their nature, forward-looking statements relate to future events and circumstances and therefore contain

uncertainty. Whereas for a part this is anticipated, actual results may differ materially from those presented in the forward-looking statements.

In these financial statements the impact of the COVID-19 pandemic on the organisation is addressed in the paragraph below.

### **The impact of the COVID-19 pandemic**

During most of 2020, the COVID-19 pandemic brought dramatic change to the world, initially bringing the global economy to a standstill. Global medical shortages underlined the fact that those with the financial means have access to scarce medical resources. It also amplified the discrepancy in the quality of health systems, as well as in the possibilities to protect oneself from infection. As an emergency organisation, we have the capacity to respond to sudden emerging crises, but we had never been confronted with a crisis on a worldwide scale coinciding with disruptions to travel and supply systems in our entire emergency aid programmes, countries of operation and in our head offices. In our emergency aid operations, we experienced complications in sending (international) staff to operational areas, obstacles in export, import and transportation of supplies, difficulties with procurement of protective equipment and medicines and additional risks present for patients in our regular programming with co-morbidities (e.g., in our Tuberculosis projects), occasionally delaying implementation. In response to these new challenges, we made staff health, the continuity of patient care, the movement of staff and the supply chain the four central priorities of our mitigation strategy for operational risks associated with the pandemic.

In order to protect our staff and our patients from infection, we produced COVID-19-specific guidelines on clinical management, infection prevention and control, protective equipment, laboratory diagnostics, nutrition, water & sanitation, waste management, facility design, health promotion and community engagement, mental health and staff health. These were updated weekly to keep pace with the rapid evolution of scientific evidence. We also followed the WHO guidelines for Personal Protective Equipment (PPE). Support was available to ensure the physical and mental well-being of our staff. From early March, we ensured the return of those international staff at significant risk of COVID-19-related complications. Our measures allowed for the continuation of all pre-outbreak existing projects.

We complied with all Government regulations and advice in each of the countries where we work. We adapted to new ways of working. Most of our staff worked from home

and, for all staff, travel restrictions were put in place and maintained throughout the year. We already had the essential communications infrastructure, policies and procedures in place for this, as even in normal times we are used to working globally and providing support to our teams remotely. Recent investments in IT infrastructure allowed for mobile internet communications and essential applications to be held in the Cloud. These investments really paid off in 2020, contributing to our ability to maintain support to our emergency aid programmes, regular internal control mechanisms and decision-making. This also enabled us to adapt existing decision-making procedures and we established adapted management structures in the head office.



## MAIN FINANCIAL TRENDS 2020

### Constrained expenditure on operations

In 2020, our expenditure decreased by 9.8% compared to the previous year. This decrease was caused by the decrease of expenditure on our medical emergency aid operations by € 10.9 million to € 243.4 million, € 11.2 million below budget. The emergency aid expenses were significantly constrained by an estimated € 6 to 8 million of ongoing supply chain issues during the year. In addition, minimal grants totalling € 0.4 million were made to other MSF-sections in 2020, as compared to €19.8 million in 2019. In 2020, the amount spent on association goals was 94.1% of the total expenditure (2019: 94.6%) and 86.4% of total income (2019: 103.4%).

### Average number of employees

In 2020, we employed 10,537 full time staff (2019: 10,466 full time staff) working in 115 emergency aid projects in 31 countries (2019: 111 projects in 31 countries) and at the head office.

### Moderate impact of exchange rate developments

In 2020, overall exchange rate developments had a moderate impact on our expenditure on emergency aid with a similar effect on our income. At the end of 2019 we expected that exchange rates of the currencies we operate in would remain volatile. The US dollar, which is the currency with the highest impact on our expenditure, depreciated against the euro. In 2020 the main impact on the euro value of the expenditure on emergency aid was caused by currency movements in Ethiopia (ETB), Myanmar (MMK) and Uzbekistan (UZS). As a result, overall expenditure on emergency aid decreased by an estimated € 4.7 million or 1.9% of the total expenditure on emergency aid. Realised income from the MSF-sections and from institutional donors ended approximately € 7.1 million (or 3%) lower due to exchange rate effects. The share of the US dollar accounted for an estimated € 4.0 million of the lower income, the British Pound for €1.7 million and the remaining €1.4 million can be accounted for by the Swedish Krona, Hong Kong Dollar and Canadian Dollar. For the short-term we assume that the main exchange rates will continue to develop in the same direction as the trends in 2020.

### Positive development in income

Overall, our expenditure decreased to € 287.1 million, with our total income increasing by 7.3% to € 313.0 million. In 2020, we continued to deliver critical emergency aid in some of the world's major humanitarian crises, including in Ethiopia, Syria, Yemen, Venezuela, and Bangladesh in our programmes for the Rohingya refugee population. We also returned to Sudan after a 12-year absence, and

immediately directed our attention to emergency response for the refugees arriving from Ethiopia in the east of the country. After the increase in 2019 of 6.8% of income from private donors in the Netherlands and worldwide, 2020 saw a further continuation of positive income development at 7.6%, compared to an anticipated decrease of 2.8%, driven by our fund-raising efforts and the COVID-19 earmarked fund launched by MSF International in March 2020, as a direct response to the global pandemic.

In 2020, the Board decision in 2016 to suspend acceptance of institutional funding from the EU and EU-member states was maintained. Although our level of institutional income increased to € 3.8 million (2019: €3.4 million) the relative share of income remained low at 1.2% in 2020. Maintaining the decision is a principled consequence of our analysis of the humanitarian impact of the agreements made between the EU and countries around the Mediterranean Sea (Turkey, Libya) about refugees and migrant people on the move.

### Financial position at year-end

The overall operational developments for the year together with the stronger than anticipated fundraising across the MSF movement resulted in a financial surplus of € 25.9 million. The result ended € 45.3 million above planning due to the significantly improved income across the MSF movement and lower expenditure (partly relating to the impact of COVID-19 operating restrictions, such as travel and working from home). In addition, the one-off grants of € 19.9 million made to two other MSF sections in 2019 further impacted the year-on-year difference in the surplus. The result has been added to the other free reserves. After the addition of the result from 2020, MSF-Holland's overall reserves remained healthy at the level of 6.7 months (2019: 5.8 months) in relation to the average total expenditure over the past two years (2019 and 2020) and the budget for the current year (2021).

In 2019, a new financial agreement for the period 2020-2023 was negotiated between the MSF-sections. After the deficit in 2019 and the significant surplus in 2020 on the back of the very strong fundraising performance deficit spending is projected for 2021. Over a period of 4 years (2020-2023) a balanced expenditure and income position is intended. The Board and management will continue to ensure overall reserves do not fall below 4.5 months of total expenditure and to manage expenditure in line with future movement-wide income developments.

### Reserves and current balance sheet positions

The realised surplus for 2020 ended at € 25.9 million resulting in an increased overall reserves position at 6.7 months of operational expenditure (see note 3.9). No transfer was required to maintain the continuity reserves at the desired level of 4.5 months of operational expenditure. The continuity reserves include a buffer capital of € 46.0 million to cover for the potential adverse financial impact of certain risks in our medical and operational activities or financial conditions. With an overall reserves position of 6.7 months of total expenditure we maintained a robust financial position. With reserve levels well in excess of the minimum level of 4.5 months, management is considering increasing the emergency aid expenditure in 2021 and into 2022, while maintaining the overriding objective of achieving a balanced budget at the end of 2022.

Operating assets decreased by a net amount of € 1.1 million with major investments of recent years now completed. Inventory increased by € 6.6 million compared to 2019 to €20.1 million. The increase in inventory is mainly due to delays occurring in shipping of relief supplies to our projects at the end of the year. 2020 was a particularly challenging year for our Supply, given the difficulties for supply chains caused by the COVID-19 pandemic, coming at the same time as we transitioned to a new logistics service provider. Receivables decreased by € 0.2 million and provisions and liabilities increased by € 3.1 million. The combination of various movements in balance sheet positions resulted in a significant inflow of cash. For the coming years, the forward cash flow planning indicates that we will continue to ensure sufficient liquidity for the organisation.

### Main financial indicators

The financial indicators presented below give an overview of the main expenditure and income figures for the year 2020 and the perspective of the trends over the last 5 years. Our main financial reporting indicators concern the development of our operational expenditure and reserves:

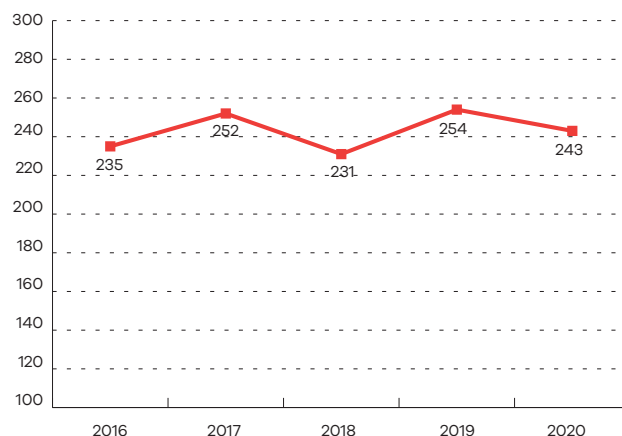
Expenditure and Income indicators:

- the growth of our Emergency aid expenditure in euro;
- the total expenditure as a percentage of the total income;
- the delivery of emergency aid plus the direct support needed to realise it (total spent on Association goals) as a percentage of total expenditure;
- the cost of acquiring income as a percentage of the total income realised;
- the cost of management and administration as a percentage of the total expenditure; and the
- composition of income for the year 2020.

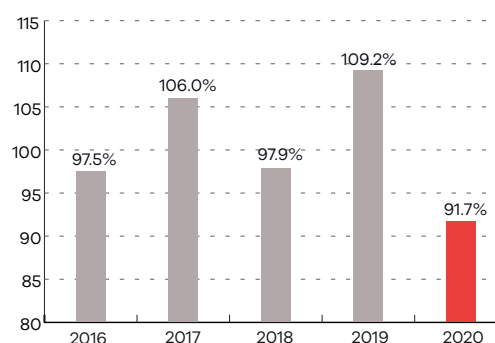
Balance sheet indicator:

- the development of our reserves measured in months' worth of total expenditure (see note 3.9);

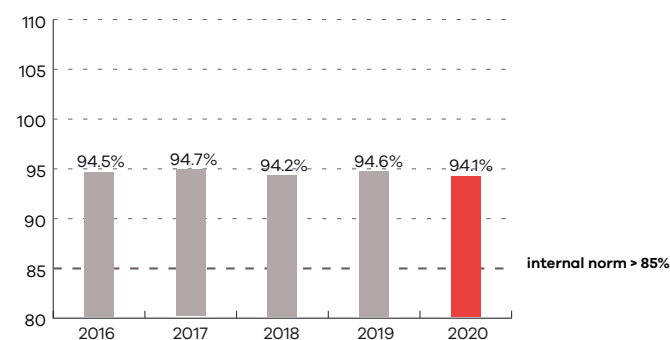
### EMERGENCY AID EXPENDITURE in euro millions



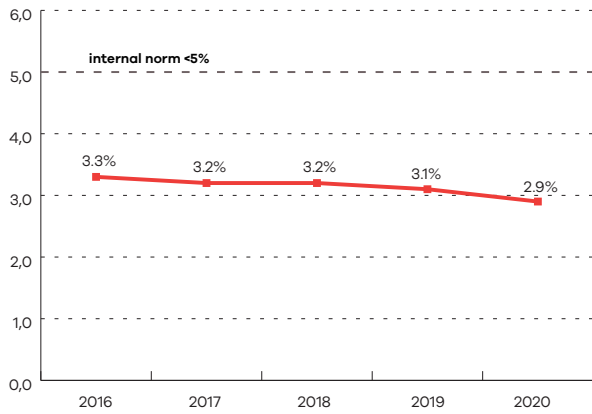
### TOTAL EXPENDITURE as percentage of total income



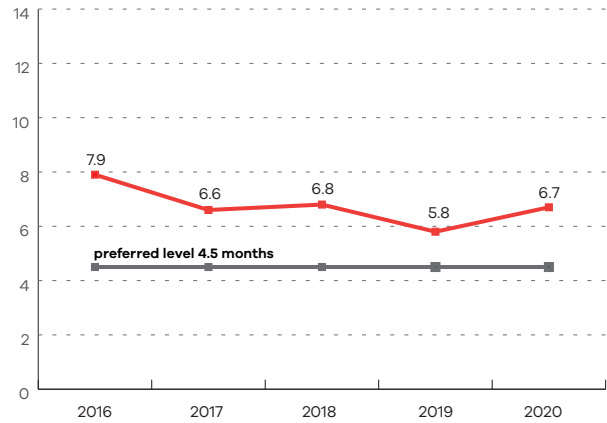
### EXPENDITURE ON ASSOCIATION GOALS as percentage of total expenditure



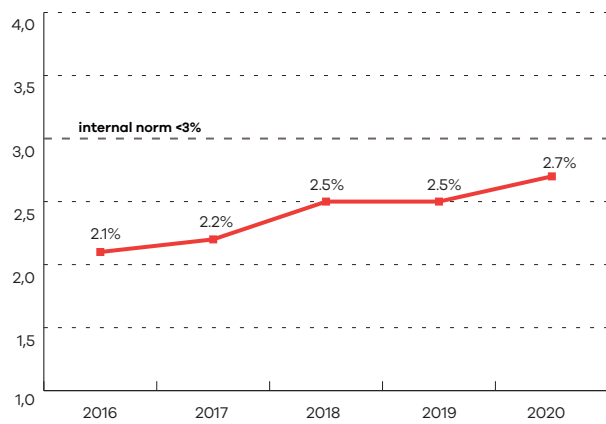
### COST OF ACQUIRING INCOME as percentage of total income



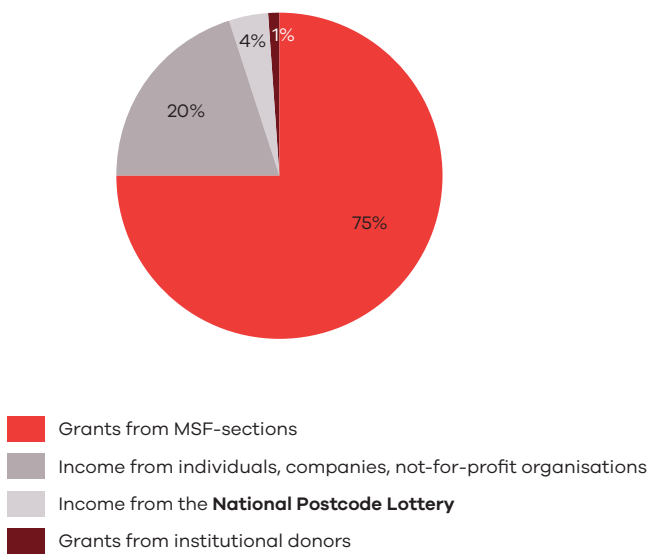
### MONTHS OF RESERVES related to total expenditure



### COST OF MANAGEMENT AND ADMINISTRATION as percentage of total expenditure



### ORIGIN OF INCOME 2020





## Statement of Expenditure and Income for 2020 in euro thousands

EXPENDITURE	Explanatory notes	2020	Budget 2020	2019
<b>Spent on Association goals</b>				
Emergency aid	2.1	243,368	254,609	254,288
Grants provided to third parties	2.2	2,281	2,412	21,689
Programme support	2.3	21,948	24,562	22,785
Information and awareness raising	2.4	2,727	2,952	2,615
<b>Total spent on Association goals</b>		<b>270,324</b>	<b>284,535</b>	<b>301,377</b>
Cost of acquiring income	2.5	9,170	10,141	9,008
Management and administration	2.6	7,634	9,348	8,098
<b>Total expenditure</b>	2.7	<b>287,128</b>	<b>304,024</b>	<b>318,483</b>
<b>INCOME</b>				
Income from individuals	2.8	57,830	56,293	57,862
Income from companies	2.8	1,579	2,177	1,416
Income from not-for-profit organisations	2.8	2,879	2,500	1,941
Income from the National Postcode Lottery	2.9	13,500	13,500	13,500
Grants from MSF-sections	2.10	232,946	205,594	213,054
Grants from institutional donors	2.11	3,838	4,500	3,435
Other income	2.12	421	0	362
<b>Total income</b>		<b>312,993</b>	<b>284,564</b>	<b>291,570</b>
<b>Result operational activities</b>		<b>25,865</b>	<b>-19,460</b>	<b>-26,913</b>
Net financial income and expenses	2.13	16	0	410
<b>RESULT EXPENDITURE AND INCOME</b>		<b>25,881</b>	<b>-19,460</b>	<b>-26,503</b>
<b>ALLOCATION OF THE RESULT</b>				
<b>Additions to and withdrawals from the reserves</b>	3.9			
Continuity reserves		0	0	0
Other free reserves		25,700	-19,460	-26,335
Restricted funds		181	0	-168
<b>Total</b>		<b>25,881</b>	<b>-19,460</b>	<b>-26,503</b>

## Balance Sheet as at 31 December 2020 in euro thousands

<b>ASSETS</b>	<i>Explanatory notes</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Intangible assets	3.1	4,335	5,444
<b>Tangible fixed assets</b>			
Operating assets	3.2 a	23,491	24,586
Assets held for sale	3.2 b	0	562
		<b>27,826</b>	<b>30,592</b>
<b>Inventory</b>			
Stocks for emergency aid	3.3	<b>20,133</b>	13,526
<b>Receivables and accrued income</b>			
Grants receivable from MSF-sections	3.4	22,324	25,403
Grants receivable from institutional donors	3.5	858	2,453
Receivables from inheritances	3.6	9,544	12,740
Other receivables and accrued income	3.7	15,904	8,257
		<b>48,630</b>	<b>48,853</b>
Cash at bank and in hand	3.8	<b>111,125</b>	85,742
<b>Total assets</b>		<b>207,714</b>	<b>178,713</b>
<b>LIABILITIES</b>			
<b>Reserves and funds</b>	3.9		
<b>Reserves</b>			
Continuity reserves	3.9 a	110,000	110,000
Other reserves	3.9 b	52,275	26,575
		<b>162,275</b>	<b>136,575</b>
<b>Funds</b>			
Restricted funds	3.9 c	<b>1,096</b>	915
		<b>163,371</b>	<b>137,490</b>
Provisions	3.10	<b>3,725</b>	3,401
Long-term liabilities	3.11	<b>50</b>	0
Short-term liabilities	3.12	<b>40,568</b>	37,822
<b>Total liabilities</b>		<b>207,714</b>	<b>178,713</b>

## Cash Flow Statement for 2020 in euro thousands

<b>CASH FLOW RECEIPTS FROM OPERATING ACTIVITIES</b>	<b>2020</b>	<b>2019</b>
<b>Receipts from individuals, companies and not-for-profit organisations</b>		
Donations	44,427	41,369
Inheritances	16,607	15,360
Companies	1,579	1,416
Not-for-profit organisations	2,879	1,941
<b>Total receipts from individuals, companies and not-for-profit organisations</b>	<b>65,492</b>	<b>60,086</b>
Receipts from the National Postcode Lottery	<b>13,500</b>	13,500
<b>Receipts from MSF-sections (concerning project grants)</b>		
MSF-Germany	124,472	90,572
MSF-USA	43,079	46,226
MSF-United Kingdom	30,046	28,728
MSF-Sweden	13,331	7,391
MSF-Canada	10,806	12,225
MSF-Hong Kong	10,514	13,651
Other MSF-sections	5,440	3,011
<b>Total received from MSF-sections</b>	<b>237,688</b>	<b>201,804</b>
Receipts from institutional donors	<b>4,247</b>	4,721
<b>Other receipts</b>		
Interest received	75	206
Received tax net and VAT	236	409
Received from MSF-sections for monies advanced	11,420	6,016
Other receipts	166	267
<b>Total other receipts</b>	<b>11,897</b>	<b>6,898</b>
<b>Total receipts</b>	<b>332,824</b>	<b>287,009</b>

*continued to next page*



<b>CASH FLOW PAYMENTS FROM OPERATING ACTIVITIES</b>	<b>2020</b>	<b>2019</b>
Payments made in project countries	<b>125,286</b>	118,613
Grants provided to third parties	<b>1,830</b>	2,027
Grants to other MSF-sections	<b>9,046</b>	11,123
<b>Payments to MSF-sections</b>		
MSF-Belgium	15,326	15,037
MSF-Canada	2,541	2,658
MSF-France	2,296	3,057
MSF-USA	2,221	3,248
MSF-Germany	2,182	3,574
MSF-United Kingdom	2,097	2,719
MSF-Spain	1,762	839
MSF-International (including contributions)	1,579	1,410
Other MSF-sections	4,572	5,985
MSF-Supply and MSF-Logistique	11,492	12,507
<b>Total payments to MSF-sections</b>	<b>46,068</b>	<b>51,034</b>
<b>Payments at head office</b>		
Suppliers of goods and services	78,948	88,274
International staff and head office personnel	43,832	45,758
<b>Total payments at head office</b>	<b>122,780</b>	<b>134,032</b>
<b>Total payments</b>	<b>305,010</b>	<b>316,829</b>
<b>Total cash flow from operating activities</b>	<b>27,814</b>	<b>-29,820</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Investments in intangible assets and tangible fixed assets	<b>423</b>	<b>4,891</b>
Receipts from disinvestments	<b>-625</b>	<b>0</b>
<b>Total cash flow from investment activities (deduct)</b>	<b>-202</b>	<b>4,891</b>
<b>Total cash flow from financing activities</b>	<b>0</b>	<b>0</b>
<b>Total cash flow</b>	<b>28,016</b>	<b>-34,711</b>
Adjustment to exchange rates at end of the financial year	-2,633	-106
<b>MOVEMENT IN LIQUIDITY POSITION</b>	<b>25,383</b>	<b>-34,817</b>
<b>MOVEMENT IN LIQUIDITY POSITION</b>		
Liquidity position at the end of the financial year	111,125	85,742
Liquidity position at the beginning of the financial year	85,742	120,559
<b>Movement in liquidity position</b>	<b>25,383</b>	<b>-34,817</b>

## Explanatory notes to the cash flow statement

### Cash flow from operating activities

The Cash Flow Statement has been prepared according to the direct method in order to provide a clearer view of the different flows of funds in the organisation and in particular the cash flows between MSF-Holland and the other MSF-sections.

The movement in liquidity position is mostly explained by the surplus of income over operational expenditure of € 25.9 million. The net increase of assets, inventories, stocks and receivables of € 3.6 million is largely off-set by an increase in provisions and liabilities of € 3.1 million. Overall, with a spending of 91.7% of operational income the year ended with a sizeable positive cash flow from operating activities.

### Receipts

Receipts from the MSF-sections concern mainly project grants. Receipts from project grants (from MSF-sections and institutional donors) are explained in more detail in note 3.4 and 3.5 of these Financial Statements.

The item Receipts from MSF-sections for monies advanced consists of receipts referring to employees of MSF-Holland who are seconded to another MSF-section, shared costs for emergency aid projects and advances to other MSF-sections for emergency aid projects. In 2020, as in 2019, MSF-Holland coordinated the cash flow of all MSF-sections working in Bangladesh.

### Payments

Payments made in the project countries hosting emergency aid programs (excluding the Netherlands) totalled € 125.3 million in 2020 (2019: € 118.6 million). The organisation and location of the programmes resulted in proportionally more payments made in the project countries (2020: 51%; 2019: 47%). Disruption of international supply chains due to the COVID-19 pandemic resulted in an increase in local expenses in project countries. In order of volume, payments to local personnel, subcontracted services and locally purchased medical items are the sources of greatest local expenditure.

The payments to MSF-International concern contributions to the MSF-International office and internationally coordinated activities and projects such as the campaign Access to Essential Medicines.

The payments to the MSF-sections concern mainly remuneration for hired-in employees posted to and working in the programme countries and payments for joint projects. Furthermore, the cash flow to our emergency aid project in Afghanistan of € 14.5 million in 2020 (2019: € 14.1 million) is handled entirely through MSF-Belgium.

The payments to the purchasing organisations MSF-Supply (Belgium) and MSF-Logistique (France) are included as payments to MSF-sections. Mainly medicines, specialised medical supplies and vehicles are purchased through these organisations which are the procurement centres and storage depots of MSF-Belgium and MSF-France. As a result of much higher payable balances to MSF Supply and MSF-Logistique at year end, the amount stated in the cash flow is lower than the actual purchase value of € 14.5 million in 2020.

### Cash flow from investment activities

Payments for the investment in the Health Information System of € 0.3 million and for the investment in hardware and software of € 0.1 million explain the cash flow concerning investments.

Receipts from disinvestments concern the revenue from the sale of the property in Vierhouten.





## 2

# Notes to the Statement of Expenditure and Income for 2020

© Tadeu Andre/MSF

▲ Phenduka Mtshali, a patient with Drug Resistant Tuberculosis (DR-TB), is seen in her home in Mbongolwane. Phenduka lives in Mbongolwane, a rural area at the epicentre of South Africa's HIV & Tuberculosis epidemic where MSF is currently piloting a model of care aimed at upgrading the Tuberculosis treatment cascade. South Africa, February 2020.

In 2020, our total expenditure decreased by € 31.4 million or 9.8% compared to the previous year. This was primarily caused by the decrease in Grants to third parties by € 19.4 million and in addition the expenditure on our medical emergency aid decreased by € 10.9 million to € 243.4 million. The move to a new logistics service provider and constraints related to the COVID-19 pandemic resulted in operational delays in shipping of relief supplies to our projects in 2020, negatively impacting aid expenditure. In 2020 the direct emergency aid expenditure incurred as a response to COVID-19 amounted to € 18.0 million.

Exchange rate fluctuations had a modest downward impact on the medical emergency aid expenses of € 4.7 million. The overall expenditure concerning programme support, information and awareness raising, fundraising and management and administration decreased by 2.4% to € 41.5 million. The share of expenditure spent on management and administration in 2020 was 2.7% of the total expenditure (2019: 2.5%). Corrected for the grants paid to other MSF-sections this share decreased slightly from 2.8% in 2019 to 2.7% in 2020.

Income increased by 7.3% to € 313.0 million, while compared to 2019, a decrease of 2.4% was budgeted. Income in euro from private donors in MSF-Holland and the MSF-sections increased above projections by 7.6% to € 295.2 million (2019: € 274.3 million). Exchange rates had a negative impact on income (minus € 7.1 million overall) mainly caused by a decrease of income from the weaker US dollar rates prevailing when we signed grant contracts. Income from institutional donors increased from € 3.4 million in 2019 to € 3.8 million, ending below the planned

€ 4.5 million. The total cost of acquiring income decreased and ended at 2.9% of total income (2019: 3.2%), remaining steadily under the internal norm of 5% as set by the Board.

In 2020, the amount spent on association goals was 94.1% of the total expenditure (2019: 94.6%) and 86.4% of the total income (2019: 103.4%). The total expenditure was 91.7% of the total income (2019: 109.2%).

For 2021, the total budget available for emergency aid expenditure increased by 6.1% compared to the expenditure in 2020.

## EXPENDITURE

### 2.1 Emergency aid

In a year dominated by the COVID-19 pandemic, 2020 was extremely challenging for our teams across the globe. COVID-19 necessitated a rapid overhaul of how we worked in order to keep delivering care. Despite COVID-19 restrictions, many projects provided continuity of chronic care for patients living with HIV, Tuberculosis, and non-communicable diseases through inventive consultation and dispensary mechanisms.

#### COVID-19

A key part of our operational response in 2020 was to provide context-specific COVID-19 programming without neglecting the primary causes of morbidity and mortality that afflict the populations we assist, acknowledging that other world events and health needs did not subside. The global pandemic exerted enormous strain on health care systems across the globe, including our operations. We faced, and continue to face, significant challenges in maintaining and upscaling our medical humanitarian operations. In March 2020, the Management Team decided to concentrate on four main priorities to overcome these challenges:

1. Keep all staff as safe as possible and support them;
2. Maintain our medical humanitarian activities (as far as was feasible, in a responsible manner) while:
  - a. Engaging with the communities we work with on the best strategies to adapt our medical humanitarian activities to prevent the spread of COVID-19 including health education.
  - b. Developing COVID-19 specific treatment programmes for vulnerable communities;
3. Address challenges in movement of staff;
4. Address our supply challenges.

COVID-19 put major obstacles in our way concerning the movement of supply and staff, including critical shortages of Personal Protective Equipment (PPE) and

hand hygiene supplies. We faced major challenges to our supply chain in 2020 due to unprecedented border closures, reduction of transportation options for cargoes, and the worldwide shortages of PPE. In addition, 2020 was a year of transition to a new Logistics Service Provider. This transition caused supply issues of its own throughout the entire year and exacerbated the difficulties faced by our programme staff due to ruptures of key items. Overall, emergency aid expenditure decreased in 2020 by € 10.9 million to € 243.4 million as compared to 2019, primarily due to lower staff costs and implementation capacity due to these disruptions.

In response to the struggle in procuring critical supply items, local and regional procurement options were explored, validation for local procurement was authorised to the programmes (instead of the Amsterdam office), and several efforts to negotiate around shipping restrictions were explored, including private charter flights to the Democratic Republic of Congo, Syria, Nigeria, the Central African Republic and Yemen. Adapting to a decentralised strategy for local and regional procurement helped to overcome challenges with the supply of PPE. This adaptation of operations towards local and regional procurement proved successful at field level, limiting the stress on supply shortages in the field due to international procurement delays, evidenced by our ability to secure and purchase approximately two million euros worth of PPE locally. Additionally, we created an international procurement task force to coordinate MSF's centralised sourcing efforts for critical COVID-19 related items. Establishing the procurement task force was a pivotal success factor for optimising our resources, as well as our ability to leverage our investments in our ERP systems to track COVID-19-specific spending alongside our normal programming, without disruption. Our total earmarked spending on COVID-19 accounted for € 19.4 million.

### Emergency response to epidemics, conflict and natural disaster

With a total expenditure of € 30.1 million in 2020, our programmes in the Democratic Republic of Congo (DRC) remained the largest in our Emergency Aid portfolio. In 2020, following multiple security incidents in South Kivu, including three kidnappings of MSF staff, we were forced to re-examine our risk exposure in the area and subsequently took the arduous decision of closing our projects in Baraka and Kimbi. This decision was especially painful as we have a three-decade long history in Eastern DRC and the closed projects had provided extensive and vital healthcare to a particularly vulnerable, conflict-affected population. In 2021, we will seek to reorient our programmes in the region to be able to continue to provide assistance while ensuring the safety of our staff.

In the Central African Republic (CAR), in March/April 2020 in Ouaka prefecture, we conducted a mortality survey which showed a crude mortality rate exceeding the emergency threshold, and approximately four times the UN national estimate. Many areas of CAR face similar challenges to Ouaka. In August, and in spite of COVID-19 related supply ruptures leaving project pharmacies without critical items, we managed to launch a mass drug administration against malaria in the Bossangoa health district. The administration took place in three cycles, with a 4 to 5-week interval between cycles, starting in mid-August and ending in mid-November. During this time, we provided around 46,000 children under 15 years of age with malaria treatment to interrupt transmission, and reduce morbidity and mortality. The last days of 2020 saw a rise in violence related to the elections. We responded by treating the wounded arriving at our hospitals and setting up emergency referrals between hospitals in and around Bambari and Bossangoa. In 2020, expenditure in the Central African Republic increased by € 2.7 million to € 16.4 million (2019: € 13.7 million)

In 2019, we reported that the Nigeria programme was undergoing change, as we aimed to increase our response to the needs of people fleeing violence. Throughout 2020, the security situation in the North West of Nigeria continued to deteriorate, which led to increased displacement. This was coupled with economic challenges linked to COVID-19 and more people struggling to obtain enough food. We have continued our existing activities and also launched smaller scale emergency responses in Benue and Zamfara, which we had to limit in scope due to the amount of supply ruptures the programme continued to face. Expenditure in Nigeria increased by € 1.5 million to € 11.3 million in 2020 (2019: € 9.8 million).

In previous years, in the larger Middle East and Syria context, our programming followed the geopolitical developments with shifts between activities in Iraq, Jordan and Syria. In total, we spent € 21.3 million in the Middle East/Syria context, a decrease of € 11.0 million compared to 2019. The drop in expenditure reflected the continuing volatility of our involvement in North Syria. Since 2012, we have provided humanitarian assistance to the conflict affected population in North East Syria. This region is very dynamic and challenging, reflected in the high turnover of projects opening and closing to address the most urgent humanitarian needs as well as the many location changes of the coordination office due to access and security issues. In late 2019, the Syria programs were suspended after the Turkish military offensive and subsequent uncertainty. Early in 2020, with persistence and commitment, our team re-established the project with a return to Al Hol, which continues to be a site of immense humanitarian need with harsh conditions and limited access to essential services for the (pre-dominantly) women and children living there. We also continued activities in Raqqa and Kobane and with a new base and project in Assakeh responding to COVID-19 and displacement.

We returned to Sudan in 2020 after a 12-year absence from the country. Almost immediately, we directed our attention to emergency response for the refugees arriving from Ethiopia in the east of the country. In the last months of 2020 and into 2021 we have been providing medical care, clean water and other assistance to the newly arriving refugees. We also started a project in Darfur where ethnic violence is again increasing. In late 2020, conflict erupted in Ethiopia's Tigray region between the Ethiopian Government and Tigrayan forces. The violence in Ethiopia triggered a large and rapid emergency response assisting refugees at the border and in the camps in eastern Sudan. In Ethiopia we responded initially through our project in Abdurafi treating large numbers of wounded and then pushing for increased access in more locations to reach the most vulnerable and most affected.

South Sudan remains the second largest country by expenditure in our Emergency Aid response, increasing by € 0.8 million to € 26.4 million in 2020 (2019: € 25.6 million). In 2020, we responded to the healthcare needs of the South Sudanese population in four projects across the country and coordinated numerous additional emergency responses. Heavy flooding has once again resulted in the declaration of a national emergency and our teams engaged in Non-Food Items distributions and mobile clinics in Unity and Jonglei states. Compared to previous years, we observed a reduced logistical capacity from the UN cluster system due to COVID-19. Reduced



availability of transport and cargo helicopters meant our teams were forced to solve some difficult logistical puzzles to get bulky items delivered on time to beneficiaries. We have seen that some organisations do not have the capacity to cope with these extra operational costs, reducing humanitarian responses across the country. MSF communication teams in the field and at HQ level have written press releases to disseminate these health and funding concerns more widely.

In 2020, we continued to respond to the medical humanitarian needs of nearly one million Rohingya refugees in Bangladesh having fled extreme violence in Myanmar in 2018. Through these years, the Rohingya population has been trying to survive in the camps and has dealt with diseases such as measles and diphtheria, while dealing with the prospect of violence and continued uncertainty over their future. We opened a COVID-19 isolation treatment centre in 2020 with a capacity of 150 beds. Cloth masks were distributed to around 140,000 refugees with the intention to slow down transmission inside the camp. We continued to lobby for access to Rakhine State in Myanmar, and for the remaining Rohingya population's access to health care. The 2020 expenditure for our emergency aid projects in the region totalled € 15.5 million in Bangladesh (2019: € 15.7 million), € 10.4 million in Myanmar (2019: € 11.1 million) and € 2.3 million in Malaysia (2019: € 2.1 million).

In Yemen, five years of protracted conflict have left their mark on the health system with a devastating impact on the population. In late 2019, we launched new medical activities in the Marib governorate in Yemen. In 2020, Marib became one of the critical battlegrounds in the long-running conflict. We continued to provide basic medical care to vulnerable populations in the area, while also responding to COVID-19 in Sanaa and offering health care to the conflict-affected population in Taiz on both sides of the frontline. Supply shortages of PPE placed the Yemen projects in survival mode, forcing reductions in staff flow, and bed capacity. Expenditure in Yemen decreased by € 1.2 million to € 15.2 million.

October 3rd, 2020 was the five-year anniversary of the attack on the Kunduz Trauma Hospital in Afghanistan. Forty-two colleagues, caretakers, and patients were killed in the bombing. Collectively we remembered this moment in the wake of another tragedy, the vicious attack on pregnant women, mothers and their babies at our jointly coordinated MSF maternity ward in the Dasht-e-Barchi hospital in Kabul on 12th May. In the aftermath of this atrocity, every effort was made by our medical teams to follow up on the new-borns in the maternity, to ensure the best possible care to our patients

and to those injured, to provide psychological care to affected staff, and to provide every necessary support to those bereaved. While the fighting was on-going, one woman gave birth to her baby; both survived. We continue to provide critical support to our secondary healthcare facilities in Helmand and Kandahar provinces, along with additional resources for COVID-19. Program expenditure increased by € 0.5 million to € 16.1 million in 2020.

Health conditions in Venezuela remain complex and worrisome, exacerbated by the COVID-19 pandemic. We have committed significantly more resources in 2020 to our programming in Venezuela: first, by establishing a new COVID-19 support project in the West of the country in Táchira, a city that has seen a dramatic increase in the number of returning Venezuelan refugees due to the lockdown in Colombia; and second, by joining with MSF-Spain to support the main government-designated COVID-19 hospital in Caracas, Perez de Leone. Despite this beneficial activity, our teams face continued access issues getting international colleagues into our projects, leading to the eventual closure of the Caracas COVID-19 support project at the end of 2020. We remain optimistic that the government will commit to a formal Host Country Agreement, paving the way for more reliable access to carry out these essential programs. Expenditure in Venezuela increased by € 3.1 million to € 7.4 million.

### **Resuming our Search and Rescue operation**

In 2020, we continued to rescue people at risk of drowning in the Mediterranean Sea, despite myriad bureaucratic and political obstacles imposed in an attempt to prevent this life-saving assistance. Amidst these obstacles, we ended our partnership with SOS Méditerranée due to differences in risk appetite relating to the consequences of COVID-19 for search and rescue activities, after rescuing more than 30,000 people together since 2016. In August, we partnered with SeaWatch to relaunch search and rescue operations in the Central Mediterranean. After rescuing 354 people, the SeaWatch 4 ship has been detained in Italian ports under politically motivated, specious administrative blockages. In total € 2.8 million was spent on Search and Rescue operations in 2020 compared to € 3.5 million in 2019.

### **Improving tuberculosis treatment**

The Tuberculosis breakthrough project (Uzbekistan, Belarus & South Africa) completed stage 1 of the clinical trial and started stage 2 looking towards completion of recruitment by the end of 2021. This major multi-drug resistant Tuberculosis trial aims to alleviate the suffering of thousands of people who now depend on inadequate medicines and to advocate to authorities, including the

World Health Organisation (WHO) and local governments, to adjust their treatment protocols. MSF-Holland spent €10.7 million in those countries combined in 2020. The clinical trial of the Tuberculosis breakthrough project is funded in part by an additional grant of €4.0 million from the **National Postcode Lottery** that was awarded in 2020 for the project phase 2021-2023.

#### **Amsterdam Procurement Unit and Costs of Inventory**

The costs of the Amsterdam Procurement Unit (APU) are charged to emergency aid and mostly concern costs of procurement staff, warehousing, freight handling and regulatory quality control in the Netherlands. APU costs in 2020 were €6.4 million, compared to €3.9 million in 2019. There were a number of factors contributing to the increase of €2.5 million.

During the year, we transitioned to a new Logistics Service Provider (LSP). The one-off cost of this project was €0.9 million. The move to a new warehouse and constraints related to the COVID-19 pandemic resulted in significant operational delays in shipping of relief supplies to our projects in 2020.

Cost of managing inventory increased by €1.2 million compared to 2019. The increase in stocks due to be shipped and the change to the new LSP adversely impacted the costs of inventory by an estimated €1.0 million. In addition, included in Cost on Inventory was an increase in the costs for obsolete stock of €0.2 million to €0.6 in 2020 (2019: €0.4 million), bringing the total provision for obsolescence on the balance sheet to €1.1 million.

Furthermore, the enormous supply challenges presented by the impact of the COVID-19 pandemic required additional FTE support to the APU totalling €0.5 million.

The benefits of the change to the new LSP will start to take effect in 2021.

#### **Projects Beginning and Ending**

In 2020, our total number of operational projects increased from 111 to 115. This apparently small net increase in the overall number of projects does not however reflect the high level of new project activity overall with a number of projects opened (twenty) and a number closed (eighteen), as well as nine projects which both opened and closed during the year. Most of the projects opened were attributed to COVID-19 specific activities.

Among the new projects, 11 were created to respond specifically to health needs caused by the COVID-19 virus in contexts around the world, spanning from Venezuela in

the West, across Sierra Leone, The Netherlands, Central African Republic, Russia, Syria, Yemen, Afghanistan, and Bangladesh in the East. In addition to these specific COVID-19 response projects, all programmes included some component of preparation and response effort to confront the pandemic alongside their primary activities.

Despite COVID's primacy in the public's attention, the development of armed conflicts continued in numerous regions. Following many weeks of sustained fighting in November between the Federal Government and the Tigray People's Liberation Front in the Tigray region of Ethiopia, and confronted by various administrative blockages and security incidents on the road, we finally managed to access the heavily isolated area of Shire. We scaled up quickly as the only actor present, supporting the Shire hospital starting with Paediatric, then running mobile clinics and health care support to reach more rural populations.

We conducted exploratory programs in Belarus after large demonstrations against President Lukashenko resulted in extreme violence from the police and security forces, and in Armenia to assess the needs and offer support after a flare-up of fighting in the Nagorno-Karabakh area. This self-proclaimed republic is internationally recognised as belonging to Azerbaijan, but the home to many ethnic Armenians. The fighting caused many casualties on both sides and displaced thousands of people living in the area. A small team remained present to monitor the evolving situation around the ceasefire agreement.

In 2021, we have planned to scale down or close projects in the Democratic Republic of Congo (South Kivu), Jordan, Iraq, Myanmar, Russia and Yemen. Costs related to the severance pay obligation for our national staff are provided for in these Financial Statements (see note 3.10 Provisions).

In our 2020 budget, €28.3 million was reserved for unplanned emergency aid. During the year, a net amount of €16.4 million from this budget was allocated to existing and new emergency aid programmes.

More information on our emergency aid is published on our website [www.artsenzondergrenzen.nl](http://www.artsenzondergrenzen.nl)



<b>Costs emergency aid per country in euro thousands</b>	<i>Explanatory notes</i>	<b>Costs emergency aid 2020</b>	<b>Budget 2020</b>	<b>Costs emergency aid 2019</b>
Afghanistan		16,114	17,274	15,565
Bangladesh		15,483	13,985	15,717
Belarus		1,658	1,797	1,821
Central African Republic		16,357	12,117	13,674
Chad		2,468	2,247	2,766
Congo, Democratic Republic		30,051	25,985	31,960
Ethiopia		9,400	11,054	13,627
Haiti		3,316	3,652	2,689
India		5,036	5,714	5,455
Iraq		6,146	8,261	7,929
Jordan		5,539	3,780	6,366
Kenya		997	934	1,140
Libya		3,675	6,347	5,435
Malaysia		2,251	2,146	2,097
Mediterranean Sea		2,772	3,643	3,498
Mozambique		0	0	739
Myanmar		10,395	10,758	11,115
Netherlands		12	0	111
Nigeria		11,292	8,288	9,798
Pakistan		5,705	6,809	6,094
Russia		1,280	1,412	1,165
Sierra Leone		5,498	5,171	4,706
Somalia		8,351	8,031	8,795
South Africa		1,385	2,057	1,245
South Sudan		26,380	26,075	25,575
Sudan		2,713	0	4
Syria		9,640	2,030	17,975
Tajikistan		2,016	1,979	2,446
Uzbekistan		7,664	9,278	8,575
Venezuela		7,419	4,924	4,268
Yemen		15,197	14,847	16,393
Various exploratory projects		178	0	0
Reserved in the budget for unplanned emergency aid		0	28,262	0
		<b>236,388</b>	<b>248,857</b>	<b>248,743</b>
Other costs and movements in provisions for emergency aid		531	400	1,053
Grants and Contributions		13	0	0
Depreciation costs		*	743	590
Procurement unit costs		6,436	4,609	3,902
<b>Total emergency aid expenditure</b>		<b>243,368</b>	<b>254,609</b>	<b>254,288</b>

\*From 2020 onwards depreciation is allocated to the individual project countries based on the number of projects. The depreciation in 2020 amounted to € 521,500 (see note 2.7 as well).

The composition of the expenditure for emergency aid in main categories is as follows:

<b>Emergency aid per category in euro thousands</b>	<i>Explanatory notes</i>	<b>Costs emergency aid 2020</b>	<b>Budget 2020</b>	<b>Costs emergency aid 2019</b>
Purchase of medical items		<b>30,566</b>	29,942	31,653
Purchase of non-medical items		<b>16,398</b>	13,736	18,528
Subcontracted services		<b>22,226</b>	26,540	20,123
Transport		<b>23,604</b>	21,529	26,657
General and running costs		<b>13,017</b>	14,470	13,057
Miscellaneous and other costs		<b>5,591</b>	2,613	2,761
<b>Personnel costs</b>				
Total costs international staff posted in projects		<b>46,081</b>	56,063	52,162
Total costs national staff		<b>83,486</b>	87,720	87,425
Total costs staff Procurement unit		<b>2,399</b>	1,996	1,922
<b>Total emergency aid expenditure</b>	<i>note 2.7</i>	<b>243,368</b>	<b>254,609</b>	<b>254,288</b>

Medical item purchases overall showed relatively little variance compared to the 2020 budget and 2019 expenses. However, our programmes felt the effects of fewer delivered goods at significantly higher prices due to the COVID-19 pandemic; these two factors offset each other in terms of expense. The operational delays in delivering goods to our emergency aid programmes are reflected in the high balance of Stock for emergency aid shown in note 3.3.

Subcontracted services includes payments of incentives to staff working in emergency aid programmes but employed by the Ministry of Health of the project country,

totalling € 10.3 million (2019: € 10.9 million) and payments for referral of patients and external laboratory testing of € 2.4 million (2019: € 3.5 million). Overall this category shows an increase compared to 2019, but quite a large underspending compared to the 2020 budget. This is explained by the impediments which COVID-19 posed to our activities, resulting in lower medical consultation and referral costs and delays in rehabilitation and construction works to the medical facilities which we support.

Personnel costs are further detailed in the notes below.

## 2.1a Personnel costs and personnel emergency aid

in euro and full time equivalents

In 2020 we employed 10,536 staff in full time equivalents (2019: 10,466) working in 115 emergency aid programmes in 31 countries (2019: 111 emergency aid programmes in 31 countries) and at the head office. In this note 2.1a details on personnel costs and personnel in emergency aid projects are explained. See notes 2.7a and 2.7b for explanation of the costs for personnel at head office.

Costs of personnel posted in emergency aid programmes are charged directly to the emergency aid expenditure. Costs included in the Total costs international staff

posted in projects include personnel costs related to salaries, per diem allowances, housing, international travel, training and preparation for departure and posting. Costs of personnel to whom the provisions of Dutch labour law apply and costs of personnel posted from other MSF-sections are both included.

For the staff employed under Dutch contract terms, the components of salaries, social security and pension costs included in the Costs international staff posted in projects are as follows:

international staff on Dutch contract terms	2020	Budget 2020	2019
Salaries	14,408,591	14,924,620	13,810,905
Social security contribution	601,895	760,214	526,116
Pension contributions	1,463,959	1,607,757	1,343,245

international staff hired from other MSF-sections	2020	Budget 2020	2019
Payroll costs international staff hired from MSF-sections	13,423,524	13,965,945	15,348,902

In 2020 the number of international staff positions decreased by 9.7% compared to 2019 and ended at 710 staff in full time equivalents. This is 66 FTE lower than the originally planned budget of 776 FTE. The worldwide travel restrictions as a result of the COVID-19 pandemic hampered our ability to bring new staff into our emergency aid programmes. Furthermore the demand for medical staff increased worldwide during the COVID-19 pandemic which made it more difficult to recruit the required staff. The various challenges to get new staff to our emergency aid programmes are also reflected in the much lower number of departures in 2020. The number of departures decreased from 1,304 in 2019 to 860 in 2020.

The lower number of departures was partly offset by the increase of the average mission duration resulting in a

smaller decrease in FTE's. On average, international staff extended the length of their missions from 7.1 months in 2019 to 9.7 months in 2020.

The category international staff on Dutch contract terms decreased to 395 FTE (2019: 405 FTE), while the category international staff hired from MSF-sections decreased to 282 FTE (2019: 351 FTE). The salary costs per FTE for international staff on Dutch contracts and international staff hired from MSF-sections increased as a result of adjustments to the remuneration package that are agreed within the International MSF-network and in 2020 specifically also as a result of increased levels of seniority as staff stayed much longer on assignment.

International staff (in FTE)	2020	Budget 2020	2019
Emergency aid - international staff on Dutch contract terms	395	403	405
Emergency aid - international staff hired from MSF-sections	282	330	351
Emergency aid - (Amsterdam) office staff seconded to project countries	20	34	20
<b>Total international staff</b>	<b>697</b>	<b>767</b>	<b>776</b>
Emergency aid - Non allocated FTE (paid in-between-mission leave, sick leave, etc.)	13	9	11
<b>Total international staff</b>	<b>710</b>	<b>776</b>	<b>787</b>

International staff departures	2020	Budget 2020	2019
Medical	97	396	202
Paramedical	312	407	481
Logistics, advocacy, administrative & other support	451	697	621
<b>Total international staff departures</b>	<b>860</b>	<b>1,500</b>	<b>1,304</b>

Gender (women - men)*	45% - 55%	n/a	46% - 54%
Gender heads of mission (women - men)*	40% - 60%	n/a	39% - 61%
Nationality (Dutch - other)	10% - 90%	n/a	7% - 93%
Average age	42	n/a	42

\*The mandatory binary gender disclosure does not reflect the full scope of the diversity approach of the organisation.

### Remuneration policy International personnel

The remuneration policies for international staff are fully aligned between the MSF-sections. The remuneration for international staff is based on two layers: a principled indemnity for the first 12 months of volunteer employment and a modest salary after 12 months of employment. There are two components that determine the salary. The salary is benchmarked to the cost of living of the resident country of the international and takes into account local labour market conditions. In addition, the remuneration grid for international staff is composed of six main categories of responsibility. During their posting

international staff receive a basic per diem allowance that is based on the indexed cost of living of the country to which they are posted.

### Pension contributions International staff

As of 1 January 2013, all staff on a Dutch contract are enrolled in a pension scheme with the Premium Pension Institution Brand New Day. The pension premium is fully paid by MSF-Holland to the statutory maximum of 1.875% savings. For more information on the pension scheme for staff see note 2.7b and the chapter 4 Accounting Policies.

National staff employed in the project countries	2020	Budget 2020	2019
Medical	406	399	410
Paramedical	3,725	3,777	3,640
Non-medical project staff	273	239	344
Logistics, administrative & other support	5,084	5,040	4,961
<b>Total national staff employed in the project countries</b>	<b>9,488</b>	<b>9,455</b>	<b>9,355</b>

### National staff salaries

Salary costs national staff (including payroll taxes and social security costs)	71,321,965	68,990,265	71,902,361
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### Remuneration policy national staff

National staff employed in the project countries are remunerated in accordance with MSF's international reference function grid and according to benchmark evaluations performed to ensure a fair and competitive pay in the country in which they are employed. In addition, the MSF-Holland standardised terms and conditions of employment adjusted to the local laws and

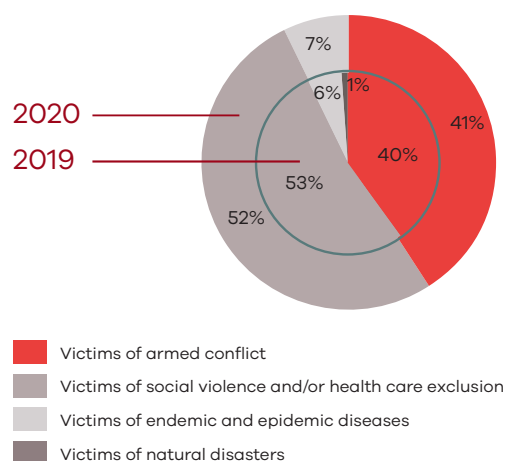
customs apply. MSF-Holland does not have any obligations from foreign pension plans for national staff other than applicable mandatory social security contributions. The average cost per national employee in euro decreased mainly as a result of the appreciation of the euro against local currencies in which we pay our salaries.

## 2.1b Typology of expenditure and funding of projects

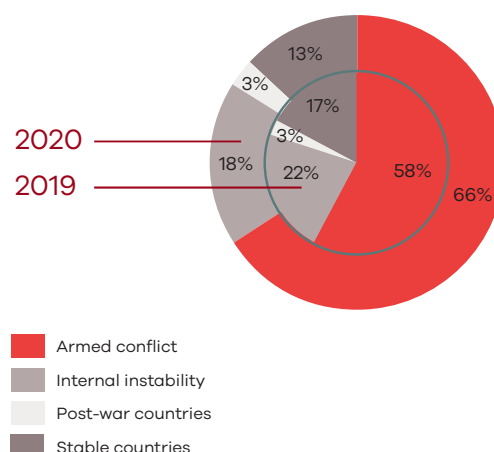
In our Strategic plan 2020-2023 we stated that we seek to address the most significant medical humanitarian needs, prioritising those most closely connected to the consequences of violence, in particular the people that are systematically targeted and persecuted that are directly or indirectly affected by violence and/or that are deliberately excluded and socially marginalised. We aim to respond to a diverse range of crises and needs, build our capacities and ensure that our interventions include a productive balance of innovative and established activities. For the majority of our operations, we prioritise contexts with severe or significant medical humanitarian needs, where our medical interventions will have clear value. Our principal focus is on improving the health of affected groups in the short-to-medium term. We strive to fairly distribute our resources across our operations. The level of support we give to different groups is determined by weighing medical impact, proximity, strategic presence, innovation, research opportunities, potential for change, geographic spread and context.

In 2020 84.1% ( 2019: 80.1%) of our projects were situated in contexts of armed conflict or internal instability. In addition, the graphics indicate which groups of beneficiaries were impacted by our programmes. Within the expenditure on emergency aid we aim at a share of about 15% to be spent on the costs for medical, logistical and administrative coordination. In 2020 coordination costs amounted to 17.8% of the total spent on emergency aid (2019: 18.3%).

**WHO DID WE REACH?**  
as percentage of emergency aid



**WHERE DID WE WORK?**  
as percentage of emergency aid





## 2.2 Grants provided to third parties in euro thousands

	2020	Budget 2020	2019
Contribution to MSF-India	1,571	2,175	1,548
Grant to MSF-Belgium for emergency aid programmes in Greece (Lesbos) and Sierra Leone (MSF Academy for Healthcare)	225	0	0
Contribution to Drugs for Neglected Diseases initiative (DNDi) paid through MSF-International	191	193	216
Grant to MSF-Spain for a project in Bihar, India (COVID-19 response)	171	0	0
Grant to Arq Psychotrauma Expert Group for a staff health research project	75	0	100
Grant to York University for the development of a safe water tool	48	44	52
Grant to MSF-Spain for projects in the Central African Republic, Mali, Niger, Nigeria and Somalia	0	0	11,000
Grant to MSF-France for projects in the Central African Republic, Iran, Jordan, Libya, Nigeria and Yemen	0	0	8,650
Grant to MSF-Belgium for a project in the Democratic Republic of Congo	0	0	123
<b>Total grants provided to third parties</b>	<b>2,281</b>	<b>2,412</b>	<b>21,689</b>

Grants and contributions to third parties concern general funding of initiatives supporting the Association's goals. The contribution to MSF-India is based on their annual budget and in line with their long term strategic planning. In 2020 we granted amounts to MSF-Belgium and

MSF-Spain for specific emergency aid programmes as mentioned above to respond to the wishes of our donors. The grants to Arq and York university are based on multiyear research and development projects.

## 2.3 Programme support in euro thousands

	<i>Explanatory notes</i>	<b>2020</b>	<b>Budget 2020</b>	<b>2019</b>
Direct costs	<i>note 2.7</i>	<b>1,025</b>	2,179	1,670
Costs joint projects with MSF-sections	<i>note 2.7</i>	<b>650</b>	683	1,259
Costs foreign offices	<i>note 2.7</i>	<b>515</b>	557	311
Contribution to the MSF Transformational Investment Fund	<i>note 2.7</i>	<b>134</b>	0	0
Costs personnel head office	<i>note 2.7</i>	<b>14,308</b>	14,212	13,683
Attributed overhead costs	<i>note 2.7</i>	<b>5,316</b>	6,931	5,862
<b>Total Programme support</b>		<b>21,948</b>	<b>24,562</b>	<b>22,785</b>

The decrease in expenditure for Programme support is explained by decreasing Direct costs, Costs joint projects with MSF-sections and Attributed overhead costs. Compared to 2019 travel costs reduced by half a million euros, and additionally, compared to the budget, several planned activities and improvement projects were delayed or reduced in scale. These reductions were the result of the COVID-19 pandemic that severely reduced the opportunity to travel to our projects and resulted in changing priorities in the Amsterdam Office

and joint projects with MSF-sections. The decrease in overhead is explained in note 2.7. Also included are the costs of support to the programmes' administration software managed from MSF-Switzerland (€ 327,793) and the Health Information System project that is carried out from MSF-United Kingdom (€ 322,361). Costs foreign offices concern a programme support office and positions in Amman, Jordan supporting our programmes' communication in the region, and in Arabic in general, and the recruitment of staff from Tunis, Tunisia.

## 2.4 Information and awareness raising in euro thousands

	<i>Explanatory notes</i>	<b>2020</b>	<b>Budget 2020</b>	<b>2019</b>
<b>Direct costs</b>				
Donor periodical Artsen zonder Grenzen Magazine (50%; see also chapter 4, Accounting Policies)		<b>219</b>	309	330
Contributions to the MSF-International campaign Access to Essential Medicines		<b>224</b>	289	313
General communications and information activities		<b>940</b>	1,043	760
<b>Total direct costs</b>		<b>1,383</b>	<b>1,641</b>	<b>1,403</b>
<b>Attributable costs</b>				
Costs personnel head office	<i>note 2.7</i>	<b>980</b>	881	848
Attributed overhead costs	<i>note 2.7</i>	<b>364</b>	430	364
<b>Total information and awareness raising</b>		<b>2,727</b>	<b>2,952</b>	<b>2,615</b>

The total costs of Information and awareness raising increased slightly compared to 2019, but ended lower than the budget. The number of communication campaigns increased compared to 2019, but was still

lower than budgeted. The increase in the costs of personnel in this category is the result of additionally hiring 1.6 FTE's.

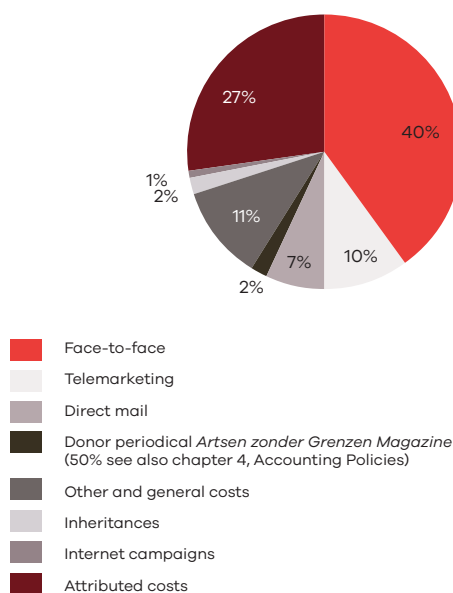
## 2.5 Cost of acquiring income in euro thousands

	<i>Explanatory notes</i>	<b>2020</b>	<b>Budget 2020</b>	<b>2019</b>
<b>Direct costs</b>				
Face-to-face		<b>3,673</b>	4,155	3,494
Telemarketing		<b>901</b>	1,145	641
Direct mail		<b>651</b>	331	529
Donor periodical Artsen zonder Grenzen Magazine (50%; see also chapter 4, Accounting Policies)		<b>219</b>	309	330
Inheritances		<b>161</b>	179	112
Internet campaigns		<b>88</b>	321	91
Corporate fundraising		<b>30</b>	50	47
Joint information activities in television broadcasts of the <b>National Postcode Lottery</b>		<b>0</b>	0	226
Other and general costs of fundraising		<b>955</b>	908	1,003
<b>Total direct costs</b>		<b>6,678</b>	<b>7,398</b>	<b>6,473</b>
<b>Attributable costs</b>				
Costs personnel head office	<i>note 2.7</i>	<b>1,817</b>	1,844	1,775
Attributed overhead costs	<i>note 2.7</i>	<b>675</b>	899	760
<b>Total cost of acquiring income</b>		<b>9,170</b>	<b>10,141</b>	<b>9,008</b>

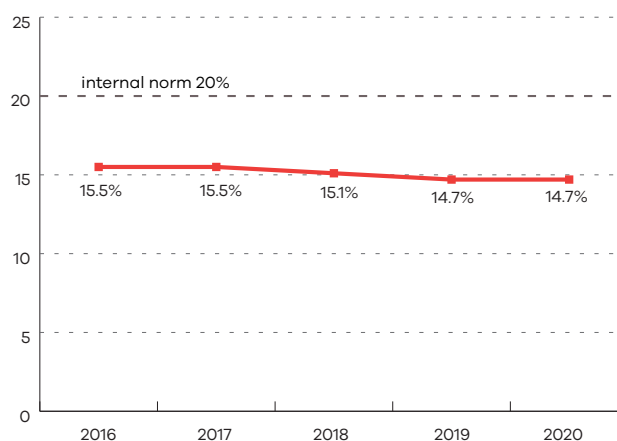
In 2020, 24 staff members (in FTE) worked on activities related to acquiring income (2019: 24 FTE). Overall the cost of acquiring income ended slightly higher than in 2019, but almost one million euro lower than budgeted. In response to the COVID-19 pandemic changes between the different fundraising channels were made. Direct Mail ended higher than budgeted, as 2 extra campaigns related to the COVID-19 pandemic were initiated in July and December 2020. Telemarketing campaigns ended lower than planned as a result of changing regulations and Face-to-Face fundraising was suspended during the

first lockdown in the spring of 2020. In general costs were lower as a result of lower tariffs and high discounts in the advertising market. The total cost of acquiring income from individuals, companies and not-for-profit organisations ended at 14.7% of the income raised and thus remains at the same level as in 2019. MSF-Holland strives to keep this percentage below 20%. The weight of the various components of the cost of acquiring income and the overall cost effectiveness of the cost of acquiring income are shown below.

#### COST OF ACQUIRING INCOME as percentage of total cost of acquiring income



#### COST OF ACQUIRING INCOME as a percentage of total income from individuals, companies and not-for-profit organisations



## 2.6 Management and administration in euro thousands

	<i>Explanatory notes</i>	<b>2020</b>	<b>Budget 2020</b>	<b>2019</b>
Direct costs	<i>note 2.7</i>	<b>1,074</b>	2,094	1,209
Contributions to MSF-International	<i>chapter 6</i>	<b>899</b>	1,010	1,117
Costs personnel head office	<i>note 2.7</i>	<b>4,127</b>	4,197	4,041
Attributed overhead costs	<i>note 2.7</i>	<b>1,534</b>	2,047	1,731
<b>Total management and administration</b>		<b>7,634</b>	<b>9,348</b>	<b>8,098</b>

The costs of management and administration amounted to 2.7% of the total expenditures in 2020 (2019: 2.5%) and are explained in more detail in note 2.7. A number of activities planned for 2020 were postponed resulting in lower direct costs than budgeted. A table showing the composition of the direct costs and personnel costs of

management and administration can be found in chapter 4, Accounting Policies.

## 2.7 Total expenditure: specification of cost allocation and personnel costs in euro thousands

The total of all costs and the cost allocations over the six principal expenditure destinations reported upon plus the category Overhead are explained on the following pages. In the table on the next page the overhead costs are also specified as a separate expenditure destination: To be attributed overhead. The total costs of the expenditure destinations include the direct costs of the destination, the allocated personnel costs and the attributed overhead costs. First the costs of head office employees are allocated to the six expenditure

destinations and to the category Overhead in proportion of the number of full time equivalents (FTE) employed at head office in those destinations and in the activities included in the category Overhead. Thereafter the total overhead costs are attributed, again according to the proportion of FTE. The principles and policies applied to the allocation of costs per destination are explained further in chapter 4, Accounting Policies.



The total of all costs and the breakdown of the costs is as follows:

Expenditure destination	Spent on Association goals							Total 2020	Budget 2020	Total 2019
	Emergency aid	Grants provided to third parties	Programme support	Information and awareness-raising	Cost of acquiring income	Management and administration	To be attributed Overhead			
<b>Direct costs</b>										
Emergency aid	236,397							<b>236,397</b>	249,557	249,796
Costs joint projects with MSF-sections			650					<b>650</b>	683	1,259
Costs foreign offices			515					<b>515</b>	557	311
Grants and contributions	13	2,281	134	224		899		<b>3,551</b>	3,940	23,243
Publicity and communications				703	5,329			<b>6,032</b>	7,107	5,890
Housing							658	<b>658</b>	619	1,149
Office and general costs			260	327	1,083	133	197	<b>2,000</b>	2,473	1,915
ICT			65	103	95	42	3,728	<b>4,033</b>	4,295	3,467
Cost of inventory	2,315							<b>2,315</b>	1,060	1,049
Travel and accommodation	64		380	26	48	110	53	<b>681</b>	1,630	1,357
Advice			174			707	10	<b>891</b>	1,132	802
Evaluations, assessments and research			93					<b>93</b>	355	305
Head office projects	767		53		31		159	<b>1,010</b>	2,406	1,302
Board and Association						82		<b>82</b>	104	182
Depreciation and interest	522				92		1,970	<b>2,584</b>	2,913	2,202
<b>Subtotal direct costs</b>	<b>240,078</b>	<b>2,281</b>	<b>2,324</b>	<b>1,383</b>	<b>6,678</b>	<b>1,973</b>	<b>6,775</b>	<b>261,492</b>	<b>278,831</b>	<b>294,229</b>
<b>Allocated employee costs for head office personnel</b>										
Salaries and social security	1,924		11,476	786	1,457	3,310	1,608	<b>20,561</b>	21,482	19,554
Pension contributions	199		1,185	81	151	342	166	<b>2,124</b>	2,280	2,091
Other personnel costs	276		1,647	113	209	475	231	<b>2,951</b>	1,431	2,609
<b>Subtotal all costs</b>	<b>242,477</b>	<b>2,281</b>	<b>16,632</b>	<b>2,363</b>	<b>8,495</b>	<b>6,100</b>	<b>8,780</b>	<b>287,128</b>	<b>304,024</b>	<b>318,483</b>
Allocation of overhead	891		5,316	364	675	1,534	-8,780			
<b>Total all costs head office and emergency aid</b>	<b>243,368</b>	<b>2,281</b>	<b>21,948</b>	<b>2,727</b>	<b>9,170</b>	<b>7,634</b>	<b>0</b>	<b>287,128</b>	<b>304,024</b>	<b>318,483</b>

### Overhead

The costs of overhead amounted to 3.0% of the total expenditure in 2020 (2019: 3.0%). The costs of overhead decreased from € 9,541,127 in 2019 to € 8,779,862 in 2020. The costs of overhead decreased in 2020 mainly due to lower costs of housing and the delay in the implementation of ICT related projects.

## 2.7a Personnel head office in full time equivalents

In 2020 we employed 10,536 staff in full time equivalents (2019: 10,466) working in emergency aid programmes and at the head office. Personnel posted in emergency aid programmes are charged directly to the emergency aid expenditures. The associated personnel costs and other personnel information are explained in note 2.1. In this note 2.7 costs of Personnel at head office are explained.

In 2020 the total number of designated FTE employed in the head office increased by 4.6% to 339 with a main increase in the category Programme Support and the Procurement Unit while the number of FTE's charged from the London office decreased as a result of the completion

of the implementation of the Health Information System project in the first half of 2020 and the decrease in the related project staff. In 2020, 17 FTE in the head office in Amsterdam were specifically dedicated to the COVID-19 response.

In 2020 the average illness percentage over the full year ended at 4.0%, 0.1% lower compared to 2019. After a peak up to 6.1% in February, and as a result of the measures taken in view of COVID-19, illnesses decreased significantly during the rest of the year. The 4.0% is well below the average for the year in the Netherlands.

Personnel head office	2020	Budget 2020	2019
Programme support	207	209	189
Procurement Unit allocated to emergency aid programmes	32	29	26
Information and awareness raising	13	12	11
Fundraising	24	27	24
Management and administration	55	52	54
Overhead	26	29	27
Programme support staff charged from London and Berlin offices	2	5	13
Emergency aid - (Amsterdam) office staff seconded to emergency aid programmes	-20	-34	-20
<b>Total personnel at head office</b>	<b>339</b>	<b>329</b>	<b>324</b>
Volunteers working at the head office in Amsterdam (# persons)	31	n/a	34
Volunteers working at the head office in Amsterdam (FTE)	9	n/a	5
Gender (women - men)*	60% - 40%	n/a	60% - 40%
Gender senior management (women - men)*	62% - 38%	n/a	52% - 48%
Nationality (Dutch - other)	49% - 51%	n/a	48% - 52%
Average age	43	n/a	42
Employment (full time - part time)	61% - 39%	n/a	63% - 37%
Sickness rates	4.0%	< 3.0%	4.1%

\*The mandatory binary gender disclosure does not reflect the full scope of the diversity approach of the organisation.

## 2.7b Remuneration, social security and personnel costs head office

### Remuneration policy

Our remuneration policy for the Amsterdam head office personnel is benchmarked with the remuneration of the public sector and the not-for profit sector in the Netherlands combined. The remuneration reference is the 1st quartile, implying that 75% of staff with a comparable position in the reference sector earn more than staff employed by MSF-Holland. Scaling of employees is based on a function grid. The function-remuneration grid applied by MSF-Holland has 12 scales and features a decreasing growth for management positions, including the Management Team.

### Personnel cost head office staff

Under the header Allocated employee costs for head office personnel, the item Salaries and social security of head office personnel consists exclusively of the gross salaries, taxed reimbursement of expenses and associated social security costs. In 2020 these components amounted to € 2,888,816 (2019: € 2,727,789). The personnel costs measured per full time equivalent increased by 1.1% from € 74,861 in 2019 to € 75,687 in 2020. The cost of recruitment and development of head office personnel, canteen costs and the costs of temporary staff are included in the item Other personnel costs.

### Pension contributions

As of 1 January 2013, all staff on a Dutch contract are enrolled in a pension scheme with the Premium Pension Institution Brand New Day, to which the provisions of the

Dutch Pension Act apply. The pension scheme is based on the 3% rate (staffel) model. The pension premium is fully paid by MSF-Holland to the statutory maximum of 1.875% savings provision and is calculated over 12x the monthly salary plus the holiday allowance. The pension premium is calculated using the minimum allowable deductible for both the retirement and the survivors pension scheme. MSF-Holland does not pay any pension premium above the fiscal maximum. Included in the pension scheme is a survivors pension insurance that is indexed at 2%. Pension premiums are recognised in personnel costs when they are due. No future liabilities are expected to arise from these pension schemes.

### Personnel contracted on behalf of MSF-sections

During 2020, 51.4 staff in full time equivalents (FTE) (2019: 41.0) were employed on Dutch contract terms but fully expensed to other MSF-sections, of which 33.4 staff in FTE were working abroad. The other 18.0 staff in FTE were mainly working from the Amsterdam office in MSF-International positions. While our remuneration policies apply, costs and FTE are fully reported in the financial statements of each staff's respective hiring MSF-section.

## 2.7c Employment and remuneration of the Directors in euro

### General Director

MSF-Holland has a titular General Director that carries delegated end responsibility. In 2020 this position was occupied by Nelke Manders. The General Director is supported by a management team of functional directors. At the end of 2020 the management team consisted of a Director Operations, Medical Director, Director Resources, Staff Director and Delegate Director.

### Directors' remuneration

MSF Holland applies the Advisory Scheme for the Remuneration of Directors of the Dutch charity branch organisation Goede Doelen Nederland as published 11 November 2020 and valid retroactively as of 1 January 2020. The advisory scheme sets criteria for determining the level of responsibility required for executive positions and sets maximum annual income standards, as well as standards for severance payments to directors.

In 2020 the Board evaluated the remuneration of the General Director and the management team based on the criteria described in the Advisory Scheme valid per 1 January 2020. This evaluation resulted in total score of 610 points out of the total possible of 645. In the management model of MSF-Holland the General Director is rated at 92% (561 points) while each member of the Management Team is rated 80% (488 points), with € 162,397 (group J) and € 141,765 (group I) maximum salaries respectively and as applicable from 1 January 2020. Pension contributions and employer's costs are not included in these salary figures. The function-remuneration grid of MSF-Holland results in all of its directors' salaries under the maximum allowable in the Advisory Scheme. MSF-Holland does not pay any

pension premium above the fiscal maximum of € 110,111 (2020).

In 2020 1 FTE was used for the position of General Director (2019: 1 FTE). In 2020 a total of € 154,102 (2019: € 148,969) was spent on the general director's remuneration (see table below). The annual, full year, gross salary including holiday allowance agreed with Nelke Manders is € 126,114 (per 1-1-2020).

In the table below the employment contract and the remuneration of the General Director and the members of the management team are specified:

Employment	Position	Employment period in 2020	Type of contract	End of current assignment
<b>General Director</b>				
<b>Nelke Manders</b>	<b>General Director</b>	<b>01/01 - 31/12</b>	<b>indefinite</b>	<b>28-02-21</b>
<b>Management team</b>				
Oliver Behn	Director Operations	01/01 - 31/12	fixed term	31-05-22
Melissa McRae	Medical Director	01/01 - 31/12	indefinite	30-04-21
Mihaela Ionasc	Director Staff	01/01 - 31/12	fixed term	31-03-21
Shekhar Pula	Director Resources	01/01 - 31/12	fixed term	14-05-22
Judith Sargentini	Deputy Director	01/12 - 31/12	fixed term	30-11-23
Martje van Nes	Delegate Director	01/01 - 31/12	indefinite	31-12-2020 / ended

	Remuneration			Other employment costs			
	Gross per year excluding holiday allowance	Holiday allowance	Salary according to advisory scheme	Pension contributions	Social security costs	Transition allowance	Total salary costs directors 2020
<b>General Director</b>							
<b>Nelke Manders</b>	<b>116,772</b>	<b>9,342</b>	<b>126,114</b>	<b>17,190</b>	<b>10,798</b>	<b>0</b>	<b>154,102</b>
<b>Management Team</b>							
Oliver Behn	113,850	6,225	120,075	13,650	12,705	0	<b>146,430</b>
Melissa McRae	106,919	5,852	112,771	9,886	9,844	0	<b>132,501</b>
Mihaela Ionasc	99,968	7,838	107,806	22,128	17,705	0	<b>147,639</b>
Shekhar Pula	107,227	8,578	115,805	20,013	12,705	0	<b>148,523</b>
Judith Sargentini	7,193	575	7,768	1,191	1,059	0	<b>10,018</b>
Martje van Nes	82,120	6,490	88,610	12,538	9,844	0	<b>110,992</b>

The General Director and members of the management team all worked full time (100% labour percentage), which is 40 hours a week. There are no payments made for any other remuneration or other taxable disbursements other than mentioned in the table above. No loans or guarantees and no advance payments were provided to the general director or any of the management team members.

The interim assignment of Martje van Nes in the position of Delegate Director ended at the 31st of December. She continues in her previous position as Head of the Communication and Fundraising department. Judith Sargentini started as Deputy Director on the 1st of December 2020 and after a month of hand-over with Martje van Nes assumed full responsibility as Deputy Director as of 1st of January 2021.

Expatriate tax regulations (30% ruling) are applied to the salary of the Medical Director Melissa McRae and the Director Operations Oliver Behn.

#### Other information directors

The MSF-Holland policy applying to all directors' positions is that the director is appointed to her or his position for an initial period of three years, with the option of a three years extension. Shekhar Pula is a Board member of Foundation Stop Ecocide and partner in TeqTam B.V.. Judith Sargentini is a Board member of ASKV-stichting Vluchteling, Amsterdam and a board member of Stichting NIODfonds. None of these occupations were remunerated in 2020. The other directors did not have secondary occupations.

## 2.7d Board costs and expenses paid to board members

in euro thousands

The Board of the Association MSF-Holland supervises the organisational policies as carried out by the General Director who has been appointed by the Board. With the exception of the president the board members receive no remuneration for their supervisory function. The General

Assembly is the highest supervisory body of the Association and is held once per year at a minimum.

The Board and Association costs shown here concern the following:

	2020	Budget 2020	2019
Costs MSF-OCA Council (see chapter 6.2)	9	39	73
Costs of the Association and General Assembly	42	70	82
Costs of carrying out supervisory responsibilities	31	41	70
Remuneration president Marit van Lenthe	86	85	64
Remuneration president Unni Karunakara	0	0	10
Volunteer allowances board members	8	7	7
<b>Total Board costs and expenses paid to board members</b>	<b>176</b>	<b>242</b>	<b>306</b>

For the time spent in fulfilling the duties concerned with international governance and as chair of the OCA-Council, the MSF-Holland president, Marit van Lenthe, received a salary (including holiday allowance, pension contributions and social security) of € 85,906 for 0.75 FTE (2019: € 63,778 for 0.57 FTE) in compensation.

The remuneration of Board members is in line with the MSF-Holland statutes and the applicable Standards Accreditation regulation (Normen Erkenningsregeling) and has been evaluated by the Board remuneration committee in 2020.



In 2020, 10 board members (2019: 9 board members) made use of the expense policy allowing board members to apply for a volunteer allowance of €100 per month with a maximum of €1,000 a year to cover small expenses. In 2020 an amount of €8,000 (2019: €7,000) was paid as volunteer allowance to these board members. No loans or guarantees and no advance payments were provided to any of the board members.

As at December 31, 2020 the Board of the Association MSF-Holland had 10 board members (2019: 9). The minimum number of board members required according to the statutes of the Association is 7. Information on the composition of the Board, activities of the Board and association are published in the Board Accountability Statement for the year at [www.artsenzonderegrenzen.nl](http://www.artsenzonderegrenzen.nl).

## 2.7e Auditors costs in euro thousands

In 2020 PricewaterhouseCoopers Accountants N.V. (PwC) were our independent auditors. In accordance with our policy no non-audit services were acquired from our independent auditors or associated business units. In 2020 additional work was performed on the statutory audit 2019 specifically related to more extensive auditing of the inventory at year end and increased regulatory requirements related to the COVID-19 pandemic and the related going concern statements. Based on increased size and complexity of the organisation and the

regulatory requirement the agreed fees for the audit ended higher last year's and higher than the budget. The number of institutional donor contracts which required audited grant reports increased to 4 contracts in 2020.

The following fees were paid to auditors:

Allocated to:		2020	Budget 2020	2019
PwC audit of the Financial Statements	Advice - head office	309	260	239
PwC audit of the Financial Statements (additional work prior year)	Advice - head office	55	0	58
PwC audit contracts institutional donors	Advice - head office	23	17	17
<b>Total Auditors costs</b>		<b>387</b>	<b>277</b>	<b>314</b>

## INCOME

Overall income for the year increased by € 21.4 million from € 291.6 million in 2019 to € 313.0 million in 2020. The income from individuals, companies and not-for-profit organisations increased by € 1.1 million from € 61.2 million in 2019 to € 62.3 million in 2020. Our income from general donations from individuals and not for profit organisation increased in 2020 respectively by € 3.1 million and € 0.9 million euro. This was mainly caused by a strong response to our appeals related to the COVID-19 pandemic and is also visible in the high amount of earmarked donations received for our COVID-19 response (see also 2.8a).

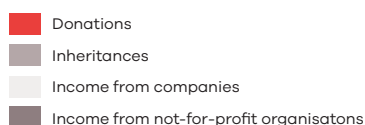
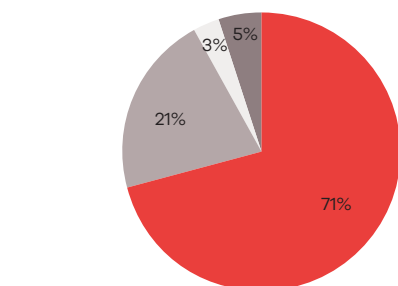
Income from inheritances decreased by € 3.1 million from € 16.5 million in 2019 to € 13.4 million in 2020. Compared to the previous years the number of Inheritances was slightly above average, but less exceptional receipts occurred resulting in a lower average per inheritance.

The cost of acquiring income in the Netherlands increased with € 0.2 million and ended at € 9.2 million. Based on the composition of total income and agreements and contracts made an overall estimate of at minimum 75% of total income is considered structural income.

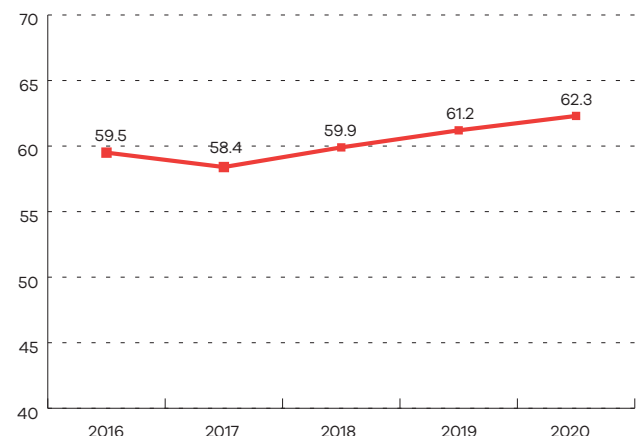
### 2.8 Income from individuals, companies and not-for-profit organisations in euro thousands

	2020	Budget 2020	2019
Donations	44,432	42,291	41,351
Inheritances	13,396	14,000	16,509
Membership fees from Association members	2	2	2
<b>Income from individuals</b>	<b>57,830</b>	56,293	57,862
Income from companies	1,579	2,177	1,416
Income from not-for-profit organisations	2,879	2,500	1,941
<b>Total income from individuals, companies and not-for-profit organisations</b>	<b>62,288</b>	<b>60,970</b>	<b>61,219</b>

#### INCOME AS A PERCENTAGE OF TOTAL INCOME FROM INDIVIDUALS, COMPANIES AND NOT-FOR-PROFIT ORGANISATIONS



#### INCOME FROM INDIVIDUALS, COMPANIES AND NOT-FOR-PROFIT ORGANISATIONS IN EURO MILLIONS



### Private donors

In 2020 the number of donors increased. Consistently the number of private donors with a direct debit mandate also increased after a number of years with decreases.

Compared to the previous year the number of one-time donations increased due to emergency response visibility around COVID-19.

	2020	2019	2018	2017	2016
Number of different private donors giving in the year	461,435	442,675	447,195	454,214	449,834
Private donors recruited in the year	49,514	33,750	36,337	45,405	44,885
Active cancellations	3,237	2,864	2,427	2,487	2,740
Donors with a direct debit mandate	312,631	310,118	316,762	320,577	317,991

### Structural income from individuals, companies and not-for-profit organisations

The income from donors with direct debits, donations with a notarial deed and a large part of the income acquired from legacies and inheritances can be considered structural income.

Measured over a 5-year period, 2016-2020, an estimate of 75% of income from individuals is considered structural income.

## 2.8a Earmarked income from individuals, companies and not-for-profit organisations in euro thousands

(see also note 3.9c; restricted funds)

The earmarked income is specified as follows:

	Receipts in 2020	Expenditures in 2020	Not spent in 2020
COVID-19	4,829	-4,720	109
Bangladesh	334	-334	0
Greece	303	-200	103
Congo, Democratic Republic	218	-218	0
India	171	-171	0
Yemen	162	-162	0
Central African Republic	150	-150	0
Uzbekistan	110	-110	0
Syria	93	-93	0
South Sudan	58	-58	0
Lebanon	52	0	52
Jordan	50	-50	0
Ethiopia	31	-31	0
Sierra Leone	53	-51	2
Haiti	21	-21	0
Afghanistan	15	-15	0
Belarus	7	-7	0
Libya	5	-5	0
Others	2	-2	0
<b>Subtotal earmarked donations</b>	<b>6,664</b>	<b>-6,398</b>	<b>266</b>
Donations for the Stone fund (training of national employees)	34	-21	13
<b>Total as at 31 December moved to restricted funds</b>	<b>6,698</b>	<b>-6,419</b>	<b>279</b>

In addition to the earmarked donations for COVID-19 we received from the donors in The Netherlands (€ 4,828,674), we received via the grants from other MSF-Sections (see 2.10) an amount of € 14,679,978 earmarked for COVID-19 related projects. The total earmarked income (€ 19,508,652) for COVID-19 exceeded the total expenses on Emergency Aid and Programme Support (€ 19,377,612). The remaining amount of € 131,036 consists of a grant of MSF-UK for € 22,245 (see 3.12a) and € 108,791 received from donors in the Netherlands. The remaining funds will be spent fully in 2021. Within the international network Médecins Sans Frontières MSF-Belgium is responsible for the refugee project on Lesbos (Greece). The total

earmarked funds received in 2020 (€ 303,424) exceeded the amount that MSF-Belgium could allocate. A total of € 200,000 was granted to MSF-Belgium in 2020. All the remaining funds (€ 103,424) for the refugee project on Lesbos (Greece) will be granted to and spent by MSF-Belgium in 2021. Additionally the earmarked donations received for Lebanon (€ 52,494) will also be granted to and spent by MSF-Belgium in 2021.

In 2020 we received an earmarked contribution of € 23,747 for research activities in our Tonkolili project in Sierra Leone. As a result of the COVID-19 pandemic a small part (€ 1,591) of this grant could not be spent in 2020.

## 2.9 Income from the National Postcode Lottery in euro thousands

	2020	Budget 2020	2019
National Postcode Lottery, regular draw	13,500	13,500	13,500
<b>Total income from the National Postcode Lottery</b>	<b>13,500</b>	<b>13,500</b>	<b>13,500</b>

In 2020 MSF-Holland received a contribution of €13,500,000 from the regular draw of the National Postcode Lottery. This is the maximum possible annual contribution to MSF-Holland according to the five-year

agreement. At the end of 2017 the National Postcode Lottery awarded MSF-Holland a five-year agreement that will run until 31 December 2022.

## 2.10 Grants from MSF-sections in euro thousands

	2020	Budget 2020	2019
MSF-Germany	114,249	93,500	95,702
MSF-USA	43,083	41,105	48,149
MSF-United Kingdom	35,745	29,500	31,482
MSF-Canada	10,875	11,355	11,712
MSF-Hong Kong	10,637	13,148	13,634
MSF-Sweden	10,395	9,193	9,435
MSF-Japan	4,036	2,588	0
MSF-Ireland	3,780	3,220	2,871
MSF-International	101	0	0
MSF-Switzerland	41	0	8
MSF-Denmark	3	0	0
MSF-Austria	1	0	14
MSF-Non allocated	0	1,985	0
MSF-Norway	0	0	43
MSF-Italy	0	0	4
<b>Total grants from MSF-sections</b>	<b>232,946</b>	<b>205,594</b>	<b>213,054</b>

With an overall increase of 9.3% compared to 2019, the income from grants from MSF-sections ended €27.4 million above the planned budget for 2020.

All grants received from MSF-Sections with the exception of the grants of MSF Canada and MSF Hong-Kong ended above budget. All grants received from countries outside of the euro-zone were impacted negatively by the

appreciation of the Euro, resulting in unfavorable rates at contract signing dates realising €6,982,938 million less income. The income from MSF-USA (€3,951,970) and MSF-United Kingdom (€1,688,897) were the main contributors to this exchange rate impact.

## 2.11 Grants from institutional donors in euro thousands

	2020	Budget 2020	2019
Canadian government (DFATD, IHA)	1,448	1,500	1,894
Japanese Government (MOFA)	1,339	1,000	389
Global Fund (GFATM)	1,051	2,000	1,152
<b>Total grants from institutional donors</b>	<b>3,838</b>	<b>4,500</b>	<b>3,435</b>

The project grants from institutional donors refer to the realised portion of the grants awarded that concern activities carried out in the financial year. The grants from institutional donors are all used to cover operating expenses.

## 2.12 Other income in euro thousands

	2020	Budget 2020	2019
Other income	421	0	362
<b>Total other income</b>	<b>421</b>	<b>0</b>	<b>362</b>

Other income mainly consists of reimbursements of shared costs for hosting staff from MSF-sections, mainly MSF-International, in the office.



## 2.13 Net financial income and expenses in euro thousands

	2020	Budget 2020	2019
Realised exchange results from transactions in non-euro currencies	2,413	0	215
Unrealised exchange results from transactions in non-euro currencies	-2,434	0	-65
Interest income	47	0	192
Interest costs	-73	0	0
Realised gain on the sale of Vierhouten estate (see 3.2b)	63	0	68
<b>Total net financial income and expenses (-)</b>	<b>16</b>	<b>0</b>	<b>410</b>

The unrealised exchange results concern the value dating of the foreign currency bank balances, contract obligations, still to be received monies from institutional donors and MSF-sections, and accounts payable and receivable balances in non-euro currency. All exchange rate differences recognised are included in the financial income and expenses. It is MSF-Holland policy not to make use of financial instruments to control currency risk on various foreign currencies. In 2020, interest income reduced further and became negative from the 1st of April

2020. This is reflected in a small amount of interest income realised for the period January-March 2020 and Interest costs charged by the banks from 1st April onwards. The amount of interest charged by the banks was kept as low as possible by using the most favorable spread of savings over different accounts at different banks. The development of the amount of interest received over the past five years is shown in note 5.2. MSF-Holland has no contractual obligations on which interest is due.

## 2.14 Donations in kind in euro

In addition to receiving financial support, MSF-Holland also receives donations in kind and enters into contracts which do not involve payment but goods and services in kind. In particular, these donations in kind concern the delivery of medicines and food and are accepted in project countries to support MSF-Holland's nutrition and health programs. These donations in kind are not registered in the bookkeeping and are also not recognised in the result as the reliability of the current registration systems is too limited.

### Donations in kind for emergency aid

MSF-Holland accepts and registers the use of goods made available by third parties when these would have been purchased in case they had not been made available to the organisation. The best estimate of the total value of these goods received was € 396,378 in 2020 (2019: € 405,533).

## DONATIONS IN KIND PER DONOR AND PER CATEGORY

	Medicines	Medical material & equipment	Food & nutrition	Laboratory material & equipment	Vaccines & vaccination material	Water & sanitation material	Relief items / Other	Flights	Total 2020
Ministries of Health	130,184	208		4,600	35				135,027
United Nations (WFP)		6,022							6,022
United Nations (Unicef)		717	35,910			178	14,352		51,157
National TB Program Myanmar (NAP)	23,614			288					23,902
United Nations (UNFPA/UNHCR/WHO/UNMISS)	40,234	108,743		7,095	659		3,248		159,979
Others	15,125	3,647		1,519					20,291
<b>Total donations in kind per category</b>	<b>209,157</b>	<b>119,337</b>	<b>35,910</b>	<b>13,502</b>	<b>694</b>	<b>178</b>	<b>17,600</b>		<b>396,378</b>

## DONATIONS IN KIND PER PROJECT COUNTRY

	Total 2020
South Sudan	161,937
Syria	118,833
Central African Republic	30,207
Myanmar	29,863
Uzbekistan	14,352
Bangladesh	13,529
Congo, Democratic Republic	11,307
Ethiopia	5,390
Yemen	5,202
Sierra Leone	3,038
Nigeria	2,720
<b>Total donations in kind per country</b>	<b>396,378</b>

In addition the Amsterdam Procurement Unit received donations in kind for goods related to our response to the COVID-19 pandemic to a purchase value of € 154,777 and for shipping of goods to several of our project countries to a purchase value of € 290,702.

## Donations in kind head office

Donations in kind received for the head office concerned pro bono legal services from various law firms.



# 3 Notes to the Balance Sheet

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▲ Marie Makossi was eight months and three weeks pregnant, when in the middle of the night she started shaking. Her boyfriend brought her to hospital on the back of his motorbike. When they arrived, shooting erupted in Bambari. The medical staff had fled home for safety and could not return for several hours. The second day Marie had an emergency caesarean. Both she and the baby were fine. Central African Republic, December 2020.

With a surplus of € 25.9 million, MSF-Holland strengthened its already solid financial position in 2020.

With expenditure on emergency aid decreasing compared to the prior year and income growth accelerating, the reserves levels increased to a solid level of 6.7 months of expenditure.

The total cash position at balance sheet date increased by € 25.4 million while the total receivables position decreased slightly by € 0.2 million with the relative distribution of receivables compared to payables decreasing compared to the 2019 end of year position. Primarily due to the realized surplus, the overall balance sheet total increased by € 29.0 million thus maintaining the strong solvency ratios.

The value of fixed assets decreased by € 2.8 million. This was partly the result of the sale of a property and in part the result of the planned depreciation of the main capital investment projects that we initiated in 2017 and delivered in 2019. Inventories held for emergency aid increased by € 6.6 million. The move to a new warehouse and constraints related to the COVID-19 pandemic resulted in operational delays in shipping of relief supplies to our projects in 2020.

Overall reserves and funds increased due to the addition of the surplus of € 25.9 million. Restricted funds increased by € 0.2 million as a result of earmarked funds not fully spent in 2020. Provisions showed a small increase to € 3.7 million due to payment obligations to employees in emergency aid projects that are planned to close in 2020 and payroll tax assessment estimates by management. Short-term liabilities increased by 7.3% to € 40.6 million as the budgetary commitments for grants awarded but not yet spent increased compared to the previous year.

### 3.1 INTANGIBLE ASSETS in euro thousands

	Software
<b>Purchase value</b>	
Balance as at 1 January 2020	8,576
Purchases	337
Disinvestments	0
<b>Balance as at 31 December 2020</b>	<b>8,913</b>
<b>Depreciation</b>	
Balance as at 1 January 2020	3,132
Depreciation	1,446
Disinvestments	0
<b>Balance as at 31 December 2020</b>	<b>4,578</b>
<b>Balance sheet value as at 31 December 2020</b>	<b>4,335</b>

In 2020, some additional features of the Health Information System for use in our emergency aid projects and for the head office ERP system were delivered and depreciation commenced. As at 31 December 2020 no impairment was applied to the intangible assets. The entire intangible assets are used for the realisation of the Association goals.

## 3.2 TANGIBLE FIXED ASSETS

### 3.2a Operating assets in euro thousands

	Land	Buildings	Furniture and fixtures	Hardware	Total
<b>Purchase value</b>					
Balance as at 1 January 2020	5,730	17,529	2,289	1,056	<b>26,604</b>
Purchases	0	0	0	43	<b>43</b>
Disinvestments	0	0	0	-41	<b>-41</b>
<b>Balance as at 31 December 2020</b>	<b>5,730</b>	<b>17,529</b>	<b>2,289</b>	<b>1,058</b>	<b>26,606</b>
<b>Depreciation</b>					
Balance as at 1 January 2020	0	1,205	227	586	<b>2,018</b>
Depreciation	n/a	605	321	212	<b>1,138</b>
Disinvestments	0	0	0	-41	<b>-41</b>
<b>Balance as at 31 December 2020</b>	<b>0</b>	<b>1,810</b>	<b>548</b>	<b>757</b>	<b>3,115</b>
<b>Balance sheet value as at 31 December 2020</b>	<b>5,730</b>	<b>15,719</b>	<b>1,741</b>	<b>301</b>	<b>23,491</b>

Land and Buildings are located at Plantage Middenlaan 14-16, Amsterdam, and in use for the offices. The value of the land is recognised according to market value with value reference date 31 December 2017 and as established by an independent valuator. Land is not depreciated. In 2020 no costs for structural maintenance were made. In 2020 € 89,250 was added to the provision for maintenance to the building (see chapter 3.10). The

purchase of hardware concerns the purchase of laptops to replace items that were disposed of in 2020 and additional items to facilitate the growth in staff numbers.

To date no value impairment has been recognised for any of the operating assets. The entire operating assets are used for the realisation of the Association goals.

### 3.2b Assets held for sale in euro thousands

	2020	2019
Property and buildings Vierhouten	<b>0</b>	562
<b>Estimate sales value as at 31 December</b>	<b>0</b>	<b>562</b>

In 2010 MSF-Holland acquired real estate in Vierhouten from an inheritance. As planned, the property was sold in 2020 at the expiry of the 10-years encumbrance. After deduction of costs of the sale an amount of € 624,998 was realised.

The realised value gain of € 62,998 is included in the Net financial income and expenses (note 2.13).



### 3.3 Stock for emergency aid in euro thousands

	2020	2019
Medical materials	16,371	9,834
Other materials	3,788	3,395
Transport equipment	1,025	741
<b>Inventory as at 31 December</b>	<b>21,184</b>	<b>13,970</b>
Value adjustment for obsolescence	-1,051	-444
<b>Net realisable value as at 31 December</b>	<b>20,133</b>	<b>13,526</b>

The majority of the stocks held for emergency aid are held in the Netherlands with the main warehouse at VCK Logistics at Schiphol.

#### Inventory held in transit in the Netherlands

Included in the inventory on the Balance Sheet are stocks for emergency aid that are kept in transit in the Netherlands (see also chapter 4, Accounting Policies). The value of the inventory in transit at the warehouse in the Netherlands as at 31 December 2020 amounts to € 5,109,950 (2019: € 3,648,143). The other stocks at the warehouse have not yet been allocated to aid programmes and concern free stocks and emergency supply stocks. The item Other materials consists mainly of emergency housing materials (tents, tools, etc.) and water and sanitation equipment for the emergency aid programmes. The entire inventory is held for the realisation of the Association goals.

As at 31 December an estimated value of inventory of € 719,745 was shipped by suppliers under Incoterms, where the risk associated with shipment is transferred to MSF-Holland, but not received in the warehouse (2019: € 714,780).

In 2020, as in previous years, a value adjustment has been made for obsolescence. The estimate for the value adjustment of € 607,705 is based on expiry dates and expected turnover of items held in stock as at 31 December.

In 2020, due to the change of logistics service provider (LSP) after 25 years, and the transfer and clean up of all stock and related records to the new logistics service provider, there was a write-off totaling € 826,558.

#### Inventory held in Nairobi

During the COVID-19 pandemic part of our orders were directly delivered to a warehouse in Nairobi and from there further distributed to project locations. At 31 December 2020 the value of inventory in Nairobi amounted to € 664,356 of which € 331,447 are free stocks and the remaining amount of € 332,909 are stocks allocated to projects.

#### Inventory held in emergency projects

In accordance with our accounting policies inventory held in our emergency projects is fully expensed at the time it is shipped to the programme countries. For internal supply management purposes the estimated value of those inventories is recorded. At the end of 2020 a reported value of € 25,126,049 (2019: € 25,052,161) of medical supplies was held available for immediate use in our emergency aid projects or was on international transport.



### 3.4 Grants receivable from MSF-sections in euro thousands

The receivables from MSF-sections throughout the year developed as follows:

	2020	2019
Balance as at 1 January	25,403	15,929
Project grants awarded	232,968	213,055
Project grants received	-237,688	-203,723
Exchange results on grants received	1,707	-12
End of year revaluation of outstanding contract amounts	-66	154
<b>Balance as at 31 December</b>	<b>22,324</b>	<b>25,403</b>

The remaining receivables concern project grant contracts which ended in 2020. All receivables from

MSF-sections are short-term and are anticipated to be received in the first quarter of 2021.

### 3.5 Grants receivable from institutional donors in euro thousands

Receivables from institutional grants comprise receivables from both awarded project grants still running and those that have already ended.

Developments of these in the financial year were as follows:

	2020	2019
Balance as at 1 January	2,453	4,811
Project grants awarded	2,787	2,282
Project grants received	-4,247	-4,721
Exchange results on grants received	105	149
Non-allocated project grants	-17	0
End of year revaluation of outstanding contract amounts	-223	-68
<b>Balance as at 31 December</b>	<b>858</b>	<b>2,453</b>

The receivables are as follows:

Receivables from project grant contracts ended in the reporting year	858	0
Receivables from project grant contracts running into the next reporting year	0	2,453
Receivables from project grant contracts running after the next reporting year	0	0
<b>Balance as at 31 December</b>	<b>858</b>	<b>2,453</b>

As at 31 December 2020 all receivables from project grant contracts are short term.

### 3.6 Receivables from inheritances in euro thousands

	2020	2019
Receivables from inheritances	9,544	12,740
<b>Balance as at 31 December</b>	<b>9,544</b>	<b>12,740</b>

Receivables from inheritances represent the estimated valuation of the accepted inheritances for which settlement is in progress. Although the number of new dossiers was slightly above average there were fewer high value dossiers opened, resulting in a lower receivable at year end. As at 31 December 2020

receivables from inheritances include 37 properties (2019: 28 properties) that are held for sale.

### 3.7 Other receivables and accrued income in euro thousands

	2020	2019
Prepayments and accrued income	6,878	3,738
Other receivables from MSF-sections	4,842	4,404
Receivable extra donation National Postcode Lottery	4,000	0
Taxes and social security contributions to be received	114	115
Debtors	70	0
<b>Balance as at 31 December</b>	<b>15,904</b>	<b>8,257</b>

All Other receivables and accrued income are short-term. All amounts receivable concern the normal course of operations. The increase in prepayments and accrued income is mainly caused by the higher amount of invoices related to purchase orders that are un- or partially matched at year end. In 2020 the **National Postcode Lottery** awarded an extra amount of € 4,000,000 as

funding for the Clinical Trial of the Tuberculosis breakthrough project in the period 2021-2023. Income from this grant will be recognised according to the accounting policies (see Chapter 4.2) As in 2019, in 2020 no allowance for uncollectable receivables was needed.

### 3.8 Cash at bank and in hand in euro thousands

	2020	2019
Balance of cash at bank and in hand at head office	20,006	13,903
Balance of cash at bank and in hand at projects	14,526	13,042
Balance of savings accounts at head office	76,593	58,797
<b>Balance as at 31 December</b>	<b>111,125</b>	<b>85,742</b>

MSF-Holland holds its main operating cash management accounts at ABN AMRO and one at ING (NL13 INGB 0000 0040 54) which is used for public fundraising. The main savings accounts held at head office are held in euro at ABN AMRO (84%), Rabobank (9%), ING (4%) and ASN Bank (3%) and are immediately available funds. Overall, the total balance increased in line with the result of the year.

At 31 December no short term US dollar deposits were kept resulting in a higher balance on the US Dollar bank account.

### 3.9 Reserves and funds in euro thousands

	Continuity reserves	Other reserves	Restricted funds	Total 2020	Total 2019
Balance as at 1 January	110,000	26,575	915	137,490	163,993
Allocation of the result	0	25,700	181	25,881	-26,503
<b>Balance as at 31 December</b>	<b>110,000</b>	<b>52,275</b>	<b>1,096</b>	<b>163,371</b>	<b>137,490</b>

Reserves and funds held by MSF-Holland have been built up over the years by retaining surpluses of income over expenditure. Our reserves aim to maintain a capital structure that enables us to achieve our strategic objectives and daily operational needs, to safeguard our ability to continue as a going concern and to meet our current obligations. Our reserves are quantified to cover working capital needs, provide for a risk based buffer capital, finance operating assets investment, fund sudden emergencies and allow for short-term fluctuations in expenditure or income. For the total of the reserves and funds a maximum of 12 months of total expenditure has been set. At balance sheet date the level of reserves was equivalent to 6.7 months of total

expenditure (2019: 5.8 months) and 68.0% of the reserves were retained in cash at hand and in bank (2019: 62.4%). In line with our reserves policy we aim to keep a flexible liquidity position of current assets (inventory, receivables and cash at bank and in hand).

In accordance with Dutch GAAP Guideline 650 a continuity reserve is maintained next to the other reserves. At balance sheet date, the Board has assessed no additions or withdrawals to the continuity reserves are required. Within the total of reserves an amount of € 116,005 is considered for unrealised benefits related to legacies encumbered with usufruct.

### 3.9a Continuity reserves in euro thousands

In accordance with reserves policies that have been agreed between the MSF-sections, the Board set our continuity reserves target at 4.5 months of total operational activities. Our costs of operational activities are the direct emergency aid expenditure including the related supporting activities and the cost of fundraising. Depreciation costs, contributions and one-off items are not included. Payable grants to third parties are short-term liabilities and are also not included. The amount of the Continuity reserves needed for MSF-Holland has been set at the average amount of expenditure needed to ensure the unimpeded progress of medical care in our projects and the related supporting activities for a 4.5 month period. We calculate the average amount over the

total expenditure of the past two years (2019 and 2020) plus the budget for the coming year (2021).

A risk based buffer capital provision is included in the continuity reserves calculated at € 46,000,000 corresponding to 16.0% of the total expenditure. The buffer capital is based on our risk management and a quantification and statistical analysis of the possible financial impact if adverse events would occur. The buffer capital included in the continuity reserves determines the lower boundary of the total of reserves.

The Continuity reserve is calculated as follows:

	Expenditure 2019	Expenditure 2020	Budget 2021	4.5-month average
Total expenditure	318,483	287,128	307,163	<b>114,097</b>
<b>Deduct:</b>				
Depreciation costs	2,202	2,584	2,661	<b>931</b>
Contributions	23,243	3,551	3,671	<b>3,808</b>
<b>Target continuity reserves (4.5 months) as at 31 December</b>				<b>109,358</b>
<b>Actual continuity reserves as at 31 December 2020</b>				<b>110,000</b>
<b>Buffer capital included in the continuity reserves</b>				<b>46,000</b>

### 3.9b Other reserves

Through the allocation of the result of € 25,880,955 an amount of € 25,699,099 was added to the Other reserves. In addition an amount of € 181,856 was added to the Restricted funds.

### 3.9c Restricted funds in euro thousands

The Restricted funds contain donations that have been earmarked by donors for a specific purpose and which have not yet been spent. Note 2.8a gives an indication of the volume of earmarked monies that were received and spent during the year.

The balance of the restricted funds is calculated as follows:

	Unused at year end 2019	Receipts in 2020	Withdrawals in 2020	Unused at year end 2020
<b>Earmarked income from individuals, companies and not-for-profit organisations:</b>				
Donations for various countries	0	6,664	-6,398	<b>266</b>
Earmarked endowment funds	753	0	-94	<b>659</b>
Stone Fund (training of national employees)	47	34	-21	<b>60</b>
Donation for reserves	111	0	0	<b>111</b>
<b>Subtotal (see also note 2.8 a)</b>	<b>911</b>	<b>6,698</b>	<b>-6,513</b>	<b>1,096</b>
Earmarked from inheritance property Vierhouten	4	0	-4	<b>0</b>
<b>Balance as at 31 December</b>	<b>915</b>	<b>6,698</b>	<b>-6,517</b>	<b>1,096</b>

In 2020 we received earmarked donations for COVID-19 related activities, a refugee project on Lesbos (Greece), a research project in Sierra Leone and support to the population of Lebanon totalling € 266,300 that could not be spent. This unspent earmarked income will be fully spent in 2021. The earmarked funds from inheritance concern the maintenance and use of the property in

Vierhouten. This property was sold in 2020 and the remaining funds were added to the free reserves. In 2017 an endowment restricted inheritance was received with a value of € 942,000. Starting 2018, 10% of the value of the endowment plus the total interest realised may be spent per calendar year. In the period 2018-2020, an amount of € 282,600 was spent from this endowment.

### 3.10 Provisions in euro thousands

	2019	Reversals	Additions	2020
Severance pay due to employees in view of planned project closures	1,035	-972	1,636	1,699
Payroll taxes national staff South Sudan due to currency conversion	841	-28	0	813
Litigation procedures Search & Rescue operations	410	0	0	410
Payroll tax assessment Yemen	0	0	304	304
Payroll tax assessment Iraq	670	-471	42	241
Maintenance building Plantage Middenlaan 14, Amsterdam	44	0	89	133
Illness and disability of personnel	309	-240		69
Employment dispute Kenya	30	0	0	30
Employment dispute Ethiopia	0	0	26	26
Taxation procedures Jordan	62	-62	0	0
<b>Balance as at 31 December</b>	<b>3,401</b>	<b>-1,773</b>	<b>-2,097</b>	<b>3,725</b>

In the annual plan for 2021 decisions have been made to scale down or close projects in Democratic Republic of the Congo, Jordan, Iraq, Myanmar, Russia and Yemen, for which provisions have been made. In South Sudan a payroll currency conversion from South Sudan pounds to US dollar is likely leading to additional retrospective statutory obligations for which provisions have been made. This provision can be classified as non-current (longer than one year). During 2020 management has assessed the potential tax obligation for personnel employed in Iraq and Yemen to have become likely to be realised. The other provisions included here are based on formal (tax) assessments or litigation notifications

received and for which procedures are ongoing and that have been assessed by management.

The provision for illness and disability of personnel is made in view of obligations to continue payment of remuneration (including transition allowances) to personnel who are expected to remain permanently, wholly or partially unable to perform work due to illness or disability on the balance sheet date. The provision for future maintenance of the office building is based on a 20-year maintenance plan.

### 3.11 Long-term liabilities in euro thousands

	2020	2019
Long-term Payable to MSF-sections	50	0
<b>Balance as at 31 December</b>	<b>50</b>	<b>0</b>

In 2020 a multi year agreement (2020-2023) was concluded with MSF Belgium to fund the MSF Medical Academy in Sierra Leone. The long-term payable concerns the portions of this multi-year grant that are expected to be transferred in 2022-2023.



## 3.12 Short-term liabilities in euro thousands

	2020	2019
Payables to MSF-sections	17,066	18,212
Taxes to be paid	4,541	3,509
Accounts payable	4,028	6,204
Budgetary commitments <b>National Postcode Lottery</b>	4,000	0
Payables to head office staff and international staff	3,884	3,095
Payables to suppliers in project countries	3,358	2,553
Payables to national staff employed in the project countries	1,302	960
Other liabilities	2,367	2,109
Budgetary commitments (see specification in note 3.12a)	22	1,180
<b>Balance as at 31 December</b>	<b>40,568</b>	<b>37,822</b>

The payables to MSF-sections are expected to be settled within the first quarter of 2021. No interest or securities are applied.

In 2020 the **National Postcode Lottery** awarded an extra amount of € 4,000,000 as funding for the Clinical Trial of the Tuberculosis breakthrough project in the period 2021-2023. Based on the 2021 budget for this project it is expected that the full amount of this extra donation will be spent in 2021 and as such the full amount is short-term.

The item Payables to head office and international staff primarily concerns accruals for unused leave days, the accrual for leave pay and pension premiums payable. Included in this item are transition and severance

payments due to personnel for which agreements were entered into at balance sheet date. The increase in 2020 is largely due to an increased accrual for outstanding leave days at year-end. The item Payables to national staff employed in the project countries includes payable net salary and accrual of unused leave days.

Budgetary commitments are commitments arising from awarded project grants for which the total eligible costs in or up to 2020 are lower than the total grant awarded. The balance concerns the portion of the project grants that have yet to be implemented by MSF-Holland.

All Short-term payables are expected to be paid within one year.

### 3.12a Movement in budgetary commitments in euro thousands

The item Budgetary commitments developed in the year as follows:

	2020	2019
Balance as at 1 January	1,180	1,464
Listed under long-term liabilities as at 1 January	0	943
Project grants awarded by MSF-sections in this financial year (see also note 3.4)	232,968	213,055
Project grants awarded by institutional donors in this financial year (see also note 3.5)	2,787	2,282
End of year revaluation of outstanding contracts	-112	-74
<b>Subtotal grants awarded</b>	<b>236,823</b>	<b>217,670</b>
Project grants realized from MSF-sections (see also note 2.10)	-232,946	-213,055
Project grants realized from institutional donors (see also note 2.11)	-3,838	-3,435
<b>Subtotal project grants realised</b>	<b>-236,784</b>	<b>-216,490</b>
Non-allocated project grants	-17	0
Listed under long-term liabilities as at 31 December	0	0
<b>Balance as at 31 December</b>	<b>22</b>	<b>1,180</b>

The budgetary commitments at the end of the 2020 financial year refer entirely to the implementation of projects in 2021 and are thus short-term commitments.

### 3.13 Commitments and contingencies not included in the Balance Sheet

#### Office rent agreements

At the end of 2020 a new rental contract for nine years, starting 1 January 2021 was concluded for the rental of the office of MSF-India. The total commitment arising from this rental agreement is € 2,184,824 for the period 2021-2029. Of this amount € 214,791 refers to 2021, € 912,860 to the years 2022-2025 and the remaining amount of € 1,057,173 to the years 2026-2029.

#### Lease agreements in project countries

The value of lease contracts held in project countries for a period of > 12 months as of 1 January 2021 is € 5,334,726 at balance sheet date. These lease contracts concern rent of offices, warehouses, clinics and staff housing. Of this amount, € 2,171,137 refers to 2021, € 2,617,663 to the years 2022-2025, € 21,173 to the year 2026, € 463,454 for the rental agreement of the project office in Delhi, India for 2026-2029 and one very long term lease agreement for a clinic extending up to 2037 with a value of € 61,299 for the period 2026-2037.

#### Other agreements

Together with MSF-Belgium and MSF-Switzerland, MSF-Holland has engaged in a five-year operational leasing contract of VSAT installations with ITC Global. The commitment for MSF-Holland depends on the number of installations. For 2021 an average of 17 installations is foreseen, implying a fixed cost of € 535,000 for the year.

#### Litigation

In a number of countries in which MSF-Holland implements projects, litigation procedures are pending. MSF-Holland maintains a litigation register. In these Financial Statements, provisions are made for a total of € 466,330 (2019: € 502,113). Based on legal advice obtained and the provisions made, we do not expect that any further significant financial liabilities will arise out of these procedures.

#### Taxation

In the unstable environments in which we work tax and regulatory legislation is subject to varying interpretations, and changes, that can occur frequently. The relevant local governments or authorities may challenge our interpretation of such legislation as applied to programme activities and the associated transactions. As a result additional taxes, penalties and interest may be assessed. Under these volatile circumstances, fiscal periods for review may remain open for longer periods.

As at 31 December 2020 management believes that its interpretation of the relevant legislation is appropriate. Where management believes it is probable that a position cannot be sustained, an appropriate amount has been accrued for in these Financial Statements. In these Financial Statements, provisions are made for a total of € 1,357,934 (2019: € 1,510,642). Based on legal and fiscal advice obtained and the provisions made we do not expect that any further significant financial liabilities will arise out of our positions taken.



# 4

## Accounting Policies



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▲ MSF staff crossing the Mbomou river to reach Ndu, where thousands of people from the Central African Republic have sought refuge due to a non-state armed group attack. According to some estimates, over 12,000 refugees arrived in Ndu in just a few days. Democratic Republic of Congo, January 2021.

These Financial Statements have been prepared in accordance with Dutch Accounting Standard 650 for the Reporting of Fundraising Institutions as published by the Dutch Accounting Standards Board (RJ650, Raad voor de Jaarverslaggeving). These Financial Statements are prepared in accordance with the accounting policies as further explained below. The valuation principles and method of determining the result are the same as those used in the previous year.

Assets and liabilities are accounted for at historical costs and unless stated otherwise are shown at the value at which they were acquired or incurred. Expenditure and income are allocated to the period to which they relate and in accordance with the principles below.

### Foreign currency and currency translation differences

These Financial Statements are presented in Euro, which is the functional and reporting currency of MSF-Holland. Monetary assets and liabilities denominated in foreign currencies are converted to the functional currency based on the closing exchange rates at balance sheet date. Non-monetary assets (inventory) valued at cost in a foreign currency are translated at the exchange rate at the transaction date. Translation differences resulting from settlement and conversion are processed through the Statement of Expenditure and Income in the period that they are realised. Transactions denominated in foreign currencies are translated at the exchange rates prevailing at the transaction date.



**Going Concern**

The Financial Statements are drawn up on the assumption that the entity is a going concern. Whilst uncertain, we do not believe that the impact of the COVID-19 pandemic will have an effect on our going concern assumption.

**Operational leasing**

MSF-Holland has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of, nor incurred by MSF-Holland. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the Statement of Expenditure and Income for the duration of the contract.

**Cash flow statement**

The Cash Flow Statement has been prepared according to the direct method in order to provide transparent insight into the flows of funds of MSF-Holland and the MSF-sections. Cash flows denominated in foreign currencies have been translated into euro at the exchange rate prevailing at the transaction date. Exchange differences affecting cash items are shown separately in the cash flow

statement. Interest paid and received are included in cash from operating activities.

**Events after the balance sheet date**

Events after the balance sheet date that provide further information about the actual situation as at the balance sheet date and appear up to the date of the preparation of the financial statements will be adjusted in the financial statements for the current year. Events that do not provide further information about the actual situation as at the balance sheet date will not be adjusted in the financial statements for the current year. In these Financial Statements no events that occurred after the reporting period are included.

## 4.1 Accounting policies on the valuation of assets and liabilities

**Intangible assets**

Acquired intangible assets are recognised if they yield measurable economic benefits for the organisation over several years. In these Financial Statements software is recognised as intangible assets. Intangible assets are recognised at historical cost less depreciation. Intangible assets are valued at acquisition cost or at production cost, at most, less depreciation. Operating systems are capitalized as part of the hardware they belong to. Intangible assets are depreciated taking into account their estimated useful life but not exceeding a five-year period and with a residual value of NIL.

- Software is depreciated applying the straight-line method at a rate of 20%.

On the balance sheet date, management assesses and establishes whether intangible assets may be subject to impairment. Impairment losses may lead to additional write-offs that will subsequently be charged to the result of the period. At balance sheet date no impairment of intangible assets was applied.

**Tangible fixed assets****Land**

The plot of land forming part of Plantage Middenlaan 14, Amsterdam is valued at fair value. In these financial statements, the plot is initially recognised according to market value with value reference date 31 December 2017 and as established by an independent valuator. The value includes non-refundable transaction taxes. The plot of land is in own use and held as an operating asset. Land is not depreciated. Land will be tested for value impairment or value appreciation every three years. The next value evaluation will be as at 31 December 2022.

**Building**

The building forming part of Plantage Middenlaan 14, Amsterdam, is valued at actual acquisition price, added non-refundable transaction costs and less depreciation. Future investments in the building may be added to the actual cost price. Depreciation is calculated according to the straight-line method based on expected economic life and considering an expected residual value at the end of the useful life.



- The useful life of the building is set at 30 years and with a residual value of NIL.
- The building is depreciated applying the straight-line method at a rate of 3.33%.
- The investments made as part of making the building fit for purpose have been added to the actual cost price of the building.
- The depreciation of the useful life of these investments has been aligned with the useful life of the building itself resulting in a depreciation of 3.6% per year applying the straight-line method.
- At balance sheet date, a value impairment evaluation was exercised by management. Considering general developments in the local (Amsterdam) real estate market there were no indications for impairment of the office building.
- The next formal value impairment evaluation will be as at 31 December 2022.

#### **Operating assets**

Operating assets comprise of furniture, fixtures and IT-hardware. Subsequent to initial recognition, operating assets in use are valued at acquisition or production cost less accumulated depreciation and impairment. Depreciation is calculated according to the straight-line method based on expected economic life and considering the expected residual value at the end of the useful life.

- IT hardware are depreciated applying the straight-line method at a rate of 20%.
- Furniture and fixtures are depreciated applying the straight-line method at a rate of 20%.
- At balance sheet date based on market conditions there were no indications for impairment of operating assets.

#### **Impairment**

On the balance sheet date, for each (sub) category of assets, management assesses and establishes whether there is objective evidence that a tangible fixed asset or a group of tangible fixed assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the statement of expenditure and income. Impairment losses may lead to additional write-offs that will subsequently be charged to the result of the period.

#### **Fixed assets in use in the project countries**

Purchase costs of tangible fixed assets used in the project countries are expensed to project costs. After completion of the projects these assets are generally transferred to the beneficiaries. MSF-Holland does not own any real estate in the countries in which emergency aid projects are carried out.

#### **Assets held for sale**

Real estate held for sale is valued at fair value in the current real estate market. The annual property tax value assessment is used as the basis for this valuation. All assets held for sale were sold in 2020.

#### **Financial Assets**

Financial Assets on the balance sheet concern loans and other receivables that are held to maturity. When there is no open market, these financial assets are recognised at the redemption value and, if lower at fair value and subsequently at amortised cost. If the fair value as at balance sheet date is lower than the redemption value, the difference is recognised in the Statement of Expenditure and Income.

No financial assets were held at balance sheet date.

#### **Inventory**

Stocks centrally held in the Netherlands are stated at average historical cost or lower realisable value. In determining the realisable value the obsolescence of the inventory is taken into account. The costs of the stocks are expensed to the emergency aid at the time they are shipped to the project countries. The cost price of the stocks is calculated based on average costing while the movement of physical stock is according to the first-in-first-out principle and first-expiry-first-out principle for medicines. The costs incurred in order to bring the inventories to their current location are included in so far these can be attributed directly.

An estimated value of the medical stocks held in the project countries is explained in text in the notes to these Financial Statements under the header Inventory.

#### **Accounts receivable**

Receivables are recognised initially at fair value subsequently measured at amortised cost. When a receivable is uncollectable it is written off against the allowance account for receivables.

#### **Cash at bank and in hand, cash equivalents**

Cash at bank and in hand is carried at nominal value. Cash at bank and in hand represents the balances of all accounts held for head office and projects, both in the Netherlands and abroad, and deposits with terms of less than twelve months. Cash and bank balances denominated in foreign currencies are valued at the exchange rates prevailing at year end date.

#### **Pensions and pension provision**

MSF-Holland has a number of pension schemes to which the provisions of the Dutch Pension Act are applicable. Premiums are paid on a contractual basis. Premiums are recognised as personnel cost when they are due.

Contributions due but not yet paid are presented as liabilities. Such pension schemes apply to employees for which the provisions of Dutch labor law apply.

(A) As of 1 January 2013 a pension scheme for employees was entered into with a Premium Pension Institution (PPI). In this pension scheme employees accrue a pension capital by investing the monthly available premium that is fully paid by MSF-Holland. The premium is based on the career average system (middelloon pensioen stoffel) with a maximum build-up of 1.875%. All contributions have been paid in full.

The accrued invested pension capital is designated for the purchase of a retirement pension and partner pension at retirement age. Under this pension plan employees by default invest in SRI-funds. Within statutory limitations employees have full freedom to alter their investment profile. The investment risk is fully with the employees. A 2% indexed survivors pension is part of the pension scheme.

(B) The pension schemes set up for the employees and valid until 31 December 2012 have been based on a career-average plan with conditional indexation. All schemes have been placed with a life insurance company and, in view of the nature of the contracts with the insurer, future obligations are unlikely to arise from these pension schemes. This means that MSF-Holland's commitment towards its employees, under the former insurance contract concluded with the life insurance company, are limited to the contributions paid to the insurance company. All contributions and agreed settlements have been recognised in full.

MSF-Holland does not have any pension plan for national staff in mission countries. At balance sheet date there were no pension provisions.

### Reserves

Reserves are divided into continuity reserves held to ensure the unimpeded implementation of emergency aid projects and other reserves. Reserves are held to provide working capital, to finance assets and future investments and to fund (sudden) emergency aid projects. In accordance with policies agreed within the network Médecins Sans Frontières continuity reserves are held at a minimum level of 4.5 months of operational expenditures while the total of reserves should not exceed the level of 12 months of operational expenditures. Within the continuity reserves a risk based buffer capital is provided for.

### Restricted funds

Restricted funds are held for donations for which the donor designated the use and which could not be spent in the reporting period or were intended to be spent over a longer period. Donor restricted funds are assessed regularly.

### Provisions

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is likely that an outflow of resources will be required and a reliable estimate can be made.

Provisions are measured at the most likely amount that is necessary to settle the obligation as per the balance sheet date. Provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

Provisions have been formed for the liabilities existing on the balance sheet date in respect of the following:

- (A) The planned closure or reorganisation of emergency aid projects and the associated severance payments due to personnel.
- (B) Claims resulting from pending disputes and litigations.
- (C) Potential liability of income and payroll taxes in project countries.
- (D) Obligations existing on the balance sheet date to continue payment of remuneration (including transition allowances) to personnel who are expected to remain permanently wholly or partly unable to perform work due to illness or disability on the balance sheet date.
- (E) Maintenance of the office building at Plantage Middenlaan 14-16, 1018 DD Amsterdam. The addition to the provision for future maintenance of the building is formed based the expected amounts of maintenance as captured in a multi-year maintenance plan.

### Liabilities

Current and long-term liabilities are recognised initially at fair value subsequently measured at amortised cost price. Unless otherwise stated this usually is the nominal value. Accruals (such as for unused leave days and leave pay) are included and further disclosed in the current and long-term liabilities.

### Financial assets and liabilities

Unless explicitly disclosed otherwise, the fair value of the financial assets, receivables, cash and liabilities approximates to the carrying amounts given the mid to short term nature of the claims and that, where necessary, provisions for bad debts are formed

**Commitments and contingencies not included in the Balance Sheet**

Commitments and contingencies not included in the Balance Sheet are understood to include:

- Multi-year financial commitments, such as long term agreements, of which the consideration is exercised in future years.
- Contingent liabilities arising from events up to and including the balance sheet date for which it is not likely that settlement will result in an outflow of funds or of which an amount cannot reliably established; or,
- Contingent liabilities arising from events up to and including the balance sheet and whose existence depends on uncertain events that may or may not occur in the future.

Eventual risks associated with ongoing procedures are disclosed in the Commitments and contingencies not included in the Balance Sheet.

## 4.2 Accounting policies on the expenditure and income

In 2020, cost allocation keys and accounting policies have been maintained. The cost allocation keys are consistently applied within the network Médecins Sans Frontières.

### Emergency aid costs

Costs of emergency aid relate to the costs of the aid projects undertaken by MSF-Holland. This concerns any on-site costs incurred by the projects, as well as the costs of medical and logistic personnel posted and the costs of relief supplies bought via head office and transported to the projects. The cost of handling the purchase, storage and shipping of relief supplies are included in this category. Costs of handling and shipping that cannot be charged directly to the emergency aid projects have been attributed to those based on volume of goods purchased.

Relief supplies purchased through head office are expensed to the projects at the time they are sent to the project country. Supplies delivered to the warehouse and being readied for transport are accounted for as project-related stocks and are included in the Balance Sheet. Outstanding orders for purchases are not included in the accounts. Outstanding orders are internally reported as budget commitments.

### Grants provided to third parties

Grants issued to third parties are stated as costs on the awarding date.

### Programme support costs

Costs of programme support relate to the costs incurred by head office for the direct support of aid projects managed by MSF-Holland. Relevant costs include costs of departments handling the provision of medical advice, programme administration and the recruitment and posting of staff. The costs of the Operations Director and the Medical Director are included in this category.

For aid projects in a number of countries, programme support activities have been (partly) outsourced to the sections with which MSF-Holland works collaboratively. The costs of the activities outsourced to support the projects directly in MSF-Germany and MSF-UK are reported in chapter 6, Partnerships. These costs are not included in the Statement of Expenses and Income.

### Information and awareness raising costs

Costs of information and awareness raising relate to the costs of advocacy within the framework association goals. The primary purpose of advocacy is to increase the public's awareness and to bring about a change of attitude and behavior.

The allocation of costs for information and awareness raising and the categories stated below are amongst others based on the following basis:

- 50% of the costs of the donor periodical Artsen zonder Grenzen Magazine goes to information and awareness raising and 50% to the costs of acquiring income (fundraising).

### Cost of acquiring income

The cost of acquiring income relates to all costs of activities with the direct or indirect purpose to encourage people and institutions to donate money or time and attention for one or more goals of the Association. Apart from costs that can be attributed directly, the following cost allocations are applied:

- 50% of the costs of the donor periodical Artsen zonder Grenzen Magazine have been allocated to fundraising costs and 50% goes to information and awareness raising;
- The bank costs which correspond to specific fundraising activities are included in this category;
- The automation costs related to the registration and communications with (potential) donors are included here as well;
- The costs of acquiring government grants are included in so far as these costs were incurred at head office. This particularly concerns part of the personnel costs incurred in the project administration department.

### Management and administration costs

Management and administration costs relate to the costs incurred for directing and managing the organisation. The costs of recruiting personnel to work at the head office and also the costs of performing general financial administration, planning and control, the general legal expenses, as well as the costs of the Board and the Association are included in this category.

Overhead costs relate to the costs of facility support for housing, ICT, general insurances and other office facilities and include depreciation costs, with the exception of the depreciation costs of the donor database which are included in the costs of acquiring income.

The table on the next page describes how the main Management and administration costs are allocated by MSF-Holland.

EXPENDITURES	Management & administration	Overhead	Explanations
Board and Association	100%	-	
General Director, Director Resources, Staff Director, Deputy Director for The Netherlands	100%	-	The Medical Director and Director Operations are attributed to programme support
Heads of department of the Directors Office and Finance, Deputy director HRM-Office	100%	-	The Deputy Director HRM-Field is attributed to programme support
Administrative support to all directors and all heads of department	100%	-	
ICT at head office	-	100%	Including integrated services that are delivered to and for emergency aid projects
Housing, facilities and office materials and supplies	-	100%	
Head of department Program Management Office, PMO officer, general costs	100%		Expenses of improvement projects are directly attributed to the relevant category
Head of department Learning & Development	50%	-	Other 50% to programme support
Reporting & Analytics, information management, data privacy and IT security functions at head office	-	100%	
Responsible behavior unit, staff at head office	33%		Other 67% to programme support
Project manager and project officer Diversity, Inclusion and Equity (DEI) at head office		100%	
Control, compliance and internal audit	100%		
Website development and maintenance	-	100%	
Annual report, corporate communication	100%	-	
Bank costs	100%	-	Bank costs directly related to fundraising activities are allocated to cost of acquiring income
Financial administration	100%	-	
Emergency aid projects administration at head office	-	-	To programme support
Head office staff salary and personnel contract administration	100%	-	
Salaries and personnel costs	Pro rata	Pro rata	As much as possible attributed to actual deployment
Depreciation	-	100%	Depreciation for assets deployed in emergency aid projects is indirectly attributed to Emergency aid
General insurances	-	100%	
Audit costs	100%	-	
Costs of settlement and administration of acquired inheritances	-	-	All to costs of acquiring income including their direct legal expenses
Legal counsel	50%	-	Other 50% to programme support
Legal (external advice) expenses head office	100%	-	Costs of documents legalisations are directly attributed to Emergency aid
Contribution to general costs MSF-International	100%	-	

### **Personnel costs, overhead costs and allocation**

Personnel costs (salaries, social security contributions, pension premiums, transition allowances etc.) for staff employed in emergency aid programmes are presented as separate items in the Statement of Expenditure and Income.

Personnel costs at head office are divided over the main expenditure destinations and the Overhead to be attributed in proportion to the number of allotted full-time equivalents (FTE) of personnel at head office. After the allocation of personnel costs the overhead costs are attributed in the same way to the different destinations. Note 2.7 in these Financial Statements explains the divisions of these costs after the allocation of the personnel costs.

All salaries, wages and social security contributions are charged to the Statement of Expenditure and Income based on the terms of employment when they are due to employees and the tax authorities respectively. For pensions the premium payable during the financial year is charged to the result. See under Pensions above.

### **Donations**

Direct donations from the public, from companies and from not-for-profit organisations are recognised as income upon receipt. Donations and gifts for which the use is designated by the donor (or, in the case of a legacy or bequest, by the donor's will) to specific purposes, or is restricted in time, or is required to be invested and retained rather than expended, are designated "earmarked income". Other income earned from restricted revenues such as interests earned from the investment of restricted funds is also considered as earmarked with the same designation as the original funds, unless otherwise specified by the donor.

### **Inheritances**

Inheritances are recognised at fair value on an accrual basis and based on the available documentation relating to an inheritance. Any right of usufruct is taken into account and disclosed. Adjustments to valuations are made on developments and finally at the time of receipt of settlement of the inheritance.

### **Membership fees from Association members**

Membership fees are not obligatory. Any membership fees from members of the Association are accounted for on a cash basis.

### **Grants from individuals, companies and not-for-profit organisations**

Grants from individuals, companies and not-for-profit organisations are recognised as income in the respective sub-categories in the same year as the related project expenditure can be declared to the donor.

### **Income from lottery organisations**

Income from lottery organisations concerns income from the National Postcode Lottery. Income from the National Postcode Lottery is recognized at the time of the allocation. The proceeds from the National Postcode Lottery are based on contracts and on contractually valid financial regulations. Income from the National Postcode Lottery that is earmarked for a specific emergency aid programme is accounted for as income for the maximum eligible costs as incurred in the book year.

### **Grants and income from MSF-sections**

Project grants allocated to MSF-Holland and the subsequent budgetary obligations arising from grants from within the network Médecins Sans Frontières are shown in the Balance Sheet from the contract date. These grants are accounted for as income in the Statement of Expenditure and Income for the maximum eligible costs according to the contract and as incurred in the book year.

### **Grants and income from institutional donors**

Project grants from governmental institutions awarded to MSF-Holland and the related budgetary obligations are shown in the Balance Sheet from the contract date. These grants are accounted for as income in the Statement of Expenditure and Income in the same year as the related project costs can be declared to the donor.

### **Interest income**

Interest income is recognised on a pro rata basis.

### **Donations in kind**

Donations in kind received are not recognised as income and/or expenditure. Donations in kind are disclosed for information purposes in the explanatory notes in the Statement of Expenditure and Income as far as they concern goods that are essential to MSF-Holland to be able to execute our aid projects and, had they not been made available to us, would have been purchased. An explanation is given regarding received donations in kind for which a reporting obligation is required. An estimated total of the current purchase price of the received goods is shown in these Financial Statements. Donations from other MSF-sections are not included in the explanatory notes.





## 5 Financial Risks

▲ In the national hospital in Idlib city, a nurse is checking a patient's oxygen level inside the ward for patients with suspected COVID-19. Syria, December 2020.

Our operational and fundraising activities result in exposure to a variety of financial risks. MSF-Holland has identified the following financial risks: credit risk, concentration risk, interest rate risk and foreign currency risk. Management policies have been established to identify and monitor these risks, and to set appropriate risk mitigation measures.

MSF-Holland assesses its overall risk appetite to financial risk as risk-averse, avoiding risk and uncertainty. For the foreign currency risk exposure, the risk appetite is cautious. We accept that, with working globally, a fair degree of uncertainty may be expected.

Furthermore, financial risk exposure may arise from tax and regulatory legislation, which in the unstable environments in which we work is subject to varying interpretations, and changes, that can occur frequently. In our programmes we accept a minimal, up to cautious, level of risk towards local (tax) laws and regulations. Where management has assessed that it is probable that a position on the interpretation of relevant legislation cannot be sustained, an appropriate amount has been included in the provisions in these financial statements.

Financial risk management is carried out in accordance with our treasury policy. The written principles and policies are reviewed annually by the Audit Committee. In our risk management activities non-financial risks are also reviewed; more information on those can be found in our Annual Report and the Board Report.

## 5.1 Savings deposits and concentration risks in euro thousands

Credit risks are primarily associated with the cash and cash equivalents we hold at financial institutions and to some extent from receivables relating to our institutional donor grants.

Cash balances held in Amsterdam are held at a minimum of 80% with banks that have a credit risk rating of at least 'A-', as rated by an acknowledged rating agency. In accordance with our treasury policy smaller maximised cash balances are held with banks that have a credit risk rating of BB+ and BBB+. In our projects cash balances are held to an operating minimum. Risk is mitigated by assessment of the available financial institutions and by planning the frequency of cash transfers to our projects in line with payment patterns.

Cash and cash equivalents held in Amsterdam are spread over four banks: ABN AMRO, ASN Bank, ING and Rabobank. Although we aim to avoid significant concentration of our exposure to a single financial

institution, currently about 72% (2019: 63%) of our funds are held at ABN AMRO. As at 31 December 2020 approximately 56% of the shares of ABN AMRO were state owned. The 3-year cash management agreement with ABN AMRO is valid till 31 December 2022.

The development of the savings deposits over a period of five years is shown below. The realised interest per year is also shown. MSF-Holland has no investments and its main savings deposits are held in euro. Subsequently there are no investments or exchange results included in this overview. In 2017 the investment policy for MSF-Holland was adopted by the Board. In view of the market conditions it has been decided not to invest at this time.

<b>Savings deposits</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Balance as at 1 January	<b>58,797</b>	93,532	83,459	78,711	136,613
Balance as at 31 December	<b>76,593</b>	58,797	93,532	83,459	78,711
<b>Movement during the year</b>	<b>17,796</b>	<b>-34,735</b>	<b>10,073</b>	<b>4,748</b>	<b>-57,902</b>
Net result cash at bank (income from interest)	<b>-26</b>	192	237	193	392

Our exposure to institutional donor grants credit risk has remained immaterial as the amount of institutional income was kept at approximately 1% of total income. At the end of 2020 no provisions related to institutional donor grants credit risk were required.

## 5.2 Interest risks

Interest income is received on the cash balances based on market rates for the corporate sector. In the current market, our intention to safeguard capital preservation and to earn a reasonable interest income using plain instruments that guarantee the principal amount, such as bank deposits and money market fund

investments, cannot be realised. In 2020, bank savings deposits and short term currency deposits (for the US dollar) were used. The estimated realised interest over a period of five years on the average of the savings deposits as shown above was as follows:

	2020	2019	2018	2017	2016
Percentage of interest received on the average of savings deposits	0.0%	0.3%	0.3%	0.2%	0.4%

The interest realised is in line with market interest rates but not sufficient to ensure capital preservation in real terms and to make up for inflation. Although inflation in the euro zone was around -0.3 over 2020, average inflation world-wide and specifically in the countries where we work is higher. As banking policies towards

corporate savings stay restrictive interest income reduced further and became from the 1st of April 2020 negative.

## 5.3 Foreign currency risk in euro thousands

As we operate internationally we work with multiple currencies on a daily basis. Income from MSF-sections is realised in euro, pound sterling, the US dollar, the Canadian dollar, Swedish krona and other currencies and does not necessarily match our expenditure which is largely in euro and the US dollar. These are in turn converted into other currencies as applicable in our project countries. Our foreign currency exposures relate mainly to project funding grants, purchasing of medical goods, and payments that are denominated in currencies other than our functional currency: the euro.

We manage our foreign currency transaction risk from the point of view that the foreign currency incomes largely represent a natural hedge in comparison to our expenditure. Balances held in other currencies than the euro or US dollar are as much as needed exchanged into US dollar. The majority of our income is in euro and in US dollar or US dollar pegged currencies. In 2020, 51.0% (2019:

52.6%) of the expenditure in US dollar was covered by income in the same currency which lessens the impact of foreign currency risk exposure. Foreign currency needed in our project countries is as much as possible purchased centrally while balances are kept to a minimum. In 2020 about 38.3% (2019: 41.8%) of the total expenditures were in euro. A total of approximately 109 million US dollar was used for payments and transfers to project countries. In project countries part of these US dollars were exchanged into local currencies. About 31.1% (2019: 29.7%) of the total expenditure was in US dollars. Various other foreign currencies make up the remainder of 30.6% (2019: 28.5%) of the total expenditures. In 2020 MSF-Holland did not use financial instruments to control currency risk on various foreign currencies.

The exchange results over a period of five years compare as follows:

	2020	2019	2018	2017	2016
Realised exchange results from transactions in non-euro currencies	2,413	215	-1,569	-153	1,574
Unrealised exchange results from transactions in non-euro currencies	-2,434	-65	43	-1,820	18
<b>Total exchange result from transactions during the year</b>	<b>-21</b>	<b>150</b>	<b>-1,526</b>	<b>-1,973</b>	<b>1,592</b>
negative amounts represent exchange losses					

### Foreign currency risk on the balance positions

A sensitivity of 2.5% strengthening or weakening of the euro as at 31 December 2020 against our main contract currencies would have increased (decreased) our end of year result by the amount shown below. The sensitivity of the currency valuation in this overview affects the unrealised exchange results as stated in the table above and takes into account the cash and bank position and the receivable and payable positions. Compared to 2019 the total exposure decreased from € 30.6 million to € 27.7 million.

The balance in CAD, HKD and USD decreased while the balances in GBP and JPY increased. The high receivable in GBP and JPY and the inherent currency exchange risk is short-term as it is related to the transfer of the remaining part of the 2020 grants that are expected to be transferred in the first quarter of 2021.

The relatively high receivable of the US dollar and the inherent currency exchange risk is short-term. The overall balance in US dollar remains high as this is a principle currency used in our projects.

Currency	FX balance sheet exposure in currency at 31-12	Exchange rate at 31-12	FX balance sheet exposure in euro at 31-12	Strengthening	Weakening
AUD	-319,014	0,6291	-200,692	-5,017	5,017
CAD	221,398	0,6397	141,628	3,541	-3,541
CHF	-370,032	0,9258	-342,576	-8,564	8,564
DKK	-250,007	0,1344	-33,601	-840	840
GBP	10,773,990	1,1123	11,983,909	299,598	-299,598
HKD	186,084	0,1051	19,557	489	-489
JPY	87,379,726	0,0079	690,300	17,258	-17,258
NOK	-185,792	0,0955	-17,743	-444	444
SEK	8,371,378	0,0997	834,626	20,866	-20,866
USD	18,014,111	0,8149	14,679,699	366,992	-366,992
ZAR	-132,292	0,0555	-7,342	-184	184
			<b>27,747,765</b>	<b>693,695</b>	<b>-693,695</b>

### Foreign currency risk on operational expenses and result

In 2020, overall exchange rate developments had a moderate impact on our expenditure on emergency aid with a similar effect on our income. At the end of 2019, we anticipated that exchange rates of the currencies we operate in would remain volatile. The US dollar, which is the currency with the highest impact on our expenditure, depreciated to the euro. In 2020, the main impact on the euro value of the expenditure on emergency aid was caused by currency movements in Ethiopia (ETB), Myanmar (MMK) and Uzbekistan (UZS). As a result, overall expenditure on emergency aid decreased by an estimated € 4.7 million or 1.9% of the total expenditure on emergency aid. Realised income from the MSF-sections

and from institutional donors ended approximately € 7.1 million (or 3%) lower due to the exchange rate effects. The share of the US dollar accounted for an estimated € 4.0 million of the lower income, the British Pound for € 1.7 million, the Hong Kong Dollar for € 0.8 million and the remaining € 0.6 million can be accounted for by the Swedish Krona and the Canadian Dollar. For the short-term we assume that the main exchange rates will continue to develop in the same directions as they have developed in 2020. We have taken this as starting point for our budgeting scenarios taking year end 2020 rates as the basis for our forward financial planning (see Annex 1, Forward statement).

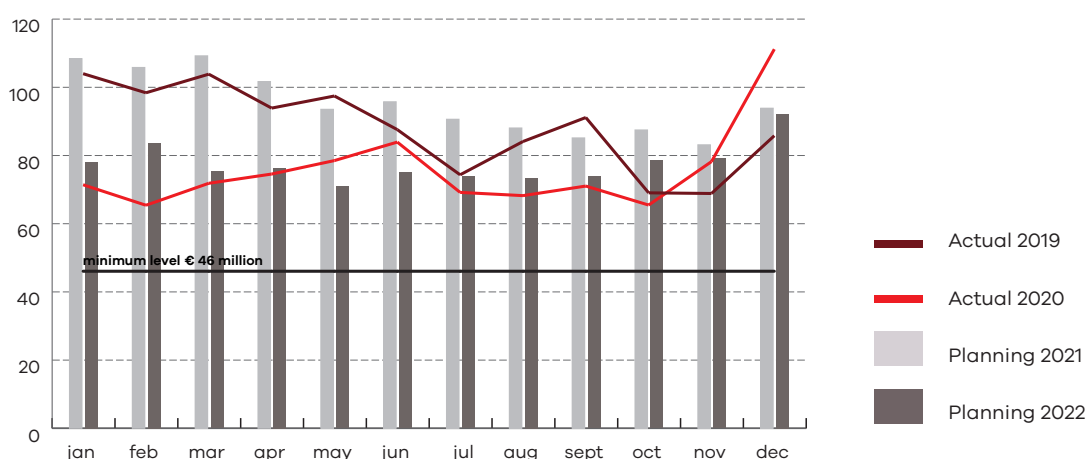
## 5.4 Income and result Sensitivity

### Cash Flow and Income sensitivity analysis

We maintain a 2 year rolling forward cash flow to monitor the in and out flow of cash, to prevent liquidity shortages

and to assess the sensitivity of our organisation to reductions in income.

### CASH FLOW REALISATION AND PLANNING 2019-2022 in euro millions



Early in 2021, we performed a stress test on the sensitivity of our organisation to reductions in income to assess the degree of uncertainty on the financial strength of the organisation. For the stress testing we considered different scenarios including 'as is' with income and expenses levels developing according to the 2021 reference budget, and scenarios with a reduction of income of up to 50%. In applying a reduction of expenses, we count with a conservative estimate of 5 months delay between income reduction and expenses reduction measures to take effect. Based on the stress test and conserving the reserves levels as at the end of 2020, a reduction of income by 20% can be absorbed without

necessitating adjustments to the expenditure. Any further reduction in income up to 50%, followed by an equally large reduction in expenses within 5 months, will not lead to a liquidity shortage.

In the opinion of the management, developments taking into account more than 20% reduction in income are highly unlikely scenarios. Evaluating the current development of our income we expect that the 'as is' scenario is the most likely scenario. In our planning, we take the scenario of a 10% reduction of income with no reduction of expenses as the worst-case scenario.

Sensitivity analysis	Change	Estimated impact in euro	On	Assumption
Income, total	+/- 5%	+/- 14.4 million	result	No change in planned expenditure
Income, from MSF-sections	- 5%	-10.6 million	result	Consolidation with some level of uncertainty
Emergency aid expenditure	- 5%	-12.9 million	result	No change in income and continuation of trend
USD	+/- 10%	+/- 2.6 million	result	Stable income from MSF-USA, no change in cost base emergency aid
GBP	+/- 10%	+/- 2.7 million	result	Stable income from MSF-UK no change in cost base.
Other operating currencies	+/- 5%	+/- 3.3 million	result	No change in cost base emergency aid
Interest rate	- 500bp	-0.33 million	result	Average interest percentage received decreases to -1.0%



## 6 Partnerships

▲ Anyar was playing outside his house in the evening when he was bitten by a snake. His father immediately initiated a 12 hours journey to take him to the MSF hospital in Agok. Our surgical team had to operate him immediately. On the photo, Anyar walks without any support for the first time since the incident. South Sudan, December 2020.

MSF-Holland is a member of the international network of Médecins Sans Frontières, in which 25 institutional members (MSF-sections) and a number of associated entities are active. All MSF-sections are united in the Swiss-based association Médecins Sans Frontières International. Every MSF-section is an independent economic and legal entity. The association Médecins Sans Frontières International can make decisions that, in practice, are binding to the individual organisations. The association Médecins Sans Frontières International oversees the organisation's objectives and identity, promotes mutual cooperation, and coordinates the growth of the associated organisations and the sharing and allocation of available resources.

The cooperation within the international network Médecins Sans Frontières is a continuous and structural partnership, although none of the participating entities can be viewed as a formal principal. Consequently there is no formal obligation to draw up consolidated accounts. Annually the MSF-network publishes audited Combined Financial Statements. The 2020 Combined Financial Statements are published after publication of the MSF-Holland Financial Statements and can be viewed at <http://www.msf.org/international-financial-reports>. The anticipated publication date is 25 May 2021.



## 6.1 Médecins Sans Frontières international network

The association Médecins Sans Frontières International is governed by the International Board, which in turn is supervised by the International General Assembly. MSF-Holland is an institutional member. The association Médecins Sans Frontières International also has private members. More information can be found on [www.msf.org/msf-movement](http://www.msf.org/msf-movement).

- MSF-Holland appoints two of the 50 institutional delegates of the General Assembly of the Association Médecins Sans Frontières International.

- The annual contribution to the expenditures of the MSF-International office is based on the private income from the previous year. In 2020, MSF-Holland's share was 4.77% (2019: 5.39%) of the total expenditures of the association Médecins Sans Frontières International. In 2020 the contribution totalled € 833,123 (2019: € 1,100,154).

In 2020, the expenditure of MSF-Holland was at an estimate 17.4% (2019: 18.9%) of the total expenditure of the MSF-network combined.

## 6.2 Operational Centre Amsterdam partnership

MSF-Holland works together with the MSF-sections in Germany and the United Kingdom in a collaborative partnership. These MSF-sections contribute, each in their own way, actively to the supervisory function, policy setting and to the executive level of the Association MSF-Holland. The collaboration in the Operational Centre Amsterdam (OCA) only concerns the execution and the programme support of emergency aid. There is no formal private organisation constituted.

The OCA is governed by a Memorandum of Understanding that is signed by the Board of MSF-Holland, together with the Boards of the MSF-sections in Germany, the United Kingdom, Canada, Sweden and South Asia. Together they have established a supervisory umbrella organ: the OCA-Council. At 31 December 2020 the OCA-Council had ten members.

- The president of MSF-Holland is the Chair of the OCA-Council;
- The Board of MSF-Holland delegates two of its members to the OCA-Council. The president of MSF-Holland is one of the delegates. Both are mandated voting members;
- The treasurers of MSF-Germany and MSF-UK plus the treasurer of MSF-Canada and one MSF-Holland Board member, are members of the Audit Committee that is chaired by the MSF-Holland treasurer;

- The chair of the Audit Committee is member of the OCA-Council;
- The OCA Council approves the medical and operational strategic plan for the OCA and approves the operational annual plan, including the annual plan of the programme support departments;
- At the executive level, the General Directors of MSF-Germany, MSF India and MSF-United Kingdom actively participate in the day-to-day management of the project execution. Together with five members of the MSF-Holland Management Team they form the OCA Management Team. The General Director of MSF-Holland is the chair of the OCA Management Team;
- The management of the MSF-section's office organisations and private fundraising activities are run by the individual MSF-sections.

In the total of MSF-Holland's costs for programme support that are disclosed in note 2.3 of these Financial Statements, the costs of activities that are carried out by MSF-Germany and MSF-United Kingdom are not included. These costs will be shown in their financial statements. The costs and FTE usage including outsourced activities are as follows:

in euro thousands	2020	2019	FTE 2020	FTE 2019
MSF-Holland programme support costs	21,948	22,785	239	215
Costs outsourced activities MSF-Germany	1,962	2,008	24	23
Costs outsourced activities MSF-United Kingdom	3,448	3,750	31	27
<b>Total programme support costs</b>	<b>27,358</b>	<b>28,543</b>	<b>294</b>	<b>265</b>
<i>(as a % of the total spent on Association goals - policy standard is &lt; 10%)</i>	10.1%	9.5%		

## 6.3 Contributions

In 2020 MSH-Holland contributes to number of activities and initiatives of MSF International. All the contributions are based on the share that is equal to the Income of MSF-Holland as percentage of the total income of the network Médecins Sans Frontières. For 2020 the share of MSF-Holland was set at 4.77% (2019: 5.39%).

in euro thousands	2020	2019
Campaign Access to Essential Medicines	223,599	312,940
Set-up MSF shared IT-Services Centre	62,353	124,084
MSF Transformational Investment Fund	150,589	17,001
Drugs for Neglected Diseases initiative (DNDi)	190,800	215,600

In addition MSF-Holland contributed € 1,570,850 (2019: € 1,547,485) to MSF-India. MSF-Holland established MSF-India in 2013 on behalf of MSF-International. MSF-Holland has committed to support MSF-India in developing its governance and management, and to provide financial support for the coming years. The

strategic plan and the annual budget of MSF-India are approved by MSF-Holland. Based on the approval the contribution for the year is set. For 2021 a contribution of € 1,900,000 is conditionally committed.

## 6.4 International financial cooperation

Within the network Médecins Sans Frontières a Financial agreement has been established for the period 2020-2023. Of the total funds raised and after the deduction of costs for fundraising, offices and the contributions to MSF-International the share of the net-total for MSF-

Holland is set at 22.75%. The distribution of income flows will be according to the table below. According to the new agreement the MSF-USA contribution may vary from year to year in order to balance the allocated income share.

Distribution of net income to MSF-Holland	2020-2023	Contract Currency
MSF-Germany	70%	EUR
MSF-United Kingdom	70%	GBP
MSF-Canada	33%	CAD
MSF-Hong Kong	30%	HKD
MSF-Sweden	20%	SEK
MSF-Japan	5%	JPY
MSF-United States	balancing	USD

### Other agreements

- The terms of employment and the remuneration structure for international staff have been aligned to both the ratio of the country of permanent residence cost of living as well as the social security standards.
- All posted staff are insured and covered by a worldwide health and disability insurance policy.
- A worldwide Directors and Officers liability insurance has been taken out covering all MSF-entities, including the Ethical Review Board.
- A worldwide medical malpractice liability cover has been arranged that covers all MSF-sections. Based on its operational volume MSF-Holland contributes 25% towards the premium of that cover.

## 6.5 Combined Financial Statements

The MSF-network has published Combined Financial Statements since 2003. The Combined Financial Statements 2020 will be published after the publication of the MSF-Holland Financial Statements. The anticipated publication date is 25 May 2021. The Combined Financial Statements are audited against Swiss GAAP-FER.

The Combined Financial Statements for 2019 are accompanied by an unqualified opinion issued by *Ernst & Young Ltd, Geneva, Switzerland*. The Combined Financial Statements can be found on MSFs international website [www.msf.org](http://www.msf.org).





## 7 Other Information

© Caroline Thirion/MSF

▲ Measles vaccines are being delivered by motorbike from Lisala to Boso Manzi, a hard-to-reach area of Northern DRC badly hit by the measles epidemic. MSF sent emergency teams to set up treatment and vaccination activities. Democratic Republic of Congo, February 2020.

### 7.1 Signing

The financial statements are prepared by the management of MSF-Holland and have been audited by PricewaterhouseCoopers Accountants N.V. (see the independent auditor's report below). The financial statements were extensively discussed with the auditors by the Audit Committee in the presence of the management in April 2021. On the condition of obtaining an unqualified opinion of the independent auditor the Financial Statements were unanimously adopted by the full Board of the Association MSF Holland in its meeting of 15 May 2021. As such, the Board recommends that the General Assembly of Members, in its annual meeting to be held on June 12, 2021, adopt the financial statements.

Amsterdam, 18 May 2021

The Association Board and the General Director

Independent auditor's report



## *Independent auditor's report*

To: the General Assembly and the Board of Vereniging Artsen zonder Grenzen

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### *Report on the financial statements 2020*

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#### *Our opinion*

In our opinion, the financial statements of Vereniging Artsen zonder Grenzen ('the organisation') give a true and fair view of the financial position of the organisation as at 31 December 2020, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board.

#### *What we have audited*

We have audited the accompanying financial statements 2020 of Vereniging Artsen zonder Grenzen, Amsterdam.

The financial statements comprise:

- Balance sheet as at 31 December 2020;
- Statement of Expenditure and Income for 2020;
- Cash Flow Statement for 2020; and
- Notes to the Statement of Expenditure and Income for 2020 and Notes to the Balance sheet, comprising the accounting policies and other explanatory information

The financial reporting framework applied in the preparation of the financial statements is the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board.

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#### *The basis for our opinion*

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

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

#### *Independence*

We are independent of Vereniging Artsen zonder Grenzen in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations

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'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At [www.pwc.nl](http://www.pwc.nl) more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.



in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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### ***Report on the other information included in the annual report***

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

- the board report;
- Main Financial Trends 2020;
- Financial Risks;
- Partnerships;
- Other Information; and
- Annex 1 Forward Statement

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report pursuant to the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board.

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### ***Responsibilities for the financial statements and the audit***

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#### ***Responsibilities of the management board and the Board for the financial statements***

The management board is responsible for:

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





disclose events and circumstances that may cast significant doubt on the organisation's ability to continue as a going concern in the financial statements.

The Board is responsible for overseeing the organisation's financial reporting process.

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

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 18 May 2021  
PricewaterhouseCoopers Accountants N.V.

W. Poot RA



## ***Appendix to our auditor's report on the financial statements 2020 of Vereniging Artsen zonder Grenzen***

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### ***The auditor's responsibilities for the audit of the financial statements***

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- 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 intentional 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 organisation's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the organisation'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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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





# Annex 1

## Forward Statement

© Tetiana Gaviuk/MSF

▲ MSF's medical staff review patient files during the ward round in the MSF Hospital in the Bentiu Protection of Civilian site. Since the COVID-19 pandemic reached South Sudan, MSF has to reduce its inpatient bed capacity to adhere to preventive measures. South Sudan, October 2020.

Our Forward Statement of Expenditure and Income is based on the medical and operational ambitions laid out in the OCA Strategic Plan 2020-2023 and the multiyear financial agreements as agreed between the MSF-sections. The forward planning is a rolling forecast that is evaluated and agreed twice every year. As a result, budget projections are adjusted regularly allowing better steering of expenditure, income and reserves and cash flow positions.

By their nature, forward-looking statements relate to future events and circumstances and therefore contain uncertainty. Whereas for a part this is built in, actual results may differ materially from those presented here. For the year 2021 deficit spending is budgeted and in line with agreements within the MSF-Network for 2022 and 2023 a balanced budget or small surplus is projected.

The budget for expenditure for Emergency Aid amounts in 2021 to 84% of the total budget. In A1.2 the budget for costs on emergency aid per country is shown.

As Staff costs represent the biggest category within our total costs we have included the multiyear development of staff numbers in Chapter A1.3.

## A1.1 Forward Statement of Expenditure of Income in euro thousands

EXPENDITURE	Actual 2019	Actual 2020	Reference Budget 2021	Projections 2022	Projections 2023
<i>Spent on Association goals</i>					
Emergency aid	254,288	<b>243,368</b>	<b>258,224</b>	254,985	275,184
Grants provided to third parties	21,689	<b>2,281</b>	<b>2,080</b>	2,200	2,200
Programme support	22,785	<b>21,948</b>	<b>24,709</b>	23,941	26,522
Information and awareness raising	2,615	<b>2,727</b>	<b>2,872</b>	2,812	3,091
<b>Total spent on Association goals</b>	<b>301,377</b>	<b>270,324</b>	<b>287,885</b>	<b>283,938</b>	<b>306,997</b>
<i>(in % of total income - target is &gt; 85%)</i>	103%	86%	100%	94%	93%
<i>(in % of total expenditure - target is &gt; 90%)</i>	95%	94%	94%	94%	94%
Cost of acquiring income	9,008	<b>9,170</b>	<b>10,090</b>	10,551	10,762
<i>(as a % of the total income - target is &lt; 5%)</i>	3.1%	2.9%	3.5%	3.5%	3.3%
Management and administration	8,098	<b>7,634</b>	<b>9,188</b>	8,944	9,818
<i>(in % of total expenditure - target is max 3%)</i>	2.5%	2.7%	3.0%	2.9%	3.0%
<b>Total expenditure</b>	<b>318,483</b>	<b>287,128</b>	<b>307,163</b>	<b>303,433</b>	<b>327,577</b>
<i>(as a % of the total of income)</i>	109%	92%	107%	100%	99%
<b>INCOME</b>					
Income from individuals, companies and not-for-profit organisations	61,219	<b>62,288</b>	<b>58,496</b>	63,199	62,817
Income from <b>National Postcode Lottery</b>	13,500	<b>13,500</b>	<b>13,500</b>	13,500	13,500
Grants from MSF-sections	213,054	<b>232,946</b>	<b>211,902</b>	222,234	248,760
Grants from institutional donors	3,435	<b>3,838</b>	<b>3,032</b>	4,500	4,500
<i>(as a % of the emergency aid expenses)</i>	1%	2%	1%	2%	2%
Other income	362	<b>421</b>	<b>270</b>	0	0
<b>Total income</b>	<b>291,570</b>	<b>312,993</b>	<b>287,200</b>	<b>303,433</b>	<b>329,577</b>
Result from operational activities	-26,913	<b>25,865</b>	<b>-19,963</b>	0	2,000
Net financial income and expenses	410	<b>16</b>	<b>0</b>	0	0
<b>RESULT EXPENDITURE AND INCOME</b>	<b>-26,503</b>	<b>25,881</b>	<b>-19,963</b>	<b>0</b>	<b>2,000</b>

## A1.2 Budget emergency aid 2021 in euro thousands

Costs emergency aid per country	Total 2020	Budget 2021
Afghanistan	16,114	17,044
Bangladesh	15,483	14,962
Belarus	1,658	1,883
Central African Republic	16,357	13,938
Chad	2,468	2,979
Congo, Democratic Republic	30,051	19,458
Ethiopia	9,400	10,394
Haiti	3,316	3,553
India	5,036	7,509
Iraq	6,146	4,842
Jordan	5,539	2,822
Kenya	997	1,017
Libya	3,675	4,483
Malaysia	2,251	2,373
Mediterranean Sea	2,772	3,006
Myanmar	10,395	10,072
Netherlands	12	0
Nigeria	11,292	11,114
Pakistan	5,705	7,259
Russia	1,280	1,688
Sierra Leone	5,498	5,425
Somalia	8,351	7,942
South Africa	1,385	1,580
South Sudan	26,380	27,338
Sudan	2,713	0
Syria	9,640	6,931
Tajikistan	2,016	2,407
Uzbekistan	7,664	8,457
Venezuela	7,419	6,842
Yemen	15,197	16,506
Various exploratory projects	178	0
Reserved in the budget for unplanned emergency aid	0	27,976
	<b>236,388</b>	<b>251,800</b>
Other costs and movements in provisions for emergency aid	531	1,200
Grants and Contributions	13	0
Procurement unit costs	6,436	5,224
<b>Total emergency aid expenditure</b>	<b>243,368</b>	<b>258,224</b>



The composition of the expenditure for emergency aid in main categories is as follows:

<b>Emergency aid per category</b>	<b>Total 2020</b>	<b>Budget 2021</b>
Purchase of medical items	<b>30,566</b>	32,013
Purchase of non-medical items	<b>16,398</b>	16,688
Subcontracted services	<b>22,226</b>	24,364
Transport	<b>23,604</b>	23,105
General and running costs	<b>13,017</b>	16,283
Miscellaneous and other costs	<b>5,591</b>	2,892
<b>Personnel costs</b>		
Total costs international staff posted in projects	<b>46,081</b>	49,271
Total costs national staff	<b>83,486</b>	91,276
Total costs staff Procurement unit	<b>2,399</b>	2,332
<b>Total emergency aid expenditure</b>	<b>243,368</b>	<b>258,224</b>

### A1.3 Development of staffing in full time equivalents

	<b>Actual 2019</b>	<b>Actual 2020</b>	<b>Reference Budget 2021</b>	<b>Projections 2022</b>	<b>Projections 2023</b>
International staff	787	<b>710</b>	<b>707</b>	735	764
Office staff Amsterdam	324	<b>339</b>	<b>340</b>	347	354
National staff in projects	9,355	<b>9,488</b>	<b>10,000</b>	10,400	10,800
<b>Total staff</b>	<b>10,466</b>	<b>10,537</b>	<b>11,047</b>	<b>11,482</b>	<b>11,918</b>



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