ARTSEN ZONDER GRENZEN

Financial Statements 2014

Vereniging Artsen zonder Grenzen

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1 Financial Statements 2014 Vereniging Artsen zonder Grenzen

'When fighters passed by the building everyone held their breath. All the people in the hospital were thinking the same thing: are they coming for me, or the person next to me?'

Florien Oudenaarden

doctor, Central African Republic, April 2014

▲ MSF mobile clinic in Zere village. Central African Republic, April 2014.

The Financial Statements 2014 include the financial information of the Association MSF-Holland and the activities carried out under its direct responsibility. The Vereniging Artsen zonder Grenzen / Médecins Sans Frontières The Netherlands was founded September 7, 1984 and is based in Amsterdam, The Netherlands.

Our mission

The organizing of practical medical aid to people in disaster areas and crises worldwide, in accordance with the principles expressed in the Charter. Medical humanitarian aid to people in emergency situations, whether caused by conflict, social conflict or natural disaster 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 section of the population that we aid.**

The Charter and more comprehensive information about the organisation are published on the website of MSF-Holland (www.artsenzondergrenzen.nl) and in the Annual Report of MSF-Holland. The Annual Report is published on the website (www.artsenzondergrenzen.nl/annualreport).

MSF-Holland

MSF-Holland uses the trade names "Artsen zonder Grenzen"; "Médecins Sans Frontières The Netherlands"; "MSF-Holland" and "Operational Centre Amsterdam (MSF-OCA)".

The Association MSF-Holland is registered with the Amsterdam Chamber of Commerce under number 41215974 and has the ANBI status with RSIN number 006790264. The Association MSF-Holland is a member of the Association of Fundraising Institutions (VFI-branche organisatie van goede doelen, VFI) and is certified by the

Central Bureau for Fundraising (CBF). The conditions for CBF certification can be consulted on www.cbf.nl.

MSF-Holland in the international movement Médecins sans Frontières

MSF-Holland is part of the international network of Médecins Sans Frontières which in 2014 counted 24 institutional members (MSF-sections) worldwide. In addition to MSF-Holland 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. As the MSF-sections have become increasingly interdependent, these Financial Statements include a chapter Partnerships that further describes the financial performance of the larger MSF-network, the mutual agreements made between the MSF-sections, the governance between the MSF-sections and the risks resulting from their interdependencies.

In 2013 MSF-Holland established a branch office in India, MSF-India, of which it holds 80% of the issued share capital. The other 20% of issued share capital is held by MSF-UK. Due to Indian foreign exchange permission regulations the share capital is not yet paid. In chapter 6 of these Financial Statements the Statement of Expenditure and Income and Balance Sheet of MSF-India are presented for information purposes only and include all payments made by MSF-Holland related to the activities of MSF-India.

In these Financial Statements the financial cash flows between the MSF-sections are presented as specifically and as transparently as possible.

Accounting guidelines

These Financial Statements have been prepared in accordance with Dutch GAAP (General Accepted Accounting Principles) and in particular with Guideline 650 for the Reporting of Fundraising Institutions (revised 2011) as published by the Dutch Accounting Standards Board (RJ 650, Raad voor de Jaarverslaggeving) in January 2012. The specific purpose of the Guideline 650 is to provide insight in the raising of funds and the realised expenditure on the objectives for which the funds were raised.

In various parts of the Financial Statements, reference is made to the guidelines and recommendations of the VFI (Association of Fundraising Organizations). MSF-Holland is a member of VFI and has voluntarily subscribed to comply to the agreed guidelines. The main relevant guidelines are 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. These guidelines can be consulted on www.vfi.nl. The MSF-sections make use of commonly agreed principles of interpretation and cost allocation that are laid down in MSF GAAP.

Presentation of the Financial Statements

Because we consider the expenditures on the Association's goals to be our principle 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 basis used for the valuation of the expenditure and the assets, as well as the accounting policies, are explained in chapter 4 of the Financial Statements. It is recommended that this be read before viewing the Statement of Expenditure and Income and the Balance Sheet. In 2014 there have not been any changes to accounting policies.

Financial Risks and Forward Statement

Our medical emergency aid operations and financial health could be adversely effected by certain risks. In the Board Accountability Statement our approach to risk management, internal controls and the extent of the exposure to certain risk is further elaborated. Financial risks are included in chapter 5 of these Financial Statements.

In chapter 8 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 built in, actual results may differ materially from those presented here.

MAIN FINANCIAL TRENDS 2014

Increased expenditure on operations

In 2014 our expenditure increased by 6% compared to the previous year. The majority of this increase was caused by the increase of expenditure of our medical emergency aid operations by € 9.5 million to € 161.3 million. The contribution of € 8.5 million (included in Commissioned to third-parties) to finance emergency aid projects implemented by MSF-Spain and MSF-Belgium further contributed to the growth of our expenditure on aid projects. In 2014 the amount spent on association goals was 93% of the total expenditure (2013: 93%) and 87% of the total income (2013: 86%). The total operational expenditure was 94% of total income (2013: 93%).

Income

While our total expenditure of € 199.9 million remained 2% below the budgeted level for the year, we closed the year with a much higher income than anticipated as income from private donors in Holland and in the other MSF-sections accelerated in the last quarter of the year. The total income increased by 5% compared to 2013 and ended at € 213.0 million. The unprecedented increase of income is explained by the both significant and unique engagement, and high visibility of our emergency operations in fighting the Ebola outbreak in West-Africa, and our continued intense engagement in Central African Republic, Myanmar, South Sudan and Syria. In addition, the improving economic outlook contributed to a higher income from private donors.

We achieved our plan to raise a total of € 27.9 million of institutional donor fundraising which was € 0.4 million above plan. As intended, 17% of emergency aid expenditure was funded by grants from institutional donors. In the coming years we intend to stabilise the institutional donor fundraising around this amount reducing its relative share in income.

Financial position at year end

The overall operational developments for the year resulted in a financial surplus of € 14.8 million although a deficit of € 10.8 million had been budgeted. The increase in income mainly occurred in November and December 2014. After the addition of the result from 2014, MSF-Holland's reserves reached a level of 9.3 months (2013: 8.9 months) in relation to the average total expenditure over the past 2 years (2013 and 2014) and the budget for the current year 2015.

In close cooperation with the other MSF-sections we are seeking to responsibly disburse the available free reserves on emergency aid in the coming years. In 2015 the current financial agreement between the MSF-sections will be reviewed. Given the enormous support we received from our donors in 2014 we will explore new activities and initiatives to improve and expand our emergency aid operations.
For the period 2015-2019 we have outlined an ambitious medical and operations plan that involves investing in our emergency response capacity and expanding our medical and public health services. The approved budget for 2015 includes a planned increase in operational expenditure (see note 2.1 and chapter 8, Forward Statement).

Reserves and current balance sheet positions

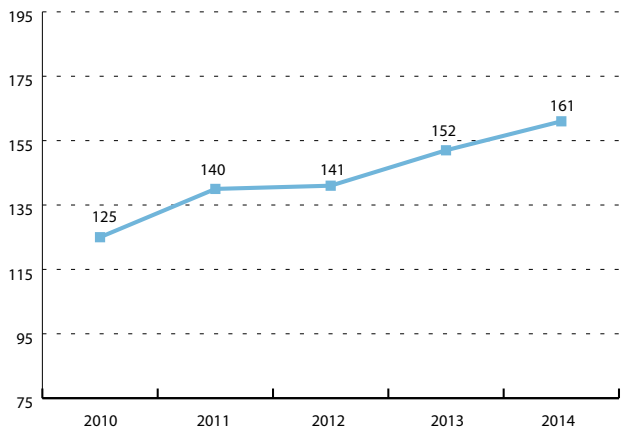
In line with our current reserves policy, a transfer of € 6.0 million to the continuity reserves (see note 3.8 a) was made in order to keep the continuity reserves at the desired level of 6 months of operational expenditure. The continuity reserves include a buffer capital of € 65.0 million to cover for the potential adverse financial impact of certain risks in our medical and operational activities or financial conditions. Receivables decreased while payables remained similar to last year. The overall surplus translates into an increase in liquidity and subsequent increase of the overall balance position.

Main financial indicators

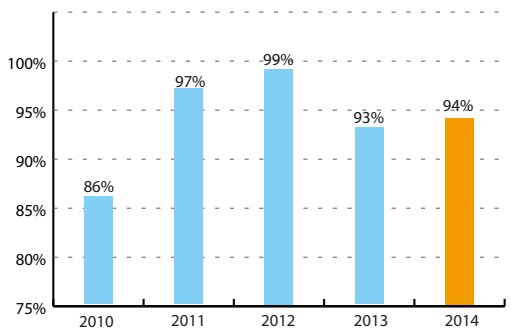
The financial indicators presented here give an overview of the main expenditure and income figures and trends for the year 2014. Where relevant a five year trend from 2010 is shown. Our main financial reporting indicators concern the development of our operational expenditure and reserves:

- The growth of our medical emergency aid in euro;
- The total expenditure as percentage of the total income;
- The delivery of medical emergency aid plus the direct support needed to realise that (association goals) as percentage of total expenditure;
- The costs of fundraising relative to the fundraising income realised relative to sector and internal benchmarks;
- The development of our reserves relative to sector and internal benchmarks;
- The cost of management and administration as percentage of the total expenditure; and
- The composition of income for the year 2014.

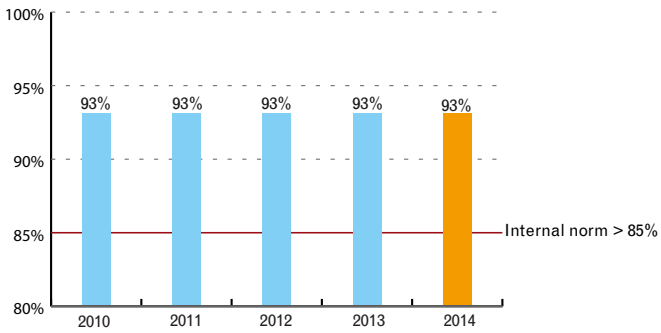
GROWTH OF EMERGENCY AID PROJECTS IN
in euro millions



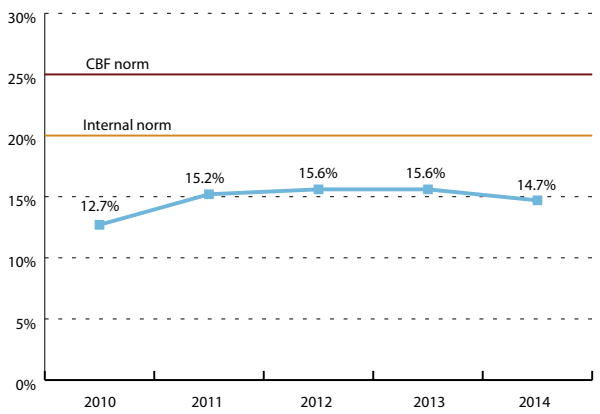
TOTAL EXPENDITURE
as percentage of total income



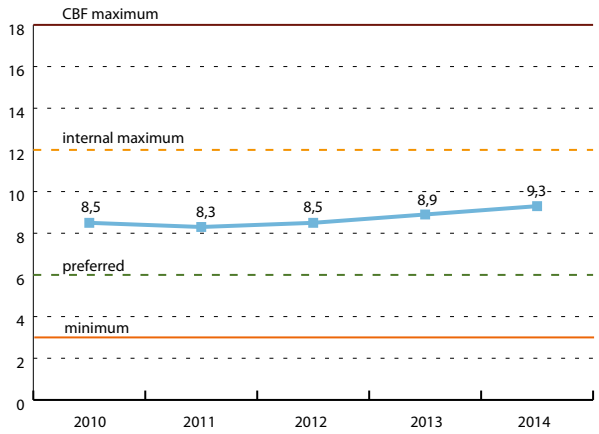
EXPENDITURE ON ASSOCIATION OBJECTIVES
as precentage of total expenditure



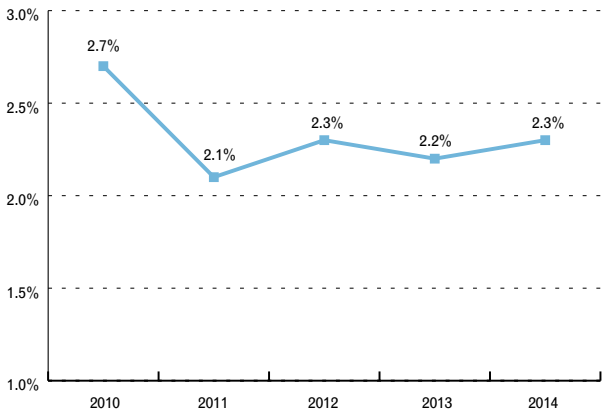
COST OF OWN FUNDRAISING
as percentage of total income own fundraising



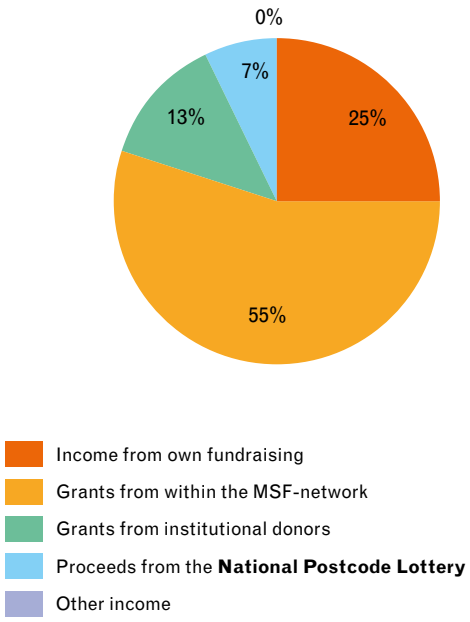
MONTHS' OF RESERVES



COST OF MANAGEMENT AND ADMINISTRATION
as percentage of total expenditure



ORIGIN OF INCOME 2014



Statement of Expenditure and Income for 2014 in euro thousands

EXPENDITURE	Explanatory notes	2014	budget 2014	2013
Spent on Association goals				
Emergency aid	2.1	161,298	163,600	151,766
Preparation and coordination in the Netherlands	2.2	12,973	12,727	12,307
Information and awareness raising	2.3	2,154	3,045	2,573
Commissioned to third-parties	2.4	8,838	8,400	7,760
Total spent on Association goals		**185,263**	**187,772**	**174,406**
Fundraising expenses				
Costs own fundraising	2.5	7,668	7,886	7,535
Costs third party fundraising activities	2.6	822	780	536
Costs acquisition institutional donor grants	2.7	157	128	160
Total fundraising expenses		**8,647**	**8,794**	**8,231**
Management and administration	2.8	**4,549**	5,084	4,234
Contributions to MSF-India branch office	see chapter 6	**1,436**	1,500	1,398
Total expenditure	2.9	**199,895**	**203,150**	**188,269**
INCOME				
Income from own fundraising	2.10	**52,192**	42,475	48,427
Income from third-party activities	2.11	**911**	1,000	1,153
Proceeds from the **National Postcode Lottery**	2.11	**14,027**	15,500	13,755
Grants from within the MSF-network	2.12	**116,866**	104,348	110,984
Grants from institutional donors	2.13	**27,872**	27,500	26,341
Other income	2.14	**1,204**	1,500	1,697
Total income		**213,072**	**192,323**	**202,357**
Result operational activities		**13,177**	**-10,827**	**14,088**
Exchange rate results - income/loss	2.15	**1,669**	0	-1,835
RESULT EXPENDITURE AND INCOME		**14,846**	**-10,827**	**12,253**
ALLOCATION OF THE RESULT				
Additions to and withdrawals from the reserves				
Continuity reserves	3.9 a	**6,000**	0	4,000
Appropriation reserves	3.9 b	**-326**	0	2,134
Other free reserves	3.9 c	**9,878**	-10,827	6,006
Appropriated funds	3.9 d	**-706**	0	113
Total		**14,846**	**-10,827**	**12,253**

Balance Sheet as at 31 December 2014 in euro thousands

ASSETS	Explanatory notes	31 December 2014	31 December 2013
Tangible fixed assets			
Operating assets	3.1 a	**2,229**	2,225
Real estate	3.1 b	**450**	541
Stocks			
Stocks for emergency aid	3.2	**5,070**	5,309
Receivables and accrued income			
Grants from Médecins Sans Frontières network	3.4	8,130	13,012
Grants from institutional donors	3.5	7,269	10,811
Receivable from inheritances	3.6	10,308	9,967
Other receivables and accrued income	3.7	3,897	3,239
		29,604	**37,029**
Cash at bank and in hand	3.8	**140,415**	117,532
Total assets		**177,768**	**162,636**

LIABILITIES			
Reserves and funds			
Reserves			
Continuity reserves	3.9 a	95,000	89,000
Appropriation reserves	3.9 b	7,749	8,075
Other free reserves	3.9 c	44,412	34,625
		147,161	**131,700**
Funds			
Appropriated funds	3.9 d	**146**	852
Long-term liabilities	3.10	**3,809**	3,936
Short-term liabilities	3.11	**26,652**	26,148
Total liabilities		**177,768**	**162,636**

Cash Flow Statement for 2014 in euro thousands

CASH FLOW RECEIPTS FROM OPERATING ACTIVITIES	2014	2013
Receipts from own fundraising:		
Contributions, (charitable) donations and gifts	40,648	37,404
Legacies and bequests (inheritances)	10,877	6,685
Grants from private organisations	320	799
Total received from own fundraising	**51,845**	**44,888**
Receipts from the **National Postcode Lottery**	**13,500**	20,291
Receipts from Emo Foundation (Tour for life)	**911**	2,642
Receipts from MSF-sections		
Received from MSF-Germany	43,611	44,046
Received from MSF-United Kingdom	23,266	20,671
Received from MSF-USA	19,485	13,909
Received from MSF-Canada	13,831	13,962
Received from MSF-Sweden	8,889	5,603
Received from MSF-Hong Kong	6,691	5,578
Received from other MSF-sections	5,921	5,171
Total received from MSF-sections (concerning project grants)	**121,694**	**108,940**
Received from institutional donors	**29,810**	24,152
Other receipts		
Interest received	1,089	1,620
Received tax net and VAT	377	416
Received from MSF-sections for monies advanced	2,386	1,712
Other receipts	153	187
Total other receipts	**4,005**	**3,935**
Total receipts	**221,765**	**204,848**

continued to next page

CASH FLOW PAYMENTS FROM OPERATING ACTIVITIES	2014	2013
Payments made in project countries	**84,600**	84,298
Transfers to and payments on behalf of MSF-India branch office	**1,424**	1,391
Commissioned to third parties	**56**	81
Payments to MSF-sections		
Grants to MSF-Belgium and MSF-Spain	11,500	4,469
Payments to MSF-Belgium	3,165	4,443
Payments to MSF-USA	2,300	2,139
Payments to MSF-Canada	2,299	2,277
Payments to MSF-Germany	2,271	2,300
Payments to MSF-United Kingdom	1,874	1,567
Payments to MSF-International (including contributions)	1,554	1,662
Payments to other MSF-sections	5,096	5,294
Payments to MSF-Supply and MSF-Logistique	11,259	10,606
Total payments to MSF-sections	**41,318**	**34,757**
Payments at headquarters		
Payments to suppliers of goods and services	46,808	44,455
Payments concerning (field) personnel	25,994	23,378
Total payments at headquarters	**72,802**	**67,833**
Total payments	**200,200**	**188,360**
Total Cash flow from operating activities	**21,565**	**16,488**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Payments concerning investments in tangible fixed assets	**755**	**1,196**
Receipts from disinvestments	**-221**	**0**
Total Cash flow from investment activities	**534**	**1,196**
CASH FLOW FROM FINANCING ACTIVITIES		
Cash flow from financing activities	**0**	**0**
Total cash flow from financing activities	**0**	**0**
Total cash flow	**21,031**	**15,292**
Adjustment to exchange rates at end of financial year	1,852	-765
MOVEMENT IN LIQUIDITY POSITION	**22,883**	**14,527**
MOVEMENT IN LIQUIDITY POSITION		
Liquidity position at the end of the financial year	140,415	117,532
Liquidity position at the beginning of the financial year	117,532	103,005
Movement in liquidity position	**22,883**	**14,527**

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 MSF-sections.

The difference between the Movement in liquidity position and the Result expenditure and income can be explained by the decrease in the receivables from grants. The source of the gross cash flow is a combination of the surplus in cash income and the decrease in receivables from grants.

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 note 3.5 of these Financial Statements.

The item Received from MSF-sections for monies advanced consists of receipts referring to employees of MSF-Holland who are seconded to another MSF-section and advances to other MSF-sections for emergency aid projects.

Payments

In 2014 expenditure made in the countries in which projects are being carried out totalled € 84.6 million (2013: € 84.3 million). About half of the payments made in the project countries are to local personnel. Locally purchased medical items, general and running costs, and non-medical items and the next largest items. Given the current structure of the projects, amply half of the expenses for the projects are paid in the countries or the regions where these are being carried out.

The payments to MSF-International concern contributions to office and internationally coordinated activities and projects such as the campaign Access to Essential Medicines and the MSF-International fund for (medical) innovation in aid projects. The transfers to and on behalf of MSF-India are for a large part direct payments to suppliers.

The payments to the MSF-Network concern mainly remuneration for hired-in employees posted to and working in the project countries and payments for joint projects.

The payments to the purchasing organisations MSF-Supply (Belgium) and MSF-Logistique (France) are included as payments within the MSF-network. Mainly vehicles, medicines and specialised supplies are purchased through these procurement centres/depots of MSF-Belgium and MSF-France. Major advantages of scale are obtained through joint procurement, and stocks of aid supplies are more efficiently maintained within the international organisation. In 2014, a total of € 11.1 million (2013: € 11.0 million) was ordered from these purchasing organisations.

Cash flow from investing activities

Purchases of tangible assets came to € 0.8 million in 2014, mainly concerning the planned development of a financial-logistical system for use in our projects, budgeting software and the website of MSF-Holland.

2
Notes to the Statement Expenditure and Income in 2014

© Anna Surinyach

'This is a difficult time for Sierra Leone. Normal life has stopped. Children are not going to school. What if they are unable to go to school next year? Or the next two years? That's why it is so important for us to keep going. We can't give up. And we won't.'

Alpha Koroma

hygienist in the MSF Ebola treatment centre in Bo Sierra Leone, December 2014.

▲ MSF staff collects a suspected Ebola patient from an ambulance that broke down just before reaching the MSF Ebola management centre in Kailahun. Sierra Leone, December 2014.

In 2014 our total expenditure increased by 6% compared to the previous year. This increase is caused by the increase of expenditure on our medical emergency aid operations by € 9.5 million to € 161.3 million. In addition, and as in 2013, a contribution was made (see 2.4: Commissioned to third-parties) to the financing of medical emergency aid projects implemented by MSF-Spain and MSF-Belgium. This contribution totalled € 8.5 million (2013: € 7.5 million). In 2014 the amount spent on association goals was 93% of the total expenditure (2013: 93%) and 87% of the total income (2013: 86%). The total operational expenditure was 94% of the total income (2013: 93%).

The total cost of our own fundraising was with 14.7% of the amount raised lower than in 2013 (15.6%). It remains substantially under the internal indicator set by the Board of 20% and the CBF norm of 25%. The amount spent on management and administration in 2014 was 2.3% of the total expenditure (2013: 2.2%).

The costs of our direct emergency aid relate to projects carried out or being carried out in the countries where we are engaged in medical humanitarian operations. The expenditure on direct emergency aid increased by € 9.5 million, from € 151.8 million in 2013 to € 161.3 million in 2014. The overall increase is in line with the budget although the distribution over projects is much different from what was anticipated. During the year the budget provided for unplanned emergency aid projects was allocated to emergencies.

EXPENDITURE

2.1 Emergency aid in euro thousands

In 2014 our medical emergency work and our organisational capacity and capabilities were challenged in an unprecedented manner. Having ended the last quarter of 2013 with strenuous operations circumstances in Central African Republic and our medical operations in South Sudan heavily affected by increasing unrest between Sudan and South Sudan and within South Sudan spilling over right into 2014. This caused the year to start with ongoing major emergency aid interventions providing basic health care, surgery and hospital care. At the same time continued outbreaks of violence meant constant adjustment of our programming and response to fast changing situations. In Ethiopia we engaged in emergency response for refugee populations from South Sudan arriving in Gambella. To support the South Sudan mission our logistics capacities to supply before the ever difficult rainy season were stretched. Only after July-August the situation stabilised. Our total emergency effort in South Sudan ended with an expenditure of € 29.2 million almost € 10.0 million over the planned budget and amounting to18% of the total operations expenditure for the year.

In March 2014 we were confronted with a very painful set-back when our operations in Rakhine (Myanmar) where we were working in support of the Rohingya population were suspended. In 2013 we had been able to expand our operations and emergency programs in Rakhine, in 2014 we had to stall our programs in which we had invested for many years. During the remainder of 2014 we maintained minimal presence in Rakhine. The events there affected also our other projects in Myanmar. The expenditure for Myanmar ended with € 11.7 million some € 4.3 million below the planned budget for the year. In Jordan we expanded our surgical activities in a hospital close to the border with Syria to follow-up on people fleeing Syria while at the same time working around other parts of Syria in difficult and deteriorating circumstances. In the Central African Republic we remained one of the few organisations providing emergency health care to people displaced and living in continuous fear, which resulted in an increase of our expenditures. In 2014 we again expanded our hospital program in Afghanistan.

As of August 2014 the Ebola outbreak in West-Africa required levels of unprecedented emergency response capacity from the entire MSF movement. MSF-Holland/ OCA engaged in Ebola treatment in Sierra Leone with high involvement and commitment of our entire staff. To support the operations we set up an Ebola treatment training centre in Amsterdam. In addition to treating Ebola patients and addressing the public health impact in West-Africa, our communications and advocacy efforts calling for other actors to engage and mobilising governments and multilateral organisations have marked the year.

In the budget 2014 an amount of € 23.9 million was reserved for unplanned emergency aid projects. During the year € 21.6 million was allocated to existing and new emergency projects.

In 2013 we started an ambitious Tuberculosis breakthrough project with the aim to radically improve the treatment of extreme drug resistant tuberculosis through the application of innovative treatment methods and new drug regimens. This project is being carried out between 2013 and 2017. The expenditures of the Tuberculosis breakthrough project are included in both coordination and preparation (€ 442,586) and the expenses of the projects in Uzbekistan (€ 84,599). In total we spent € 781,836 on the Tuberculosis breakthrough project in 2013-2014. The Tuberculosis breakthrough project is funded by the National Postcode Lottery Dream Fund.

More information on our emergency aid projects is published on our website www.artsenzondergrenzen.nl and www.artsenzondergrenzen.nl/annualreport

Costs emergency aid per country	Project costs 2013	Budget 2014	Project costs 2014	Forward budget 2015
Afghanistan	4,425	6,293	**7,201**	7,991
Bangladesh	2,820	3,383	**3,024**	2,912
Central African Republic	8,050	8,561	**10,088**	8,724
Chad	9,086	8,382	**8,428**	5,811
DR Congo	22,452	19,223	**21,422**	22,087
Ethiopia	5,603	4,087	**8,960**	8,449
Haiti	7,775	7,088	**7,224**	7,220
India	2,966	3,455	**3,151**	4,157
Iraq	1,088	0	**0**	0
Jordan	2,812	4,851	**6,933**	8,454
Kenya-LCN	388	328	**519**	400
Myanmar	14,247	16,002	**11,741**	13,386
Nigeria	5,177	3,909	**4,548**	4,118
Pakistan	5,439	5,625	**6,582**	5,461
Papua New Guinea	3,528	4,452	**3,480**	3,004
Philippines	1,020	0	**56**	0
Russia	3,511	4,128	**3,580**	5,736
Sierra Leone	0	0	**5,454**	6,106
Somalia	5,837	193	**177**	0
South Sudan	23,584	19,009	**29,160**	21,762
Swaziland	3,752	3,716	**2,819**	4,221
Syria	1,792	2,257	**2,095**	2,403
Tajikistan	1,756	1,653	**1,370**	2,047
Uzbekistan	6,358	6,444	**5,931**	8,123
Yemen	2,511	2,479	**2,792**	2,822
Zimbabwe	5,474	4,182	**4,321**	2,877
Various exploratory projects	34	0	**93**	0
Reserved in the budget for unplanned emergency aid projects		23,900		18,779
	151,485	**163,600**	**161,149**	**177,050**
Other costs and movements in provisions for emergency aid costs	281	0	**149**	0
Total emergency aid expenditures	**151,766**	**163,600**	**161,298**	**177,050**

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

Emergency aid per category	Project Costs 2013	Budget 2014	Project Costs 2014	Forward Budget 2015
Purchase of medical items		**27,049**	26,326	31,324
Purchase of non-medical items		**15,257**	17,997	17,718
Subcontracted services		**7,891**	7,306	10,270
Transport costs		**11,292**	12,414	11,457
General and running costs		**17,660**	19,289	20,957
Costs national staff		**51,691**	47,538	52,225
Costs expatriate staff posted in projects		**32,760**	30,128	33,099
Miscellaneous other operating costs		**0**	300	0
Total emergency aid expenditures	**151,766**	**163,600**	**161,298**	**177,050**

* Starting January 1st, 2014 the cost allocation to the categories used for emergency aid expenses was changed. As a result of this change we cannot show comparable figures of 2013.

2.1a Personnel costs and personnel Emergency aid projects

Costs included in the item Costs expatriate staff posted in projects include personnel costs related to housing, international transport, training and preparation for departure and posting.

Expatriate staff salaries, social security and pension costs included in the item Costs expatriate staff posted in projects (direct costs Emergency aid) are as follows:

Expatriate employees on MSF-Holland contract in euro	2014	Budget 2014	2013
Salaries	**11,144,815**	10,254,000	10,270,925
Social security costs	**471,531**	350,000	387,745
Pension contributions	**1,309,829**	1,333,058	1,399,840
Costs expatriate staff hired from other MSF-sections	**11,278,424**	10,975,000	10,883,988

In 2014 the number of expatriate staff positions arrived slightly under budget and with a growth of 3% compared to 2013 ended at 678 FTE (full-time equivalents). This equalled 1,255 departures. Departures accelerated in the last quarter with significantly more medical expatriate staff mainly posted in our Ebola emergency response projects.

Expatriate staff in full-time equivalents (FTE)	2014	Budget 2014	2013
Emergency aid - expatriate staff	**646**	649	632
Emergency aid - (Amsterdam) office staff seconded to project countries	**12**	14	11
Total FTE expatriate staff employed in project countries	**658**	**663**	**643**
Emergency aid - Non allocated FTE (paid in-between-mission leave, sick leave, etc.)	**20**	23	18
Total FTE expatriate staff	**678**	**686**	**661**

Expatriate staff departures	2014	Budget 2014	2013
Medical	**362**	310	313
Paramedical	**299**	400	351
Logistics, administrative & other	**594**	521	565
Total number of departures of expatriate staff	**1,255**	1,231	1,229
Gender (women - men)	**46% - 54%**	n/a	49% - 51%
Nationality (Dutch - other)	**12% - 88%**	n/a	11% - 89%
Average age	**41**	n/a	40

Remuneration policy expatriate staff

The remuneration policies for expatriate staff are fully aligned between all MSF-sections. The remuneration for expatriate staff is based on two main principles: an indemnity for the first 12 months of volunteer employment and a salary after 12 months of employment. The salary is benchmarked to the cost of living of the resident country of the expatriate and takes into account local labour market conditions. The remuneration grid for expatriate staff is composed of 3 main categories of responsibility: (A) Professionals; (B) Middle management; and (C) Higher management. During their posting expatriate staff receive a basic per diem allowance that is indexed according to the cost of living of the country where they are posted. In July 2014 MSF's international remuneration policy and remuneration grid was changed from 3 to 6 categories to accommodate a larger variety of staff responsibility. The implementation will take full effect in 2015 and the years thereafter. Of the increase in expenditures for expatriate staff 5.1% can be explained by increased salary costs.

Pension contributions expatriate staff

As of 1 January 2013 a defined contribution pension scheme for all expatriate staff on a Dutch contract was entered into with the premium pension institution Brand New Day. The pension premium is fully paid by MSF-Holland to the statutory maximum of 1.75% savings. The costs of the pension scheme remained in line with the budget 2014 and were stable and predictable as was intended when changing to this new pension scheme in 2013. As of January 2015 the new Dutch pension legislation will be applied.

National staff employed in the project countries (FTE)	2014	Budget 2014	2013
Medical	**290**	340	324
Paramedical	**3,138**	2,997	3,027
Non-medical project staff	**1,302**	1,486	1,501
Logistics, administrative & other support	**2,894**	2,966	2,966
Total national staff FTE	**7,624**	**7,789**	**7,818**

National staff salaries			
Salaries national staff (including taxes and social security costs)	**42,355,715**	**43,000,000**	**41,159,134**

The number of national staff FTE decreased mainly due to the forced suspension of our project in Rakhine, Myanmar in the first quarter of the year.

Remuneration policy national staff

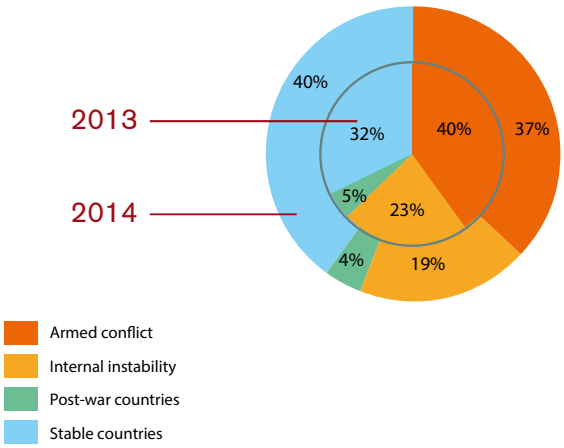
National staff employed in the project countries are remunerated in accordance with MSF's international reference function grid and according to benchmark evaluations performed to ensure a fair and competitive pay in the country where they are employed. In addition, the MSF-OCA standard terms and conditions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

Typology of expenditure and funding of projects

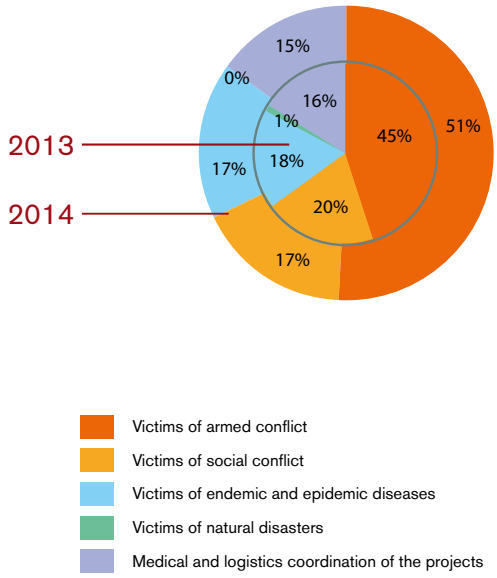
The nature of the emergency aid projects we carry out is described in the Strategic Plan 2011-2014 that is established by the Board and the OCA-Council. The objectives set out in the Strategic Plan can be linked to the costs of emergency aid, the typology of our expenditure on emergency aid and the source of financing of our operational expenditures. 2014 is the last reporting year of this strategic plan.

We work primarily in conflict areas. According to our Strategic Plan, at least 30% of our emergency aid should be carried out in conflict areas. In 2014 this was 56% (2013: 63%). In addition, the graphics indicate which groups of beneficiaries have been reached by MSF-Holland/OCA. In 2014 we did not have to respond to natural disasters. The emergency aid in stable countries increased due to the Ebola epidemic response in West-Africa.

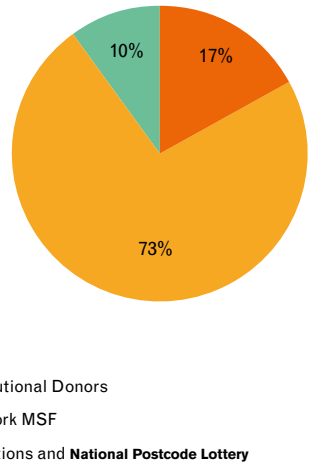
WHERE DID WE WORK IN 2014?
as percentage of the expenditure



WHO DID WE REACH IN 2014?
as percentage of the expenditure



EMERGENCY AID FUNDING 2014



For 2014 we achieved our aim of funding 17% of the expenditure on emergency aid with grants from institutional donors (2013: 17%). In 2014 funding of emergency aid was similar to 2013.

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 2014 the portion of coordination costs amounted to 15% of the total spent on emergency aid (2013: 15%). Coordination costs are made in the countries of our medical operations and are an indivisible part of the emergency aid management of our projects. Compared to the total expenditure of € 199.9 million in 2014, 12% was spent on coordination activities (2013: 13%).

2.2 Preparation and coordination in euro thousands

	explanatory notes	2014	Budget 2014	2013
Direct costs	*note 2.9*	**1,905**	1,904	1,676
Costs personnel head office	*note 2.9*	**8,299**	8,401	7,569
Attributed overhead costs	*note 2.9*	**2,769**	2,422	3,062
Total preparation and coordination		**12,973**	**12,727**	**12,307**

The increase in the expenditure for preparation and coordination is explained by the increase of 5 FTE's employed in this category (see note 2.9 a as well).

2.3 Information and awareness-raising in euro thousands

	explanatory notes	2014	Budget 2014	2013
Direct costs				
Donor periodical *Hulppost* (25%; see also chapter 4, Accounting Policies)		**251**	371	358
Contributions to the MSF-International campaign *Access to Essential Medicines*		**242**	275	254
General communications and information activities		**816**	1,469	1,260
Total Direct costs		**1,309**	**2,115**	**1,872**
Attributable costs				
Costs personnel head office	*note 2.9*	**634**	722	657
Attributed overhead costs	*note 2.9*	**211**	208	44
Total information and awareness-raising		**2,154**	**3,045**	**2,573**

Expenditure on Information and awareness-raising decreased and ended lower than budgeted as the name-awareness campaign planned for the end of 2014 was postponed to the first quarter of 2015.

Added to that, expenditure on the periodical *Hulppost* was significantly lowered as distribution and targeting efficiency were increased.

2.4 Commissioned to third parties in euro thousands

	2014	Budget 2014	2013
Grant to MSF-Spain: Syria projects	**2,900**	3,000	0
Grant to MSF-Spain: Zimbabwe projects	**2,026**	2,000	400
Grant to MSF-Spain: Yemen projects	**1,174**	1,000	1,500
Grant to MSF-Spain: Central African Republic projects	**1,100**	1,000	0
Grant to MSF-Belgium: Guinea/Liberia, Ebola emergency response	**500**	0	0
Grant to MSF-Spain: India projects	**400**	1,000	600
Grant to MSF-Spain: Ethiopia projects	**400**	0	0
Grant to MSF-Spain: South Sudan projects	**0**	0	4,969
Contribution to Drugs for Neglected Diseases initiative (DNDi) paid through MSF-International	**288**	148	148
Contributions to the MSF-International Fund for Innovative Projects	**36**	252	46
Grant to Amsterdam Institute for Global Health and Development	**14**	0	89
Grant to the Blacksmith Institute to support clean-up of lead contamination in Nigeria	**0**	0	8
Total commissioned to third parties	**8,838**	**8,400**	**7,760**

2.5 Costs own fundraising in euro thousands

	explanatory notes	2014	Budget 2014	2013
Direct costs				
Face-to-face fundraising		**3,498**	3,551	3,571
Telemarketing activities		**884**	781	788
Donor periodical *Hulppost* (75%; see also chapter 4, Accounting Policies)		**752**	1,112	1,075
Other and general costs of fundraising		**444**	513	618
Direct mail		**441**	235	255
Internet fundraising		**199**	70	59
Legacies and inheritances		**130**	156	59
Corporate fundraising		**63**	165	76
Total direct costs		**6,411**	**6,583**	**6,501**
Attributable costs				
Costs personnel head office	*note 2.9*	**942**	1,011	969
Attributed overhead costs	*note 2.9*	**315**	292	65
Total costs own fundraising		**7,668**	**7,886**	**7,535**

Compared to 2013 and compared to the budget for the year the direct costs fundraising ended slightly lower. Within the different donor recruitment channels, planning changes were made resulting in a higher volume of telemarketing and an increase in direct mail inserts in newspapers that proved to be successful in 2014. Expenditure on the periodical Hulppost was significantly lowered as distribution and targeting efficiency was increased. The overall costs of fundraising increased due to a planned adjustment of the overhead allocation.

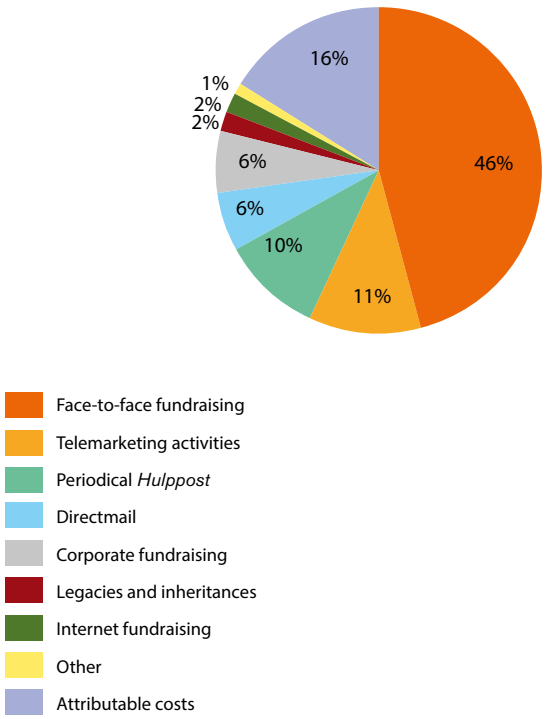
In 2014, 15.0 full-time staff members worked on fundraising activities (2013: 14.9 full-time staff).

Compared to the previous year, the total fundraising expenditure decreased to 14.7% of the funds raised. In the period 2012-2014, the fundraising expenditure averaged 15.2% of the funds raised. This leaves us well under the maximum of 25% set by the CBF. MSF-Holland strives to keep the expenditure of its own fundraising under 20% of the income out of own fundraising.

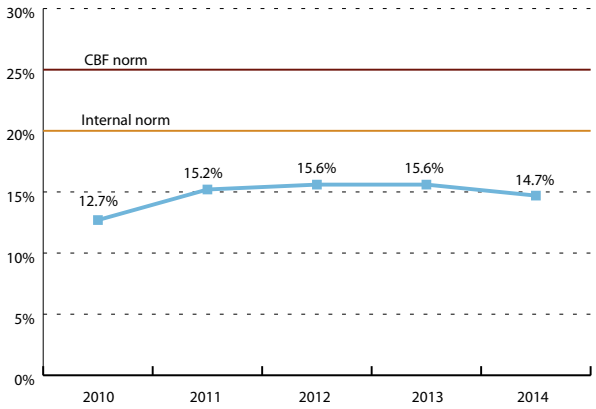
Our fundraising activities are carried out in accordance with the VFI Code of Conduct of 2000 and relevant codes of conduct of other sector organisations. MSF-Holland also has its own code of conduct for fundraising and keeps a complaints register for donors. Both are included in the fundraising policy as endorsed by the Board.

The composition of the fundraising expenditure is shown below. The composition of the income in note 2.10c is presented in the same categories as the expenditure to allow for a better comparison of costs versus income.

FUNDRAISING EXPENSES 2014
as percentage of total expenditure own fundraising



COST OF OWN FUNDRAISING
as percentage of total income own fundraising



2.6 Costs third-party appeals in euro thousands

	explanatory notes	2014	Budget 2014	2013
Direct costs				
Communication and facilities costs *Tour for Life*		**455**	431	273
Joint information activities in television broadcasts of the **National Postcode Lottery**		**278**	257	189
Other		**5**	5	5
Total Direct costs		**738**	**693**	**467**
Attributable costs				
Costs personnel head office	*note 2.9*	**63**	67	65
Attributed overhead costs	*note 2.9*	**21**	20	4
Total costs third-party appeals		**822**	**780**	**536**

The costs of communication and facilities for participants and volunteers of the *Tour for Life* totalled € 455,017 in 2014 (2013: € 461,370). In 2014 295 cyclists and 207 volunteers and helpers participated in the event. Together they contributed € 147,958 (2013: € 188,844) of their own funds toward the costs of their travel and accommodation. MSF-Holland paid the remainder of € 307,059 (2013: € 272,526) to the Emo Foundation. The net costs were 33.7% (2013: 23.6%) of the income received by MSF-Holland (see note 2.11). In 2014 an average of 1 full time equivalent was allocated to third-party appeals. Compared to previous years and to increase financial transparency in the renewed contract with Emo Foundation it was agreed to account all income and expenditure for the event in the MSF-Holland accounts. After the event, and based on careful consideration of the costs and benefits, we decided not to continue with the Tour for Life and ended the contract with Emo Foundation.

2.7 Costs of acquiring grants from institutional donors in euro thousands

	explanatory notes	2014	Budget 2014	2013
Direct costs	*note 2.9*	**8**	7	10
Costs head office personnel	*note 2.9*	**112**	94	140
Attributed overhead costs	*note 2.9*	**37**	27	10
Total costs of acquiring grants from institutional donors		**157**	**128**	**160**

The expenditure of acquiring grants from institutional donors particularly concerns the head office costs for submitting requests for grants and for reports justifying the expenditures. The costs of acquiring government grants are included here when incurred at head office.

The costs incurred in project countries are included in the coordination costs of emergency aid. The income from institutional donor grants increased by € 1.6 million to € 27.9 million in 2014.

2.8 Costs management and administration in euro thousands

	explanatory notes	**2014**	**Budget 2014**	**2013**
Direct costs	*note 2.9*	**1,048**	1,234	1,172
Contributions to the MSF-International office	*chapter 7*	**703**	946	732
Costs personnel head office	*note 2.9*	**2,098**	2,254	2,183
Attributed overhead costs	*note 2.9*	**700**	650	147
Total costs management and administration		**4,549**	**5,084**	**4,234**

The costs of management and administration amounted to 2.3% of the total expenditures in 2014 (2013: 2.2%) and are explained in more detail in note 2.9. A table showing the composition of the direct costs of management and administration can be found in chapter 4, Accounting Policies.

2.9 Total of all costs, specification of cost allocation and personnel costs

The total of all costs and the cost allocations over the eight 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 eight expenditure destinations include the direct costs of the destination, the allocated personnel costs and the attributed overhead costs. First the costs of head office personnel are allocated to the eight expenditure destinations and to the category Overhead in proportion of number of full-time equivalents (FTE) employed at head office in those destinations and in the activities included in the category Overhead. Secondly the total overhead costs are attributed following the same FTE logic. The principles of the allocation of costs per destination and the overall methodology are explained in more detail in chapter 4, Accounting Policies.

The costs of overhead increased from € 3.3 million in 2013 to € 4.1 million in 2014. This increase can be explained by the higher costs of IT support in Office and general costs, Depreciation and interest, and the Costs of head office personnel. In 2014 we have adjusted the allocation of overhead. This resulted in a lower allocation to Preparation and coordination and a higher allocation to all other destinations.

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

	Spent on Association goals				Fundraising							
	Emergency aid	Commissioned to third-parties	Preparation and coordination	Information and awareness-raising	Own fundraising	Fundraising by third parties	Acquiring government grants	Management and administration	To be attributed Overhead	**Total 2014**	**Budget 2014**	**Total 2013**
Direct costs emergency aid	161,214	-	-	-	-	-	-	-	-	**161,214**	163,600	151,739
Commissioned to third-parties	-	8,514	-	-	-	-	-	-	-	**8,514**	8,000	7,566
TB breakthrough project	84	-	443	-	-	-	-	-	-	**527**	2,553	254
Contributions	-	324	28	242	-	-	-	703	-	**1,297**	1,221	1,319
Publicity and communications	-	-	-	662	5,585	733	-	-	-	**6,980**	7,322	6,781
Housing costs	-	-	-	-	-	-	-	-	930	**930**	1,019	905
Office and general costs	-	-	146	357	755	-	-	431	1,551	**3,240**	3,445	3,237
Stock costs	-	-	404	-	-	-	-	-	-	**404**	360	384
Travel and accommodation	-	-	622	48	71	5	8	157	86	**997**	1,021	938
Advice costs	-	-	262	-	-	-	-	386	75	**723**	684	766
SEPA one-off costs	-	-	-	-	-	-	-	-	-	**0**	0	178
Costs Board and Association	-	-	-	-	-	-	-	74	-	**74**	65	132
Depreciation and interest	-	-	-	-	-	-	-	-	271	**271**	295	168
	161,298	**8,838**	**1,905**	**1,309**	**6,411**	**738**	**8**	**1,751**	**2,913**	**185,171**	**189,584**	**174,367**
Costs to be divided for head office personnel												
Salaries and social security	-	-	6,914	528	785	53	93	1,748	950	**11,071**	11,324	10,342
Pension contributions	-	-	901	69	102	7	12	228	124	**1,443**	1,467	1,476
Other personnel costs	-	-	484	37	55	3	7	122	66	**774**	875	686
Subtotal all costs	**161,298**	**8,838**	**10,204**	**1,943**	**7,353**	**801**	**120**	**3,849**	**4,053**	**198,459**	**203,250**	**186,871**
Distribution of overhead costs	-	-	2,769	211	315	21	37	700	-4,053	**-**	-	-
Total all costs head office Amsterdam and projects	**161,298**	**8,838**	**12,973**	**2,154**	**7,668**	**822**	**157**	**4,549**	**0**	**198,459**	**203,250**	**186,871**
Contribution to MSF-India	-	-	-	-	-	-	-	-	-	1,436	1,500	1,398
Total all Costs	-	-	-	-	-	-	-	-	-	**199,895**	204,750	188,269

2.9a Personnel head office

In 2014 the total number of FTE increased by 5% to 203 designated FTE in the head office in Amsterdam. This increase mostly occurred in Preparation and coordination as well as Overhead at head office (plus 5 FTE and plus 4 FTE respectively), whilst the number of FTE in the other categories remained about the same. The increase in Preparation and coordination is mainly caused by the increased volume of projects and some specific support during the Ebola emergency response in Sierra Leone. The increase in the category Overhead is mainly explained by the project unit that finalises the development and prepares the implementation of the new financial and logistics software.

Personnel Amsterdam head office (in FTE)	2014	Budget 2014	2013
Preparation and coordination	**132**	139	127
Tuberculosis breakthrough project	**4**	4	2
Information and awareness raising	**10**	11	10
Fundraising	**15**	15	15
Third party appeals and Institutional fundraising	**3**	3	3
Management and administration	**33**	33	34
Overhead	**18**	17	14
Emergency aid - (Amsterdam) office staff seconded to project countries	**-12**	-14	-11
Total FTE in Amsterdam head office	**203**	**208**	**194**
Volunteers working at the head office in Amsterdam (# persons)	**33**	24	24
Volunteers working at the head office in Amsterdam (FTE)	**4**	3	2
Gender: women - men	**58% - 42%**	n/a	56% - 44%
Nationality: Dutch - other	**63% - 37%**	n/a	68% - 32%
Average age	**43**	n/a	43
Employment: fulltime - parttime	**51% - 49%**	n/a	49% - 51%
Sickness rates	**2.2%**	< 3.0%	2.8%

2.9b Remuneration, social security and personnel costs head office

Remuneration policy

Our remuneration policy for the Amsterdam office personnel is aligned 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 with 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 Costs to be divided for head office personnel the item Salaries and social security of head office personnel exclusively consists of the gross salaries, taxed reimbursement of expenses and associated social security costs, € 1,576,782 (2013: € 1,293,092).

The total personnel costs per FTE increased by 3.0% in 2014. Of this increase average salary costs including pension accounts for 2.6%. The cost of recruitment and development of head office personnel, canteen costs and the costs of temporary and free-lance staff are included in the item Other personnel costs. In 2014 the item Other personnel costs increased by 9.4% mainly due to increased investment in staff development.

Pension contributions

As of 1 January 2013 a defined contribution pension scheme for all head office employees was entered into with the premium pension institution Brand New Day. The pension premium is fully paid by MSF-Holland to the statutory maximum of 1.75% savings. The costs of the pension scheme remained in line with the budget 2014 and were stable and predictable as was intended with changing to the pension scheme in 2013. As of January 2015 the new Dutch pension legislation will be applied.

2.9c Employment and remuneration of the Directors

MSF-Holland applies the Advisory Scheme for the Remuneration of Directors of Charity Organizations of VFI (Association of Fundraising Organizations). The Advisory Scheme sets criteria for determining the level of responsibility required for executive positions and sets maximum annual income standards. The Board has assessed the positions of the General Director and the Management Team based on the criteria described in the Advisory Scheme, arriving at a total of 570 points out of the total possible of 600. In the management model of MSF-Holland the General Director is rated at 92% (524 points) while each member of the Management Team is rated 80% (456 points). On the basis of full-time employment these ratings correspond to € 140,046 and € 124,233 maximum salaries according to the Advisory Scheme (unchanged since 2010). According to the scheme, pension and employer's costs are not included in these salary figures.

The function-remuneration grid of MSF-Holland results in directors' salaries under the maximum allowable in the VFI scheme.

MSF-Holland has a titular general director who chairs the multi-member management team. In 2014 this position was occupied by Arjan Hehenkamp. In 2014 1 FTE was used for the position of General Director (2013: 1 FTE). The General Director is supported by a management team of 4 directors. In 2014 a total of € 628,070 was spent on Directors' remuneration (see table below) for 4.98 FTE. In 2013 this was € 632,941 for 5.13 FTE. Starting February 1st, 2014 the then vacant position of Director Resources was filled by Els Niehaus.
In the table below the employment contract and the remuneration of the Directors is specified.

		Management Team			
	Arjan Hehenkamp	Marcel Langenbach	Els Niehaus	Sidney Wong	Katrien Coppens
Function	General Director	Director Operations	Director Resources	Medical Director	Delegate Director
Employment details					
Type of contract	indefinite	indefinite	definite	definite	indefinite
Hours	40	40	40	40	40
Labour percentage	100%	100%	100%	100%	100%
Employment period in 2014	01/01-31/12	01/01 - 31/12	01/02-31/12	01/01-31/12	01/01- 31/12
Remuneration					
Gross per year excluding holiday allowance	101,376	100,548	86,636	96,999	78,072
Holiday allowance	8,110	8,044	6,931	5,293	6,246
Other taxable allowances	0	0	0	0	0
Variable income	0	0	0	0	0
Subtotal (salary according to advisory scheme)	**109,486**	**108,592**	**93,567**	**102,292**	**84,318**
Other costs					
Pension contributions	20,172	23,791	17,088	8,698	15,904
Social security costs	8,982	8,982	8,234	8,982	8,982
Taxable disbursements	0	0	0	0	0
Other (future) benefits	0	0	0	0	0
Severance pay	0	0	0	0	0
Total salary costs Directors 2014	**138,640**	**141,365**	**118,889**	**119,972**	**109,204**

The MSF-Holland policy applying to all directors positions is that the director is appointed to his or her position for a period of maximum three years, with the possibility of a three years extension. Expatriate tax regulations have been applied to the salary of the Medical Director Sidney Wong. No loans or guarantees and no advance payments were provided to any of the directors.

The Delegate Director, Katrien Coppens, is a board member of MSF-Hong Kong Limited and the Executive Director of the MSF-Holland India Trust, New Delhi, India. The MSF-Holland India Trust is the entity that administers the implementation of MSF-Holland projects in India. Both occupations were for the full year 2014 and both were not remunerated.

2.9d Board costs and expenses paid to Board members in euro thousands

The Board of the Association MSF-Holland supervises the organizational policies as carried out by the General Director who has been appointed by the Board. With 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 costs made by the Board for:

	2014	Budget 2014	2013
Costs carrying out supervisory responsibilities	**30**	32	50
Costs of the Association and General Assembly	**48**	43	44
Costs of International representation within the MSF-network	**19**	32	31
Volunteer allowance Board members	**6**	6	5
Remuneration President Wilna van Aartsen	**15**	15	6
Remuneration President Pim de Graaf	**0**	0	52
Total Board costs and expenses paid to Board members	**118**	**128**	**188**

For the time spent in fulfilling the duties concerned with international governance the president received compensation to the amount of € 15,000 (2013: € 58,500). The time spent on these specific governance activities is comparable to 0.32 FTE (2013: 0.43 FTE). The remuneration paid is in accordance with the maximum remuneration approved by the General Assembly. In total the President spent at least 1,194 hours (2013: 1,186 hours) on fulfilling her board duties.

In 2014, 8 board members (2013: 6 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 2014 total an amount of € 5,500 (2013: € 4,667) was paid as volunteer allowance to these board members.

As at December 31, 2014, the number of board members of the Association MSF-Holland comprised: 10 (2013: 8). The minimum number of board members required according to the statutes of the Association is 7.

2.9e Auditors costs in euro thousands

In 2014 a forensic audit was engaged investigating our transport and procurement activities in Kenya for our South Sudan projects. The work performed, the available information and the main findings in the report did not reveal indication of issues of integrity. The report highlighted weaknesses in our procurement process and procedures that are being addressed.

The number of contracts of institutional donors which required audited reports decreased from 22 contracts in 2013 to 8 contracts in 2014. The need for separate donor grant audits decreased as institutional donors (SIDA) agreed to admit the findings of the overall audit of the Financial Statements.

The following fees were paid to auditors:

	Allocated to:	2014	Budget 2014	2013
PwC Accountants; audit of the Financial Statements	Advice - head office	**112**	120	129
PwC Accountants; forensic audit	Advice - head office	**53**	0	0
PwC Accountants; audit contracts institutional donors	General and running costs	**43**	80	133
Total Auditors costs		**208**	**200**	**262**

INCOME

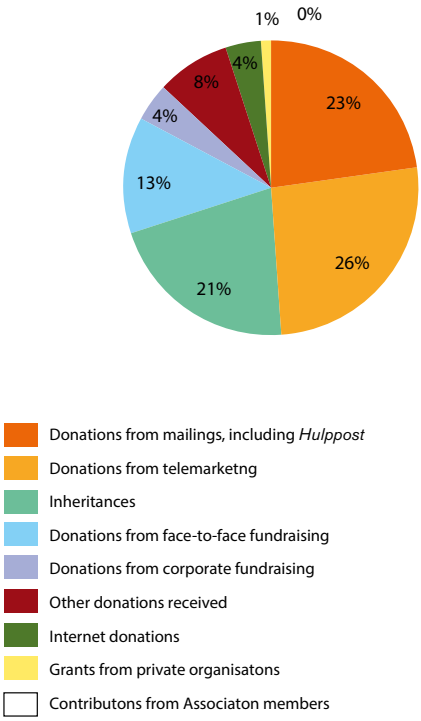
The income from own fundraising increased by € 3.8 million from € 48.4 million in 2013 to € 52.2 million in 2014. The cost of raising funds in the Netherlands increased by 2% to € 7.6 million.

In these Financial Statements the composition of the income is presented in the same categories as the expenses to allow for a better comparison of costs versus income. See also note 2.5.

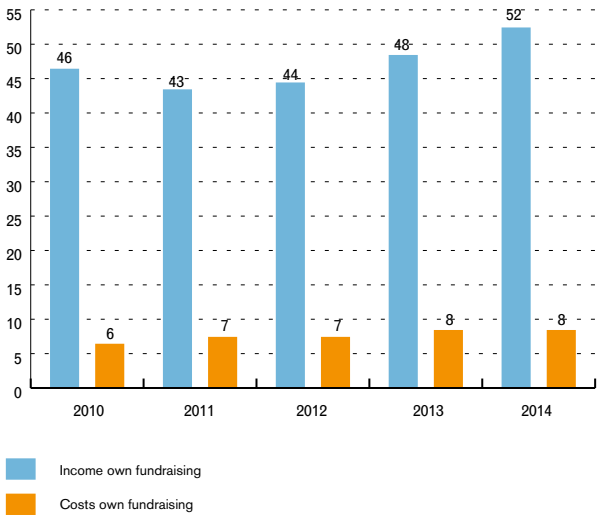
2.10 Income from own fundraising in euro thousands

	explanatory notes	2014	Budget 2014	2013
Donations from telemarketing		**13,488**	12,223	12,772
Donations from mailings, including Hulppost		**12,188**	10,665	13,634
Inheritances		**11,185**	8,000	10,398
Donations from face-to-face fundraising		**6,957**	6,987	5,556
Donations from corporate fundraising		**2,125**	2,601	2,122
Other donations received		**3,998**	1,100	1,952
Internet donations		**1,930**	895	1,190
Grants from private organisations	*note 2.10 b*	**320**	0	799
Contributions from Association members		**1**	4	4
Total income from own fundraising		**52,192**	**42,475**	**48,427**

INCOME AND COSTS FROM OWN FUNDRAISING in euro millions



INCOME FROM OWN FUNDRAISING IN 2014 in euro millions



Private donors

In 2014 the number of private donors and new donors recruited increased, while at the same moment attrition rates decreased noticeably. The continuing high visibility of our medical emergency operations (already started in 2013) likely contributed to that trend. The number of private donors with a direct debit mandate also increased again in 2014.

	2014	2013	2012	2011	2010
Number of different private donors giving in the year	**467,074**	463,789	451,007	460,491	460,317
Private donors recruited in the year	**60,612**	51,995	40,847	42,892	56,304
Active cancellations	**2,079**	2,124	4,788	2,375	3,277
Donors with a direct debit mandate	**309,197**	304,118	304,170	313,596	298,565

2.10a Earmarked income from own fundraising in euro thousands

(see also note 3.9d; the appropriated funds)

The earmarked income from own fundraising is specified as follows	Receipts in 2014	Expenditures in 2014	Not spent in 2014
Donations and gifts for Sierra Leone	**2,177**	-2,177	**0**
Donations and gifts for Syria	**172**	-172	**0**
Donations and gifts for Central African Republic	**105**	-105	**0**
Donations and gifts for Tajikistan	**105**	-105	**0**
Donations and gifts for Afghanistan	**99**	-99	**0**
Donations and gifts for South Sudan	**46**	-46	**0**
Donations and gifts for Nigeria	**43**	-43	**0**
Donations and gifts for various countries	**59**	-59	**0**
Grants from private organisations for various countries	**95**	-95	**0**
Donations for endowment funds	**20**	0	**20**
Balance as at 31 December to allocation funds	**2,921**	**-2,901**	**20**

The earmarked income for Sierra Leone, Syria and Tajikistan includes grants from private organisations.

2.10b Grants from private organisations in euro thousands

Organisation	Allocation	2014	2013
Other Private Organisations	Various countries	**320**	400
Mac Foundation USA	India	**0**	370
C&A Foundation	India floods	**0**	29
Total grants from private organisations		**320**	**799**

2.11 Income from third-party appeals in euro thousands

	2014	Budget 2014	2013
Proceeds **National Postcode Lottery**, regular draw	**13,500**	13,500	13,500
Proceeds **National Postcode Lottery Dream fund**	**527**	2,000	255
Proceeds *Tour for Life* received from Emo Foundation	**911**	1,000	1,153
Total income from third-party appeals	**14,938**	**16,500**	**14,908**

In 2014 MSF-Holland received a contribution of € 13.5 million from the regular draw of the **National Postcode Lottery**. This is the maximum possible annual contribution to MSF-Holland according to the contract.
The contract with the **National Postcode Lottery** was extended at the end of 2012. The extended contract is valid for five years and runs until 31 December 2017.
The National Postcode Lottery Dream fund awarded MSF-Holland a contribution of € 6,791,000 as funding for the Tuberculosis breakthrough project in the period 2013-2017. The income recognised in the Statement of Expenditure and Income is equal to the maximum eligible costs as incurred in the book year (see Chapter 4, Accounting Policies). In total € 0.8 million of the contribution has been spent. The outstanding funds are specified in Chapter 3, paragraph 3.10 Long-term liabilities and 3.11 Short-term liabilities.

In 2014 the *Tour for Life* was held for the sixth time and MSF-Holland received the gross amount of € 911,065. After the event and based on careful consideration of the costs and benefits we decided not to continue with the Tour for Life and end the contract with Emo Foundation.

2.12 Grants from within the MSF-network in euro thousands

	2014	Budget 2014	2013
MSF-Germany	**47,162**	39,976	44,507
MSF-USA	**20,559**	18,172	14,227
MSF-United Kingdom	**18,015**	15,500	21,577
MSF-Canada	**11,132**	13,000	12,114
MSF-Sweden	**7,291**	7,200	7,787
MSF-Hong Kong	**6,455**	5,500	5,686
MSF-Austria	**5,325**	4,500	4,400
MSF-Ireland	**912**	0	0
MSF-International	**15**	500	136
MSF-Switzerland	**0**	0	326
MSF-Italy	**0**	0	189
MSF-Denmark	**0**	0	22
MSF-Australia	**0**	0	13
Total grants from the MSF-network	**116,866**	**104,348**	**110,984**

The income from grants from within the MSF-network increased and ended € 5.9 million higher than in 2013. The increases in the grants from MSF-USA and MSF-Hong Kong are fully explained by exchange rate differences between the moment of budgeting and the moment of receipt of the grants. The grants from MSF-Germany and MSF-UK were higher than expected due to the much higher private income from own fundraising in these countries.

2.13 Grants from institutional donors in euro thousands

	2014	Budget 2014	2013
European Union (ECHO and EU)	**12,393**	12,000	10,580
Global Fund (GFATM)	**3,226**	3,500	2,651
Swedish government (Sida)	**2,875**	3,000	4,220
Canadian government (DFATD, IHA)	**2,813**	3,000	1,255
Danish government (DANIDA)	**1,713**	2,000	2,023
Dutch government (BUZA)	**1,500**	0	0
Norwegian government (NORAD, NRMFA)	**1,178**	1,875	3,667
Irish government (Irish Aid)	**1,047**	1,000	1,005
German government (AA)	**800**	800	500
Swiss government (SDC)	**327**	325	324
Czech Republic government (Czech MFA)	**0**	0	116
Total grants from institutional donors	**27,872**	**27,500**	**26,341**

The project grants refer to the realised portion of the grants awarded that concern activities carried out in the financial year. 17% of the emergency aid expenditure was funded by institutional donor grants. The grants from institutional donors are all used to cover operating expenses.
In deviation from the accounting principle to include all project costs that can be declared to the donor an amount of € 554,000 has been deferred to 2015.

2.14 Other income in euro thousands

	2014	Budget 2014	2013
Income from interest	**1,058**	1,300	1,371
Other income	**146**	200	326
Total other income	**1,204**	**1,500**	**1,697**

In 2014 the average balance on the deposit accounts was higher than in 2013. Interest rates decreased during the year leading to a lower amount of interest received in 2014.

The development of the amount of interest received over the past 5 years is shown in note 5.2.

2.15 Exchange results from transactions in non-euro currency in euro thousands

	2014	Budget 2014	2013
Realised exchange results from transactions in non-euro currencies	**108**	0	-1,185
Unrealised exchange results from transactions in non-euro currencies	**1,561**	0	-650
Total exchange results from transactions in non-euro currency	**1,669**	**0**	**-1,835**

The unrealised exchange results concern the value dating of the foreign currency bank balances, the contract obligations, and still to be received monies from institutional donors and MSF-sections. Realised exchange results arise in the year of purchasing the goods for projects and from receivables from grant contracts. In 2014 we realised a positive exchange rate results on purchasing of goods and transfers of funds to the projects. It is MSF-Holland policy not to make use of financial instruments to control currency risk on various foreign currencies.

2.16 Donations in kind in euro

Besides receiving financial support, MSF-Holland also receives donations in kind. In addition, MSF-Holland enters into contracts which do not involve payment but goods 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 reflected in the results. For internal purposes, MSF-Holland has registered the exchange of materials within the MSF-network but this is not included in this explanatory disclosure.

Donations in kind for projects

MSF-Holland registers the use of goods made available by third parties if these are of vital importance in executing aid projects and if these would be purchased if they were not made available to the organisation. The total value of these goods received was € 1,804,969 in 2014 (2013: € 2,565,224). Donations in kind decreased due to structural changes in the supply of drugs by the Global Fund in our projects in Uzbekistan and Zimbabwe.

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	Total 2014
Ministries of Health	503,376	6,794	1,048	1,074	11,080	-	-	**523,372**
United Nations (UNICEF)	14,011	11,359	339,485	3,480	3,254	-	967	**372,556**
United Nations (UNHAS)	-	-	-	-	-	-	366,872	**366,872**
United Nations (WFP)	-	-	283,997	-	-	-	-	**283,997**
National Tuberculosis Program Myanmar (NAP)	103,285	402	-	197	-	-	-	**103,884**
United Nations Global Logistics Cluster	-	-	-	-	-	-	82,969	**82,969**
European Union (ECHO)	-	-	-	-	-	-	14,250	**14,250**
Dutch Government	-	-	-	-	-	-	12,907	**12,907**
United Nations (UNFPA/UN-HCR/WHO)	11,158	561	-	115	-	-	-	**11,834**
Handicap International	-	9,853	-	-	-	-	-	**9,853**
Global Fund	8,466	-	-	-	-	-	-	**8,466**
International Committee of the Red Cross (ICRC)	57	538	-	6	8	6,700	-	**7,309**
Other	4,605	-	-	-	7	-	9	**4,621**
Regional Health Bureau Ethiopia	-	-	2,079	-	-	-	-	**2,079**
Total donations in kind	**644,958**	**29,507**	**626,609**	**4,872**	**14,349**	**6,700**	**477,974**	**1,804,969**

DONATIONS IN KIND PER COUNTRY	Total 2014
Central African Republic	26,335
Chad	99,150
DR Congo	40,199
Ethiopia	12,259
Jordan	3,186
Myanmar	381,520
Papua New Guinea	32
Sierra Leone	95,876
South Sudan	632,914
Swaziland	508,714
Zimbabwe	4,784
Total donations in kind	**1,804,969**

Donations in kind head office

In 2014 we received donations in kind for the media campaign for our Ebola emergency response to a purchase value of € 860,000. In addition we received goods and equipment on loan to establish our Ebola Treatment Training Centre in Amsterdam to an estimated purchase value of € 50,000.

3
Notes to the Balance Sheet

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'I had lost all hope that I could help people as a doctor. Then someone told me that MSF was looking for a doctor for the Kawargosk camp. The patients are happy with our care, and I speak the same dialect. I understand their suffering. Sometimes their treatment consists of words rather than medication.'

MUHAMMED SELIM
Kurdish refugee and doctor, Iraq, June 2014.

▲ Patients at the MSF health clinic in the Domiz refugee camp. The clinic provides primary health services to the camp's approximately 60,000 refugees from Syria. Iraq, November 2013.

Just as in previous years, MSF-Holland maintained a solid financial position in 2014. The financial position strengthened even more as a result of the unprecedented increase in income which followed our significant and unique emergency aid operations engagements throughout the year. Amongst many other operations, fighting the Ebola outbreak in West-Africa stood out in 2014.

The overall balance position increased by € 15.1 million to € 177.7 million. The total cash position increased mainly due to the increasing income balances that are not yet spent. Receivables decreased because a higher proportion of institutional donor grants and grants from within the network Médecins sans Frontières were paid within the year and were not carried over into 2015. Fluctuations between receivables and cash are normal at year end depending on the timing of payments from donor and the concentration of income from private donations in the last months of the year.

Overall reserves and funds increased through the allocation of the positive result of € 14.8 million. The Board decided to increase the continuity reserves by € 6.0 in accordance with the reserves policy. After the additions and withdrawals to the continuity and appropriation reserves, and the appropriated funds, the remainder of the result was added to the free reserves. Short and long term liabilities are in line with the previous year while no significant provisions or contingent liabilities were considered by the Board.

Operating assets and stocks held for emergency aid stayed in line with the previous year. In accordance with the ambitions set out in the Strategic Plan 2015-2019 an increase in investment in operating assets that are used for the for the objectives of the association is anticipated for in the forward planning.

3.1 Tangible fixed assets

3.1a Operating assets in euro thousands

	Leasehold improvements	Inventory	Hardware/ software	Total
Purchase value				
Balance as at 1 January 2014	175	499	3,504	**4,178**
Purchases	0	0	163	**163**
Assets under development	0	0	327	**327**
Disinvestments	0	0	-275	**-275**
Balance as at 31 December 2014	**175**	**499**	**3,719**	**4,393**
Depreciation				
Balance as at 1 January 2014	175	499	1,279	**1,953**
Depreciation	0	0	265	**265**
Disinvestments	0	0	-54	**-54**
Balance as at 31 December 2014	**175**	**499**	**1,490**	**2,164**
Balance sheet value as at 31 December 2014	**0**	**0**	**2,229**	**2,229**

The purchase of hardware/software concerns investments in the website (www.artsenzondergrenzen.nl), the development of budgeting software for our project locations and the development of logistical and financial software as part of an international MSF-project. The delayed (pilot) deployment of this software is planned for mid 2015. Depreciation of this software will commence accordingly. The total value of the assets under development included in the Balance Sheet as at 31 December 2014 is € 1,435,168.

The disinvestments mainly concern the video conferencing system acquired in 2013 that was transferred to MSF-International at book value.
Operating assets are used for the realization of the association goals.

3.1b Real estate in euro thousands

	2014	2013
Property and buildings Vierhouten	**541**	541
Provision for revaluation	**-91**	0
Estimate sales value as at 31 December	**450**	**541**

In 2010 MSF-Holland acquired real estate in Vierhouten from an inheritance. The inheritance stipulates that the property and buildings must be used to support the operational goals of MSF-Holland. The costs and risks associated with the property are the responsibility of MSF-Holland for a period of at least ten years. In 2014 the real estate was revalued downwards bringing the value in line with the property tax valuation of January 1, 2014.
A provision of € 91,000 was charged directly to the free reserves (see note 3.9).

3.2 Stocks in euro thousands

	2014	2013
Medical materials	**3,561**	3,176
Other materials	**819**	1,212
Transport equipment	**786**	981
Stocks as at 31 December	**5,166**	**5,369**
Provision for obsolescence	**-96**	-60
Balance as at 31 December	**5,070**	**5,309**

Stocks held in transit in the Netherlands

Included in this item 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 stocks in transit in the warehouse in the Netherlands as at 31 December 2014 amounts to € 1,708,190 (2013: € 1,789,585). The other stocks have not yet been allocated to aid projects 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 projects.

In 2014, as in previous years, a provision has been made for obsolescence. The estimate for this provision is based on expiry dates and expected turnover of items held in stock as at 31 December. Stock loss may also occur during the year on new items procured. No provision is made for these. In 2014 the actual write-off was € 37,927.

Stock held in emergency projects

In accordance with our accounting policies stocks held in our emergency projects are fully expensed at the time they are shipped to the project countries. For internal supply management accountability the value of those stocks is recorded. As at the end of 2014 an estimated value of € 17.3 million (2013: € 16.6 million) of medical supplies was held available for immediate use in our emergency aid projects.

3.3 Receivables from third-party appeals in euro thousands

All contributions from third-party appeals were fully received in 2014.

3.4 Grants receivable from within the Médecins Sans Frontières Network in euro thousands

The receivables from MSF-sections throughout the year developed as follows:	2014	2013
Balance as at 1 January	**13,012**	12,790
Project grants awarded	**116,962**	110,784
Project grants received	**-121,694**	-108,940
Exchange gains/losses on grants received	**-395**	-1,468
Unspent project grants	**0**	0
End of year revaluation of outstanding contracts	**245**	-154
Balance as at 31 December	**8,130**	**13,012**

The receivables from MSF-sections include an amount of € 110,000 which concerns project grant contracts applying to 2015. The remaining receivables concern project grant contracts which ended in 2014. All the receivables are short-term and are expected to be received in the first quarter of 2015. The receivables from MSF-sections decreased as more grants agreed for the year were fully paid in 2014.

3.5 Grants receivable from institutional donors

in euro thousands

Receivables for 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:	2014	2013
Balance as at 1 January	**10,811**	4,533
Project grants awarded	**25,951**	30,957
Project grants received	**-29,811**	-24,152
Exchange gains/losses on grants received	**-208**	33
Non-allocated project grants	**-63**	-30
End of year revaluation of outstanding contracts	**589**	-530
Balance as at 31 December	**7,269**	**10,811**
The receivables are as follows:		
Receivables from terminated project grant contracts	**5,828**	2,600
Receivables from current project grant contracts	**1,441**	8,211
Balance as at 31 December	**7,269**	**10,811**

Receivables from institutional donor grants have a term shorter than one year. The receivables from institutional donors decreased as in 2014 fewer project grants were already awarded for projects running into 2015.

3.6 Receivables from inheritances in euro thousands

	2014	2013
Receivables from inheritances	**10,308**	9,967
Balance as at 31 December	**10,308**	**9,967**

Receivables from inheritances represents the valuation of the inheritances received for which settlement is in progress. As at December 31 receivables from inheritances include 48 properties (2013: 51 properties) that are held for sale. As at December 31 we held 15 inheritances encumbered with usufruct. These are not included in the receivables from inheritances.

3.7 Other receivables and accrued income in euro thousands

	2014	2013
Prepayments and accrued income	**2,553**	2,643
Other receivables from MSF-sections	**1,204**	527
Taxes and social security contributions to be received	**137**	68
Debtors	**3**	1
Balance as at 31 December	**3,897**	**3,239**

All other receivables and accrued income are short-term. All amounts receivable concern the normal course of operations. The other receivables from MSF-sections increased due to a refund on the final calculation of the 2014 contribution to MSF-International (€ 234,134) and pending settlements from jointly managed projects. As in 2013, in 2014 no provision for doubtful debtors was needed.

3.8 Cash at bank and in hand in euro thousands

	2014	2013
Balance of cash at bank and in hand at head office	**17,704**	18,111
Balance of cash at bank and in hand at projects	**8,836**	7,223
Balance of savings accounts at head office	**113,875**	92,198
Balance as at 31 December	**140,415**	**117,532**

The savings accounts held at head office are funds immediately available. Savings accounts are held in euro at the ABN AMRO (61%), Rabobank (12%), ING (11%), ASN Bank (9%) and Van Lanschot (7%). MSF-Holland holds its main operating cash management accounts at ABN AMRO and one at ING (NL13INGB0000004054). Of the balance cash at bank and in hand at head office 90% is held in foreign currency. In 2014 we have drafted an investment policy which we intend to submit for consultation to the 2015 General Assembly of members (see also Chapter 5, Financial Risks).

3.9 Reserves and funds in euro thousands

	Continuity reserve	Appropriation reserves	Other free reserve	Appropriated fund	Total 2014	Total 2013
Balance as at 1 January	89,000	8,075	34,625	852	**132,552**	119,177
Revaluation real estate			-91			
Allocation of the result	6,000	-326	9.878	-706	**14.846**	1,122
Balance as at 31 December	**95,000**	**7,749**	**44.412**	**146**	**147.398**	**120,299**

3.9a Continuity reserves in euro thousands

In accordance with the CBF regulation (article 4 paragraph 2.g) continuity reserves may be formed to a maximum of 1.5 times the yearly costs of the operational activities. Our cost of operational activities are the direct emergency aid expenses including the related supporting activities and the costs 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 expenditures needed to ensure the unimpeded progress of medical care in our projects and the related supporting activities for a six-month period. We calculate the average amount over the past two years 2013 and 2014 plus the budget for the coming year 2015. Within the network Médecins Sans Frontières, a reserves level for at least three and at the most twelve months has been agreed. The lower limit of three months must also be available in cash at bank and in hand. In accordance with the VFI Guideline Financial Management, the continuity reserves are further based on our risk management and a quantification and statistical analysis of the possible financial impact if adverse events would occur. In 2014 the risk based buffer capital provision included in the continuity reserves has been calculated at € 65.0 million.

In 2014 the Board allocated € 6.0 million to the continuity reserves from the result.

The extent of the continuity reserve is calculated as follows:	Expenditure 2013	Expenditure 2014	Budget 2015	6-month average
Emergency aid	151,766	161,298	177,050	**81,686**
Preparation and coordination	12,307	12,973	13,620	**6,483**
Information and awareness-raising	2,573	2,154	3,200	**1,321**
Own fundraising	7,535	7,668	8,360	**3,927**
Actions third parties	536	822	350	**285**
Acquisition grants institutional donors	160	157	190	**85**
Management and administration	4,234	4,549	5,600	**2,397**
	179,111	**189,621**	**208,370**	**96,184**
Deduct:				
Depreciation costs	168	271	250	**115**
Contributions	986	945	1,081	**502**
Target continuity reserves (6 months) as at 31 December	**177,957**	**188,405**	**207,039**	**95,567**

Actual continuity reserves as at 31 December	**95,000**
Buffer capitial included in the continuity reserves	**65,000**
Target lower limit (3 months) continuity reserves as at 31 December	**47,783**

At the end of 2014, 95% of the total of the reserves held were retained in cash at hand and in bank (2013: 89%). See also Chapter 5, Financial Risks.

3.9b Appropriation reserves in euro thousands

The appropriation reserves are used to finance the tangible fixed assets and stocks and are as follows:

	Tangible fixed assets	Stocks	Total 2014
Balance as at 1 January	2,766	5,309	**8,075**
Allocation of the result	-87	-239	**-326**
Balance as at 31 December	**2,679**	**5,070**	**7,749**

In 2014 the appropriation reserves decreased as the real estate revalued downward while investments and disinvestment in the year levelled out. In addition, the volume of the stocks held in transit in the Netherlands decreased slightly. The overall decrease of the appropriation reserves is allocated to the free reserves.

3.9c Other free reserves

Through the allocation of the 2014 result of € 9.9 million and reduced by the direct charging of the revaluation of real estate (see note 3.1b) the other free reserves increased with € 9,8 million to € 44.4 million. In 2015 and 2016 allocations from the free reserves to the appropriation reserves are expected in line with our investment planning (see chapter 8, Forward Statement as well).

3.9d Appropriated funds in euro thousands

The appropriated funds contain donations that have been earmarked by donors for a specific purpose and which have not yet been spent. Note 2.10a gives an indication of the volume of earmarked monies that are received and spent during the year.

The balance of the appropriated funds is calculated as follows:	Unused at year end 2013	Receipts in 2014	Withdrawals in 2014	Other movements in 2014	Unused at year end 2014
Earmarked income from own fundraising:					
Earmarked for Sierra Leone	0	2,092	-2,096	4	**0**
Earmarked for Central African Republic	0	105	-105	0	**0**
Earmarked for Afghanistan	0	98	-98	0	**0**
Earmarked for Syria	0	97	-97	0	**0**
Earmarked for the Philippines	537	20	-56	-501	**0**
Earmarked for various countries	75	149	-224	0	**0**
Subsidies of private foundations for Sierra Leone	0	85	-85	0	**0**
Subsidies of private foundations for Syria	0	75	-75	0	**0**
Subsidies of private foundations for Tajikistan	0	65	-65	0	**0**
Subsidies of private foundations for various countries	0	95	-115	0	**0**
Earmarked endowment funds	140	20	-100	0	**60**
Subtotal (see also note 2.10a income own fundraising	**752**	**2,901**	**-3,116**	**-497**	**60**
Earmarked from inheritance	100	1	-15	0	**86**
Balance as at 31 December	**852**	**2,902**	**-3,131**	**-497**	**146**

The 2013 emergency response in the Philippines ended earlier than expected and not all earmarked funds remaining at the end of 2013 could be spent in 2014. The donors involved were contacted and in large majority approved the use of the funds for other projects. A number of donors requested their donations to be spent specifically on our Ebola emergency response in Sierra Leone (€ 3,781).

In total € 2,825 was refunded to donors and € 498,279 was allocated to other projects. These amounts are stated in Other movements in 2014 in the table here above.

The earmarked funds from inheritance concern the maintenance and use of the property in Vierhouten.

3.10 Long-term liabilities in euro thousands

	2014	2013
Long term Budgetary commitments **National Postcode Lottery Dream Fund**	**3,809**	3,936
Balance as at 31 December	**3,809**	**3,936**

These long-term budgetary commitments are commitments arising from the awarded contribution for the Tuberculosis breakthrough project of which the total eligible costs in 2014 and 2015 are lower than the total grant awarded. The balance concerns the portion of this contribution that is expected to be spent in 2016 and 2017.

3.11 Short-term liabilities in euro thousands

	2014	2013
Payable to other MSF-sections	**9,854**	8,467
Budgetary commitments (see specification below)	**3,390**	5,039
Accounts payable/creditors	**3,426**	3,967
Budgetary commitments **National Postcode Lottery Dream Fund**	**2,200**	2,600
Taxes payable	**2,330**	1,925
Payable to head office staff and expatriate staff	**2,221**	1,727
Outstanding payments to suppliers in project countries	**1,128**	856
Payable to local project staff	**677**	738
Provisions for litigations	**219**	91
Other liabilities	**1,207**	738
Balance as at 31 December	**26,652**	**26,148**

The item Payable to head office and expatriate staff primarily concerns payable vacation days, vacation allowance, pension, per diem and net salary for head office and expatriate staff. The item Payable to local project staff includes payable net salary, vacation days and accumulated severance pay for local project staff.

The balance of the budgetary commitments **National Postcode Lottery Dream Fund** concerns the portion of the total contribution that is expected to be spent in 2015.

Budgetary commitments are commitments arising from awarded project grants for which the total eligible costs in 2014 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. Provisions for litigation are short term.

In deviation from the accounting principle to include all project costs that can be declared to the donor an amount of € 554,000 has been deferred to 2015 which is included in the budgetary commitments to institutional donors.

The item Budgetary commitments developed in the year as follows:	2014	2013
Balance as at 1 January	**5,039**	872
Listed under long-term liabilities as at 1 January	**0**	0
Project grants awarded by MSF-sections in this financial year (see also note 3.4)	**116,962**	110,784
Project grants awarded by institutional donors in this financial year (see also note 3.5)	**25,951**	30,957
End of year revaluation of outstanding contracts	**239**	-219
Project grants realized in 2014 from other MSF-sections (see also note 2.12)	-116,866	-110,984
Project grants realized in 2014 from institutional donors (see also note 2.13)	-27,872	-26,341
Total project grants	**-144,738**	**-137,325**
Non-allocated project grants	**-63**	-30
Balance as at 31 December	**3,390**	**5,039**

The budgetary commitments at the end of the 2014 financial year refer entirely to the implementation of projects in 2014 and 2015 and are thus short-term commitments.

Long-term budgetary commitments at the end of 2014 are specified under paragraph 3.10 Long-term liabilities.

3.12 Commitments not included in the Balance Sheet

Office rent agreements

Budgetary commitments not included in the Balance Sheet refer to the contract for office rental (including service costs) for the Amsterdam office. The total amount of these commitments is € 2.8 million for 2015 up to and including 2018. € 0.8 million refers to 2015, € 1.7 million to the years 2016-2017, and € 0.3 million to the year 2018.

Starting March 1st, 2013 a rental contract for 9 years was concluded for the rental of the office of MSF-India. The total amount of the commitments arising from this rental agreement is € 1.6 million for 2015 up to and including 2022. € 0.2 million refers to 2015, € 1.4 million to the years 2016-2021 and € 0.04 million to the year 2022.

Guarantees

A bank guarantee of € 189,326 drawn on ABN AMRO, is granted for the rental contract of the office in Amsterdam.

Pension scheme

As at December 31, 2012 MSF-Holland ended the pension schemes placed with a life insurance company. In view of the nature of the insurance contract the schemes ended are considered defined contribution schemes. Management is of the view that MSF-Holland's liability is limited to the contributions paid to the insurance company. All contributions have been paid in full. At the closure of the year 2014 the procedures concerning the ending of the insurance contract are pending and it cannot be excluded that future commitments may arise from the concluded schemes.

Litigation and taxation

In a number of countries in which MSF-Holland implements projects, taxation and litigation procedures are pending. MSF-Holland maintains a register of these. In these Financial Statements provisions are made for a total of € 219,601 (2013: € 90,695). 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.

4
Accounting Policies

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'This year the malaria season was particularly severe. But our help makes a huge difference for families in East Congo. Here in Baraka and in many other parts of the country, we are saving lives every single day.'

Josine Blanksma

tropical doctor, Democratic Republic of Congo, February 2014

▲ Baby Beyoncee is being examined in the hospital of Baraka. She was suffering from anemia caused by malaria but is recovering well.

This report has been prepared in accordance with Dutch Civil Code book 2, title 9 and in particular with the **Guideline 650 for the Reporting of Fundraising Institutions (revised 2011)**, as published by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving) in January 2012. These Financial Statements are prepared on an accrual accounting, historical cost basis in accordance with the accounting principles of matching and conservatism consistently applied and fairly presented and as further explained below.

Assets and liabilities are accounted for at historical costs and unless stated otherwise are shown at their nominal value. Expenditure and revenues are allocated to the period to which they relate and in accordance with the principles as below.

Foreign currency

The reporting currency is the euro.
Assets and liabilities denominated in foreign currencies are valued at the exchange rates prevailing at year end date. Transactions denominated in foreign currencies are translated at the exchange rates prevailing at the transaction date. The exchange results have been incorporated in the Financial Statements according to Guideline 122 of Dutch Accounting Standards.

Cash flow statement

The Cash Flow Statement has been prepared according to the direct method in order to provide better insight into the flows of funds of MSF-Holland and the MSF-network. Cash flows denominated in foreign currencies have been translated into euro at the exchange rate prevailing at the transaction date.

Tangible fixed assets

Operating assets are stated at cost less depreciation. Depreciation is calculated according to the straight-line method based on expected economic life. For tangible fixed assets under development, depreciation starts at the moment the assets are taken in use. For all tangible fixed assets a depreciation percentage of 20% is used.

Purchase costs of 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.

Real estate 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. MSF-Holland does not own any real estate in the countries in which emergency aid projects are carried out.

Stocks

Stocks are stated at cost price less a provision for obsolescence where necessary. The costs of the stocks are expensed to the projects 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 medical drugs.

Accounts receivable

Accounts receivable are stated less a provision for doubtful debtors.

Cash at bank and in hand

Cash at bank and in hand includes the balances of all accounts held for head office and projects, both in the Netherlands and abroad. Cash and bank balances denominated in foreign currencies are valued at the exchange rates prevailing at year end date.

Events after the reporting period

Events after the reporting period are disclosed according to *Guideline 160 of Dutch Accounting Standards*. An event after the reporting period is disclosed when it results in significant commitments or downward revaluation of assets. In these Financial Statements no significant events after the reporting period occurred which should be included.

Pensions

(A) As of 1 January 2013 a defined contribution pension scheme for all employees was entered into with a Premium Pension Institution (PPI). No future commitments arise from this 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 insurance contract, are considered defined contribution schemes. This means that MSF'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 have been paid in full.

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, including the costs of medical and logistic personnel posted and the costs of relief supplies bought via head office and transported to the projects.

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 and included in the three-way matching procedure.

Preparation and coordination costs

Costs of preparation and coordination 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, handling the purchase of project supplies, 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, preparation and coordination 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 other MSF-sections are explained in more detail in chapter 7, Partnerships.

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 conduct.

The allocation of costs for information and awareness-raising and the categories stated below are based on the following guidelines:

- 50% of the costs of the website go to information and awareness-raising and 50% to management and administration;
- 25% of the costs of the donor periodical Hulppost go to information and awareness-raising and 75% to costs own fundraising;
- 50% of the costs of publishing the Annual Report go to information and awareness-raising and 50% to management and administration

Activities carried out by third parties

Grants issued to third parties and contracts commissioned to third parties are stated as costs from the awarding date.

Costs third-party appeals

Costs of third-party appeals are the costs invoiced to MSF-Holland by the third parties for these fundraising activities or directly related to those. These costs are generally agreed in advance with the third party, and are directly related to the lotteries, actions or events which are carried out to raise funds for MSF-Holland.

Costs own fundraising

Fundraising costs relate to all costs of activities with the direct or indirect purpose to encourage people and institutions to donate money for one or more goals of the Association. 75% of the costs of the donor periodical Hulppost have been allocated to fundraising costs. The bank costs, which correspond to the fundraising activities, are incorporated by MSF-Holland in the management and administration costs. The automation costs and subsequent costs of depreciation related to the registration and communications with (potential) donors are included here.

Costs acquisition institutional donor grants

The costs of acquiring government grants are shown in Costs of acquiring institutional donor grants if these costs were made at head office. This particularly concerns part of the personnel costs incurred in the project administration department that are calculated as a percentage of total funding received.

Management and administration costs

Management and administration costs relate to the costs made for directing and managing the organisation. 50% of the costs of the website have been allocated to the management and administration costs. In addition, 50% of the costs of the Annual Report have been allocated to the management and administration costs. 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 have been included in this category.

Overhead costs relate to the costs of facility support for housing, automation, 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 own fundraising.

The table on the next page describes how the Recommendation Application of Guideline 650 for Management & Administration costs (January 2008) as published by the Dutch Association of Fundraising Institutions VFI is used by MSF-Holland.

EXPENDITURES	Management & administration	Overhead	Explanations
Board and association	100%	-	
General Director, Director Resources	100%	-	The Medical Director and Director Operations are attributed to preparation and coordination
Delegate Director	50%		Other 50% to Fundraising
Head of Department Communications	100%	-	
Head of the Departments Finance and HRM	100%		
Administrative support all directors and all heads of department	100%	-	
ICT at head office	-	100%	
Housing, facilties and office utensils and supplies	-	100%	
Control, internal audit	100%	-	
Website including audiovisual material	50%	-	Other 50% to communication expenses
Annual report, corporate communication	50%	-	Other 50% to communication expenses
Bank costs	100%	-	Including bank costs related to fundraising incomes
Financial administration	100%	-	
Project administration	-	-	To preparation and coordination
Head office staff salary- and personnel contractadministration	100%	-	
Salaries and personnel costs	Pro rata	Pro rata	As much as possible attributed to factual deployment
Depreciation	100%-	100%	
General insurances	-	100%	
Audit and audit costs	100%	-	Auditors costs for grants are directly attributed to costs Emergency aid
Costs settlement and adminstration acquired inheritances	-	-	All to costs Fundraising including their direct legal expenditures
Legal expenses head office	100%	-	Costs of legalisations are attributed to social mission costs
Contribution to general costs MSF-International	100%	-	

Division of personnel costs and overhead costs

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 2.9 in these Financial Statements explains the divisions of these costs after the allocation of the personnel costs.

Donations and gifts

Direct donations from the public and from private companies are accounted for on a cash basis.

Donations and gifts of 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 funds'. Other income earned from restricted revenues such as interests earned from the investment of restricted funds is also considered as restricted with the same designation as the original funds, unless otherwise specified by the donor.

Contributions

Contributions from members of the Association are accounted for on a cash basis.

Inheritances

Inheritances are recognised on an accrual basis for the estimated value based on the available correspondence relating to an inheritance. Deviations from this estimate are processed at the time of receipt of settlement of the inheritance.

Foundations, associations and private funds

Grants from private organisations are shown under income from own fundraising. 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.

Income from third-party appeals

Income from third-party appeals concerns amounts from the proceeds of the National Postcode Lottery and the proceeds of the Tour for Life event. Income allocated by third parties is included as income at the time of the allocation. The proceeds of third-party appeals are based on contracts and on contractually valid financial regulations.

As an exception of the above principle, the contribution from the National Postcode Lottery Dream Fund is accounted for as income in the Statement of Expenditure and Income for the maximum eligible costs as occurred in the book year.

Income from within the MSF-network

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. According to Guideline 650 this income should be shown under income from third-party appeals. In view of the volume and the importance of income from within the network Médecins Sans Frontières, it has been decided to show this as a separate category.

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.

Donations in kind

Donations in kind are not recorded 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 to be able to execute its aid projects and, had they not been made available to MSF-Holland, 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.

5
Financial Risks

'These people knew we were there. They went looking for us and eventually found us. It's times like that that you're so happy you're there, that you stayed, that you can be there for the people who need your help.'

Erna Reijnierse

tropical doctor, South Sudan, April 2014.

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 risk and foreign currency risk. Management policies have been established to identify and monitor these risks, and to set appropriate risk mitigation measures. Financial risk management is carried out in accordance with our Treasury Policy. The written principles and policies are reviewed annually by the Board Audit Committee. In our risk management activities non-financial risks are also reviewed; more information on those can be found on our website www.artsenzondergrenzen.nl.

▲ Over 27,000 people are living in deplorable conditions in Tomping camp. The first rains of the season have left a significant part of the camp flooded and further degraded the poor sanitation conditions. South Sudan, March 2014.

5.1 Credit 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 at minimum for 80% held 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 institution and with planning the frequency of cash transfers to our projects in line with payment patterns.
At the end of 2014 for two banks (in Zimbabwe and Democratic Republic of Congo) credit risk exposure is real to a total amount of USD 91,505 and € 36,331 due to seizure of funds and pending bankruptcy.

Cash and cash equivalents held in Amsterdam are spread over five banks ABN AMRO, ASN Bank, ING, Rabobank and Van Lanschot. Although we aim to avoid significant concentration of our exposure to a particular financial institution currently about 62% (2013: 75%) of our funds are held at ABN AMRO which is fully state owned.

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 all savings deposits are held in euro. Subsequently there are no investment or exchange rate results included in this overview.
In 2014, with the review of the principles determining our reserves we have drafted an investment policy which we expect will lead to a reduced credit risk as well as an increase in returns. We intend to submit the investment policy for consultation to the 2015 General Assembly of members.

	2014	2013	2012	2011	2010
Balance as at 1 January	**92,198**	81,945	82,350	76,044	58,981
Balance as at 31 December	**113,875**	92,198	81,945	82,350	76,044
Increase during the year	**21,677**	**10,253**	**-405**	**6,306**	**17,063**
Net result cash at bank (interest received)	**1,058**	1,584	1,553	1,071	1,495

Our exposure to institutional donor grants credit risk has reduced compared to previous years. Credit risks resulting from institutional donor grants for MSF-Holland has two main components: solvability risk of the institutional funder and the eligibility compliance risk of expenses claimed under a grant agreement.

These risks resulting from institutional donor grants are mainly managed through effective and efficient proposals and ensuring timely, correct and complete reporting and diversification of sources. At the end of 2014 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. It is our intention to prioritise capital preservation and to earn a reasonable interest income using plain instruments like bank deposits and money market fund investments that are governed by our Treasury Policy. In 2014 only bank savings deposits were used.
The estimated realised interest over a period of five years on the average of the savings deposits as show above was as follows:

	2014	2013	2012	2011	2010
Interest rate received on average of bank deposits	**1,0%**	1,6%	1,9%	2,0%	1,6%

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. In 2014 we drafted an investment policy which we anticipate will be implemented by mid 2015 and from which we expect an increase in returns over the longer term. In the short term, banking policies towards corporate savings are becoming more restrictive and are resulting in a downward pressure on interest income.

5.3 Reserves risk management

Our reserves policy aims 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.

At the end of 2014, 95% of the reserves were retained in cash at hand and in bank (2013: 89%). MSF-Holland needs a flexible liquidity position to be able to guarantee the unhindered progress of our aid projects and to come into action quickly if need be.

5.4 Foreign currency risk in euro thousands

As we operate internationally we work with multiple currencies on a daily basis. Income from other MSF-sections is realised in euro, pound sterling, the US dollar, the Canadian dollar, Swedish kroner and other currencies and does not necessarily match our expenditure which is largely in euro and the US dollar. These are in turn converted in 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 reporting currency – the euro.

We manage our foreign currency transaction risk through the 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 swapped to US dollar. The majority of our income is in euro which reduces the foreign current risk exposure considerably. Foreign currency needed in our project countries is as much as possible purchased centrally while balances are kept to a minimum. In 2014 about 45% of the total expenditures were in euro. A total of 65 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 18% of the total expenditure was in the US dollar. Various other foreign currencies make up the remainder of 37% of the total expenditures.
In 2014 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:

	2014	2013	2012	2011	2010
Realised exchange results from transactions in non-euro currencies	**108**	-1185	204	729	792
Unrealised exchange results from transactions in non-euro currencies	**1,561**	-650	-26	177	72
Total exchange rate result from transactions during the year	**1,669**	**-1,835**	**178**	**906**	**864**

Foreign currency risk on Operational Expenses 2015

Early in 2015 we evaluated the impact of the exchange rate developments during the year 2014 and the beginning of 2015 on our budgeted income and the planned expenditure for our medical operations projects in 2015. We estimate that maintaining the same operations volume as in 2014 will result in an increased cost of € 11.4 million which is only partly offset by an increased euro value of foreign currency income estimated at € 5.2 million. Included in the € 11.4 million is the effect on procurement prices of € 1.5 million which to some extent can be mitigated by sourcing measures. For the larger part of or budgetary expenditure adjustment will take longer. In the short term we expect that no adjustments to our programming are needed and that immediate cost increases can be funded from our free reserves.

Foreign currency sensitivity

A sensitivity of 2.5% strengthening or weakening of the euro as at December 31, 2014 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 2013 the total exposure decreased from € 24.1 million to € 15.4 million. This was achieved by reducing the bank balances as at December 31, 2014 in Canadian dollar and pound sterling.
The 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 € at 31-12	Strengthening	Weakening
AUD	**-151,135**	0,6744	-101,918	-2,548	2,548
CAD	**-531,044**	0,7111	-377,618	-9,440	9,440
CHF	**-670,900**	0,8317	-557,968	-13,949	13,949
DKK	**-252,044**	0,1343	-33,853	-846	846
GBP	**-48,710**	1,2839	-62,536	-1,563	1,563
HKD	**-168,165**	0,1062	-17,858	-446	446
JPY	**-4,177,683**	0,0069	-28,766	-719	719
NOK	**-301,830**	0,1106	-33,381	-835	835
SEK	**3,157,868**	0,1065	336,194	8,405	-8,405
USD	**19,726,741**	0,8237	16,248,036	406,201	-406,201
Total			**15,370,332**	**384,258**	**-384,258**

6
Médecins Sans Frontières India

© Sa'adia Khan

'When we are together in a female-only group the local women are remarkably open. The burka is cast aside and they show their emotions. I often get a big kiss or hug when a healthy baby has been born. It's really good to see how the women support each other during the birth.'

Jeltje Danhof

doctor, Pakistan, December 2014.

In 2013 MSF-Holland together with MSF-UK registered a branch office in India (MSF-India) with the aim to support the emergency aid programs with the recruitment of medical personnel from India, to develop fundraising in the Indian market and to develop the institutional presence of Médecins sans Frontières in India.
The branch office Médecins Sans Frontières India is registered in India, New Delhi, under the Section 25 of the Companies Act, 1956 and is a private limited with corporate Identity Number: U85100DL2013NPL249165. The entity is incorporated as a not-for-profit.

As at 31 December 2014, MSF-Holland holds 80% of the issued share capital of the entity MSF-India. The other 20% of issued share capital is held by MSF-UK. Due to Indian foreign exchange permission regulations the share capital is not yet paid. For that reason the MSF-India statements are not consolidated into the MSF-Holland accounts. The presentation here is for information purposes only and includes all payments by MSF-Holland related to activities of MSF-India. We expect to transfer the governing ownership of MSF-India in 2015 into an Indian held entity.

▲ Mohammad Mohsin is 5 months old and suffering from severe acute malnutrition. Pakistan, March 2014.

Statement of Expenditure and Income MSF-India for 2014 in euro

EXPENDITURE	2014	2013
Spent on MSF-India goals		
Preparation and coordination	225,509	185,642
Information and awarness-raising	279,513	333,715
Total spent on Association goals	**505,022**	**519,357**
Fundraising expenses	**687,437**	**296,110**
Management and administration	**431,901**	**264,389**
Total expenditure	**1,624,360**	**1,079,856**
INCOME		
Income from own fundraising	**170,491**	**18,639**
Contributions from MSF-Holland	**1,435,734**	**1,397,871**
Total Income	**1,606,225**	**1,416,510**
Results operational activities	**-18,135**	**336,654**
Exchange rate results	**504**	**-7,989**
RESULT EXPENDITURE AND INCOME	**-17,631**	**328,665**
ALLOCATION OF THE RESULT		
Additions/withdrawals to		
Appropriation reserves	**-38,734**	**246,626**
Other free reserves	**21,103**	**82,039**
Total	**-17,631**	**328,665**

Balance Sheet MSF-India as at 31 December 2014 in euro

ASSETS	31 December 2014	31 December 2013
Tangible fixed assets		
Operating assets	**207,892**	**246,626**
Receivables and accrued income		
Médecins Sans Frontières network	962	1,130
Other receivables and accrued income	89,415	90,409
	90,377	**91,539**
Cash at bank and in hand	**86,582**	**100,413**
Total assets	**384,851**	**438,578**

LIABILITIES		
Reserves		
Appropriation reserves	207,892	246,626
Other free reserves	103,143	82,039
Translation reserves	-16,378	0
	294,657	**328,665**
Short-term liabilities	**90,194**	**109,913**
Total liabilities	**384,851**	**438,578**

7 Partnerships

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'The team was powerless; we could do nothing. A whole population was driven away. And we knew that this was happening in more places in the country. These people had to make the terrible choice to leave their homes and go live in a refugee camp.'

Nathalie Roberts

doctor, Central African Republic, May 2014.

MSF-Holland is a member of the international network of Médecins Sans Frontières, in which 24 institutional members (MSF-sections) and a number of associated institutions 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 for the individual organisations. The association Médecins Sans Frontières International supervises the organisations' 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 2014 Combined 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 June 15th, 2015.

▲ In Carnot, around 900 Muslim refugees are staying at the Catholic Church in crowded and unsanitary conditions. MSF provides medical care, water and food supply and sanitation. Central African Republic, June 2014.

7.1 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.

- MSF-Holland appoints 2 of the 48 institutional delegates of the General Assembly of the Association Médecins Sans Frontières International;
- The annual contribution to the expenditures of the international office is based on the income from own fundraising from the previous year. In 2014, MSF-Holland's share was 7.31% of the total expenditures of the Association Médecins Sans Frontières International. For 2015 the contribution has been set at 5.97%. In 2014 the contribution totalled € 702,361.

7.2 Operational Centre Amsterdam partnership

MSF-Holland works in particular together with the MSF-sections in Germany and the United Kingdom. These MSF-sections contribute, each in their own way, actively to the supervisory function, policy and to the executive level of the association MSF-Holland. The collaboration in the Operations Centre Amsterdam (OCA) only concerns the execution and direct support of aid projects. 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 MSF-sections in Germany and the United Kingdom as primary partners. Together they have established a supervisory umbrella organ: the OCA-Council. The OCA-Council has 6 voting members and 3 co-opted non-voting members from MSF-Canada, MSF-Sweden and MSF-East-Africa.

- 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 voting members;
- The treasurers of the OCA-partners are members of the MSF-Holland Board Audit Committee that is chaired by the MSF-Holland treasurer;
- The treasurer of MSF-Holland has a standing invitation to the OCA Council meetings;
- 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 operational program support departments;
- At the executive level, the General Directors of MSF-Germany and MSF-UK actively participate in the day-to-day management of the project execution. Together with four 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-sections' office organisations is run by the individual MSF-sections.

In the total of MSF-Holland's costs for preparation and coordination, the costs of activities that have been transferred to MSF-Germany are not included. These costs will be shown in their financial statements. The costs including outsourced activities are as follows:

in euro thousands	2014	2013	FTE 2014	2013
MSF-Holland preparation and coordination costs	**12,973**	12,307	**132**	127
Costs outsourced activities MSF-Germany	**1,547**	1,385	**18**	15
Total Preparation and coordination costs	**14,520**	**13,692**	**150**	**142**
(as % of the total spent on Association goals - policy standard is 8%-10%)	*7.8%*	*7.9%*		

7.3 Contributions, shared costs and investments

- MSF-Holland contributes to the MSF International campaign Access to Essential Medicines. In 2014 the share of MSF-Holland was 7.31% of the expenditure of the campaign. MSF-Holland contributed € 241,862. For 2015 MSF-Holland's portion is set at 5.97%;
- MSF-Holland contributes to the international fund for innovation in projects that is managed by MSF-International. In 2014 the contribution was € 36,411;
- MSF-Holland contributed in 2014 € 287,267 to the contribution of MSF International to the Drugs for Neglected Diseases Initiative (DNDi). In 2015 MSF-Holland will contribute 5.97% towards the total contribution of MSF-International to DNDi;
- MSF-Holland, together with the other operational MSF-sections takes part in the joint development for the purchase and development of software to improve the financial and logistics administration in the projects. The financial share for MSF-Holland is 25%. To date MSF-Holland has contributed € 1,435,168 to the investment, which is accrued in the fixed assets under development on the Balance Sheet. MSF-Holland delegates 1 of the 6 members of the project board;
- MSF-Holland contributes about 7% of the investment budget to the purchase and development of jointly operated software for the recruitment and posting of expatriate staff. The initial budget for the project is estimated for at about € 7,000,000 over the period 2012-2015. The project is delayed. MSF-Holland delegates 1 of the 6 members of the project board. The costs of this project are accrued in the accounts of MSF-International.

7.4 International financial cooperation

Within the network Médecins Sans Frontières agreements have been made for the period 2012-2015 regarding the division of fundraising revenue that is available for aid projects after the deduction of costs for offices and the contributions to MSF-International. In 2015 a new agreement will be drawn up that is likely to imply changes to the relative share of the net income from some of the MSF-sections MSF-Holland currently relies on:

	Share	Currency
MSF-Canada	70%	CAD
MSF-Germany	70%	EUR
MSF-United Kingdom	70%	GBP
MSF-Hong Kong	30%	EUR
MSF-Austria	30%	EUR
MSF-United States	variable*	USD
MSF-Sweden	20%	SEK

* MSF-USA contributions are used to balance contributions between MSF-operations centres

The financial agreement 2012-2015 includes further agreements on the amount and location of the financial reserves of the MSF-sections. The bandwidths for the growth of the expenditures on emergency aid projects and support structures are also included in the agreement. In view of the agreement in 2014 MSF-Holland contributed € 8.0 million to projects implemented by MSF-Spain.

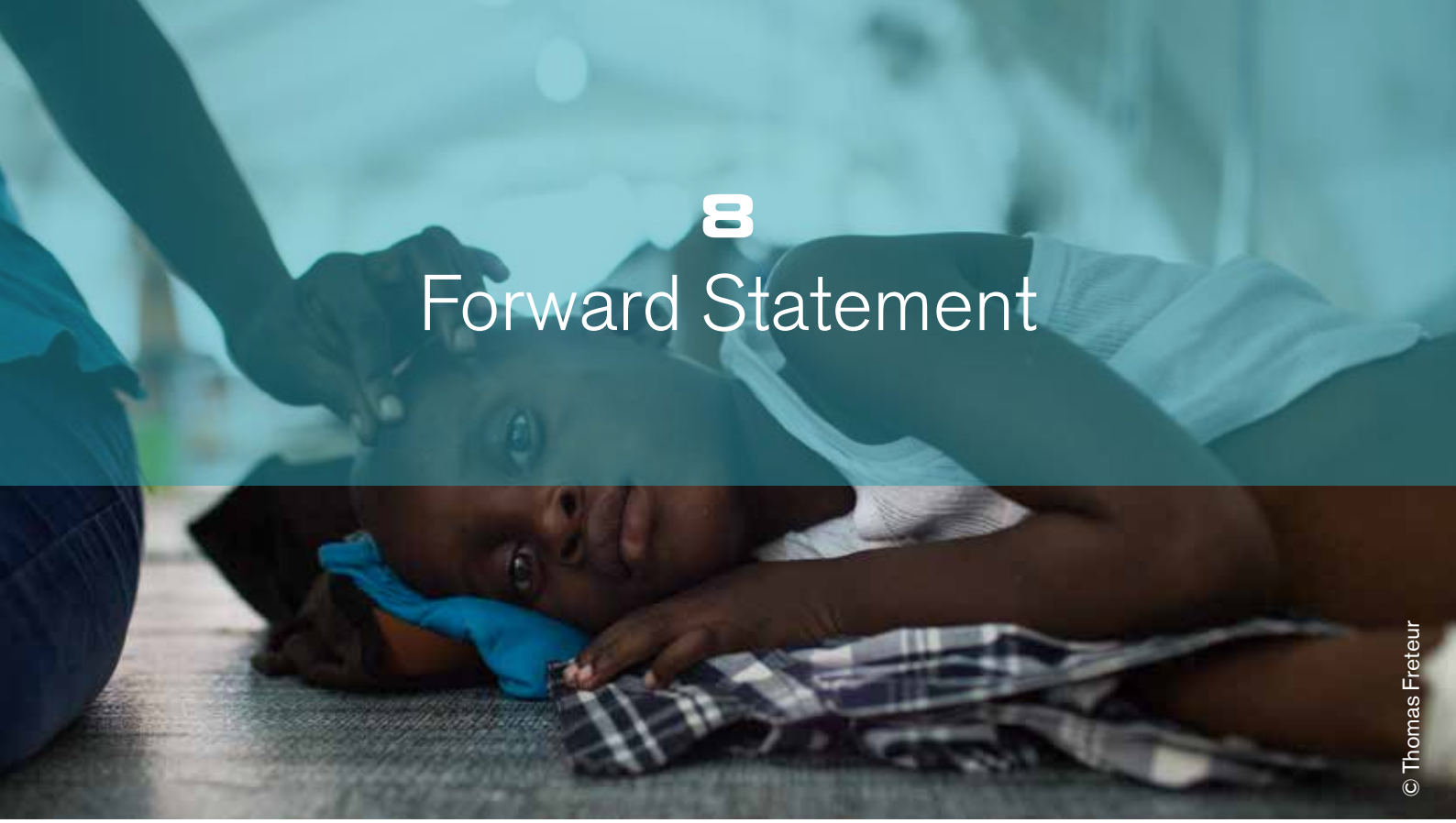
Other agreements

- The terms of employment and the remuneration structure for expatriate personnel have been fully aligned to both the ratio of the local cost of living as well as the social security standards. The Board of MSF-International may propose changes to the terms of employment that intermittently have an effect on the costs for expatriate staff employed by MSF-Holland. In 2014 a new internationally agreed remuneration grid has been implemented that will take full effect in 2015 and the years thereafter.
- All posted staff are insured and covered by a worldwide health and disability insurance policy;
- In a number of countries where MSF has emergency aid projects insurance coverage is limited. For these, further agreements have been made in the MSF-network;
- A worldwide medical malpractice liability cover has been arranged that covers the entire organisation. MSF-Holland contributes 25% towards the premium of that cover.

7.5 Combined Financial Statements

The MSF-network has published Combined Financial Statements since 2003. The Combined Financial statements 2014 will be published after the publication of the MSF-Holland Financial Statements.
The anticipated publication date is June 15th, 2015.
The Combined Financial Statements for 2013 are accompanied with an unqualified opinion issued by *KPMG SA* and *Ernst & Young SA*, Geneva, Switzerland. The Balance Sheet and the The Combined Financial Statements can be found on MSF-Holland's website *www.artsenzondergrenzen.nl or www.msf.org.*

8
Forward Statement



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'Because we did not have enough beds, we tried to refer people to other cholera clinics, but we realized very quickly that there were simply too few beds in Port-au-Prince.'

Olivia Gayraud
medical coordinator, Haiti, November 2014.

Our Forward Statement of Expenditure and Income is based on the medical and operational ambitions laid out in the OCA Strategic Plan and the multi-year forward planning as agreed between the MSF-sections. In 2014 a new strategic plan for the years 2015-2019 was adopted by the Board and the OCA-Council. It is a 5-year strategic plan in order to align the planning period between the MSF-sections. In 2015 a new multi-year forward planning regarding resource sharing between the MSF-sections will be agreed. We expect the income from the MSF-Network as mentioned in note 8.3 to change.

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 built in, actual results may differ materially from those presented here.

For the period 2015-2019 we have outlined an ambitious medical and operations plan that involves investing in our emergency response capacity and expanding our medical and public health services.
At the core of our activities are our staff. We will invest in their capacity and competency as well as in the expected gradual increase in staff numbers in our projects. We will also invest in our support systems to ensure the sustainability of effective and viable operations.

▲ The 5 year old Jameson Colin has been taking in charge this morning at the Cholera Treatment Centre. Haiti, November 2014.

8.1 Development of staffing in fulltime equivalents

	Actual 2013	Actual 2014	Budget 2015	Forecast 2016	Forecast 2017
Expatriate staff	643	**658**	**662**	700	720
Office staff Amsterdam	194	**203**	**210**	230	230
National staff in projects	7,818	**7,624**	**7,785**	8,100	8,400

8.2 Operations expenditure development

We expect to operate 25-27 missions, each having an average of 3 regular projects and an overall capacity of 25% for emergency responses. Increases in staff costs and our medical operations ambitions are expected to result in a growth of expenses of 8% per year. In addition, we will ensure that reserve funds are available to invest in complex and high-security constraint contexts and emergency responses.

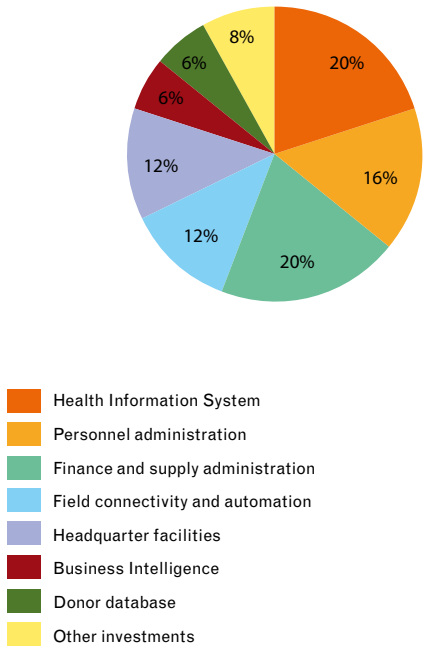
To enable us to deliver our medical and operations plans and our ambitious increases in private fundraising, we will improve our management capability and the service delivery of our headquarter support to the field. We anticipate a steep growth of headquarters based programme support, and management and administration starting in 2015 and continuing in 2016, which will slow down in the following years.

The MSF-Holland own private fundraising income is projected to grow at an average of 4% per year in the Strategic Plan period. We anticipate that our institutional funding requirement will remain at 2014 levels and thus foresee a relative decrease from about 15% in 2015 towards 11% of our total operations volume in 2019.

8.3 Investments

We recognise a need to invest in our support capacity and our systems to increase the effectiveness and efficiency of our operations. The increasing complexity of our medical programming requires accurate and complete patient data to be available and readily analysable. In addition, our supply and financial accountability must be timely and complete. Over 8,000 people work in our projects and good staff administration is essential In the previous years we prepared for several upcoming investment programmes. We expect to invest between € 10 and € 15 million in support systems and improvement projects.

INVESTMENTS 2015-2019

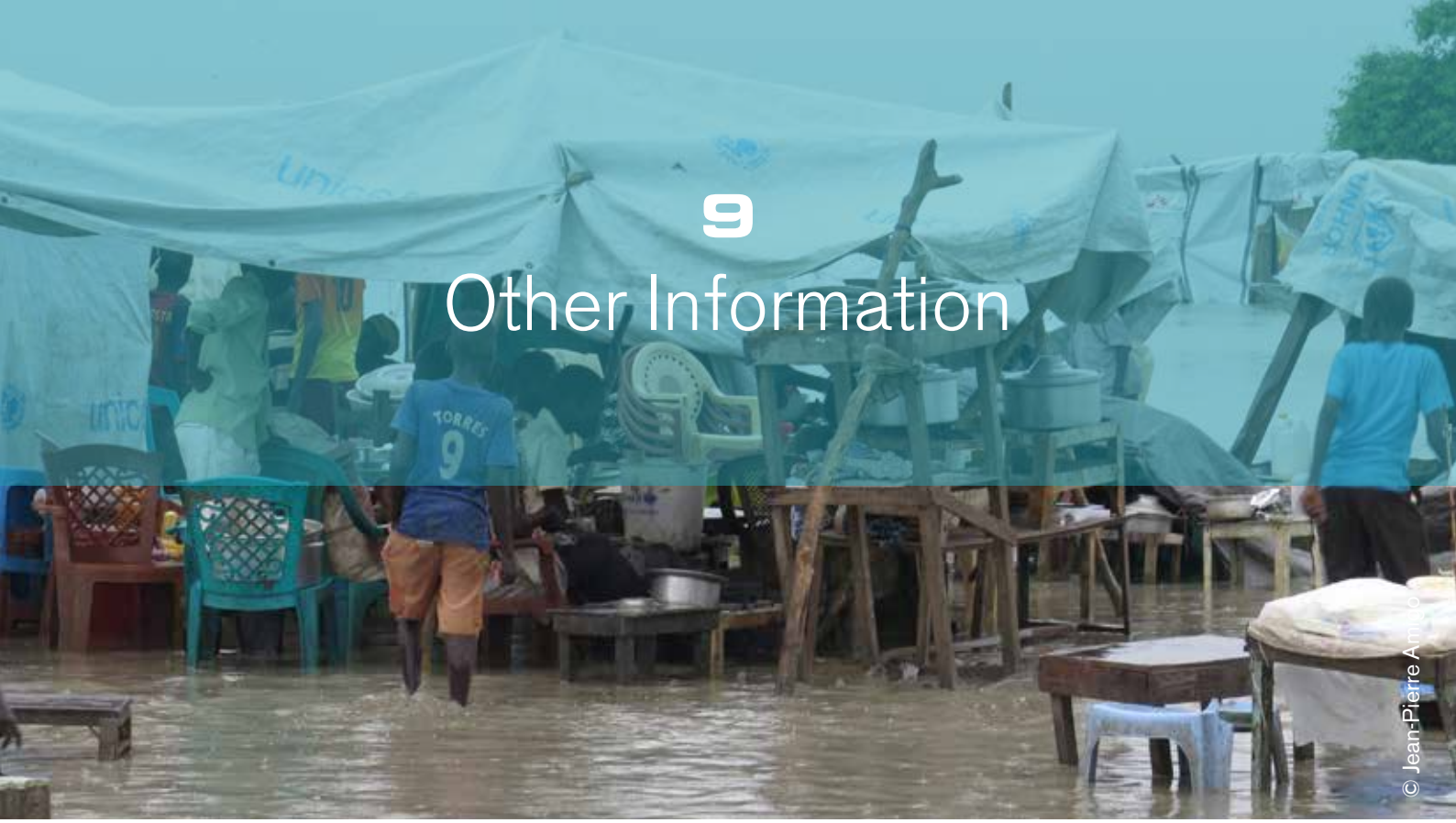


8.4 Forward Statement of Expenditure and Income

in euro thousands

EXPENDITURE	Actual 2013	Actual 2014	Budget 2015	Forecast 2016	Forecast 2017
Spent on Association goals					
Emergency aid	151,739	**161,213**	**177,050**	186,500	205,750
Preparation and coordination in the Netherlands	12,080	**12,615**	**13,620**	14,350	14,650
Tuberculosis breakthrough project	254	**443**	**2,200**	2,200	1,600
Information and awareness raising	2,573	**2,154**	**3,200**	2,950	3,000
Commissioned to third parties	7,760	**8,838**	**300**	500	500
Total spent on Association goals	**174,406**	**185,263**	**196,370**	**206,500**	**225,500**
(in % of total available income - target is > 85%)	*80%*	*87%*	*83%*	*92%*	*94%*
(in % of total expenditure - target is > 90%)	*93%*	*93%*	*92%*	*93%*	*93%*
Cost of fundraising					
Costs from own fundraising	7,535	**7,668**	**8,360**	8,500	8,600
(as a % of the income own fundraising - target is < 20%)	*15%*	*15%*	*17%*	*17%*	*16%*
Costs actions third parties	536	**822**	**350**	350	350
Costs from institutional grants	160	**157**	**190**	190	200
Management and administration	4,234	**4,549**	**5,600**	5,500	5,650
(in % of total expenditure - target is max 3%	*2.2%*	*2.3%*	*2.6%*	*2.5%*	*2.3%*
Contributions to MSF-India branch office	1,398	**1,436**	**1,600**	1,500	1,100
Total expenditures	**188,269**	**199,895**	**212,470**	**222,540**	**241,400**
(as % of the total of income)	*93%*	*94%*	*90%*	*99%*	*101%*
INCOME					
Income from own fundraising	48,427	**52,192**	**48,500**	50,400	52,400
Share in third-party activities	1,153	**911**	**300**	600	600
Proceeds from **National Postcode Lottery**	13,500	**14,027**	**18,500**	13,500	13,500
Proceeds from **National Postcode Lottery Dream fund**	255	**527**	**2,200**	2,200	1,300
Income from MSF-network	110,984	**116,866**	**137,780**	131,000	144,000
Grants from institutional donors	26,341	**27,872**	**27,000**	26,500	26,500
(as % of the emergency aid expenses)	*17%*	*17%*	*15%*	*14%*	*13%*
Other income and expenditure	1,697	**1,204**	**1,000**	1,000	1,000
Total income	**202,357**	**213,072**	**235,280**	**225,200**	**239,300**
Result from operational activities	**14,088**	**13,177**	**22,810**	**2,660**	**-2,100**

9
Other Information



'In large parts of the camps the contaminated water is at knee height. Thousands of people cannot lie in their shelters and have to sleep upright, with their children in their arms.'

Ivan Gayton
emergency coordinator, South Sudan, August 2014.

The Financial Statements are prepared by the management. On the condition of obtaining an unqualified opinion of the auditor the Financial Statements were unanimously adopted by the Board of the Association MSF-Holland in its meeting of 10 April, 2015.

The Annual Financial Statements will be presented for approval to the General Assembly to be held May 30, 2015.

Amsterdam, 10 April 2015

The Association Board and the General Director

▲ 40,000 people are crowded into a flooded United Nations Protection of Civilians compound in Bentiu. Living conditions are horrific but it is the only refuge they have from widespread armed violence outside. South Sudan, August 2014.

Independent auditor's report

To: the General Director and the Board of Artsen zonder Grenzen

We have audited the accompanying financial statements 2014 of Artsen zonder Grenzen, Amsterdam, which comprise the balance sheet as at 31 December 2014, the statement of income and expenditure for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the union's preparation and fair presentation of the financial statements 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 union's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Artsen zonder Grenzen as at 31 December 2014, 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.

Announcement according to the annual report

We have read the annual report in order to identify material inconsistencies, if any, with the audited financial statements. Based on reading the annual report we established that the annual report is consistent with the information in the financial statements and that the annual report contains all information required by Guideline for annual reporting 650 'Charity Organisations' of the Dutch Accounting Standards Board. We have not audited or reviewed the information in the annual report.

Amsterdam, 10 April 2015
PricewaterhouseCoopers Accountants N.V.

J.L. Sebel RA

Colophon

Publication
© April 2015

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