

2012

Financial Statements



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1 Financial Statements 2012

MSF-Holland Association

MSF-HOLLAND ASSOCIATION

The Association MSF-Holland was founded September 7, 1984 and is based in Amsterdam, the Netherlands.

The objective of the Association is:

"The organizing of practical medical aid to people in disaster areas and crises worldwide, in accordance with the principles expressed in the Charter. Based on its medical work, the Association will also make every effort towards effective advocacy on behalf of the section of the population that it aids."

The 2012 Annual Financial Statements include the financial information of the Association MSF-Holland and the activities carried out under its responsibility.

MSF-Holland is part of the international network of Médecins Sans Frontières. In addition to MSF-Holland four other MSF-sections carry out projects independently. Each MSF-section is an independent economic and legal entity. The MSF-sections are united in the Swiss-based association Médecins sans Frontières International.

In view of the fact that the MSF-sections have become increasingly interdependent, these Financial Statements include a chapter Partnerships. This chapter describes the mutual agreements made between the sections, the financial flows, intersectional governance, and the related risks resulting from these interdependencies. Effort has been made to make the related financial cash flows within the MSF-network as transparent as possible in these Financial Statements.

The Charter and more comprehensive information about the organisation are published on the website of MSF-Holland (www.artsenzonderegrenzen.nl) and in the Annual Report of MSF-Holland. The Annual Report is published on the website (www.artsenzonderegrenzen.nl/annualreport). A summary explanation of the Financial Statements is included in the Annual Report.

The Association MSF-Holland is registered with the Amsterdam Chamber of Commerce under number 41215974. The Association MSF-Holland is a member of the Association of Fundraising Institutions (VFI) and is certified by the Central Bureau for Fundraising (CBF). The conditions for CBF certification can be consulted on www.cbf.nl.

GUIDELINES

This report has in particular been prepared in accordance with **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. The 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 Association of Fundraising Institutions (VFI). These certifications can be consulted on www.vfi.nl.

CHANGES IN ACCOUNTING PRINCIPLES - INHERITANCES

IN EURO THOUSANDS

In 2012 accounting policies with respect to the valuation of income from inheritances changed. Until 2012 income from inheritances was recognised as soon as a fair assessment of the proceeds could be made based on the stage of settlement of the inheritance. As of 2012, inheritances are recognised on acceptance, based on the documentation received and an assessment of actual historical realisations for a percentage of the estimated value. At the end of 2012 this estimate was 75% (2011 not applicable). Deviations from this estimate are processed at the time of receipt of settlement of the inheritance. The estimate may be reviewed for time to time.

The effect of this change is processed directly into the reserves and funds. The effect of the valuation change can be quantified as follows:

	Explanatory notes	2012	2011
Valuation inheritances applying the new accounting policy	<i>see note 3.6</i>	6,236	7,417
Valuation inheritances applying the prior accounting policy		791	421
Difference in valuation between new and prior accounting policy		5,445	6,996

The effect on the individual item 'income from own fundraising: inheritances' (note 2.10 to these Financial Statements) can be quantified as follows:

	2012
Amount of income when applying new accounting policies	9,602
Amount of income when applying prior accounting policies	11,153
Effect on the item 'income from legacies' (less income in 2012)	-1,551

The effect of this change in accounting policies is recognised directly within the reserves and funds. The 2011 figures as at 31 December have been adjusted for comparability purposes.

PRESENTATION

In view of the fact that the Association MSF-Holland considers the expenditures on the Association's goals to be its principle objective, it has been decided to deviate from the prescribed model for the presentation of income and expenditure. These Financial Statements show the expenditures before the income. The Statement of Expenditure and Income is shown before the Balance Sheet.

The basis used for the valuation of the expenditure, the assets and the accounting principles 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.

EXPENDITURE	Explanatory notes	2012	Budget 2012	2011
Spent on Association Goals				
Direct aid	2.1	141,029	142,747	140,475
Preparation and coordination in the Netherlands	2.2	11,723	11,643	11,183
Information and awareness raising	2.3	2,353	2,669	2,133
Commissioned to third-parties	2.4	4,665	4,253	463
Total spent on Association goals		159,770	161,312	154,254
Fundraising expenses				
Costs own fundraising	2.5	6,806	6,810	6,576
Costs third party fundraising activities	2.6	561	559	538
Costs acquisition institutional donor grants	2.7	145	156	145
Total fundraising expenses		7,512	7,525	7,259
Management and administration	2.8	3,932	3,858	3,516
Total expenditure	2.9	171,214	172,695	165,029
INCOME				
Income from own fundraising	2.10	43,733	43,679	43,165
Income from third-party activities	2.11	1,489	1,116	975
Proceeds from the National Postcode Lottery	2.11	13,500	13,500	13,500
Grants from within the MSF-network	2.12	91,290	83,392	94,192
Grants from institutional donors	2.13	20,562	24,775	17,610
Other income	2.14	1,584	1,000	1,553
Total income		172,158	167,462	170,995
RESULT OPERATIONAL ACTIVITIES		944	-5,233	5,966
Exchange rate results - income	2.15	178	0	906
RESULT EXPENDITURE AND INCOME		1,122	-5,233	6,872

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Allocation of the result	Explanatory notes	2012	Budget 2012	2011
Additions/withdrawals to:				
Continuity reserves	3.9 a	5,000	0	9,000
Appropriation reserves	3.9 b	1,541	0	1,077
Other free reserves	3.9 c	-5,236	-5,233	-1,553
Appropriated funds	3.9 d	-183	0	-1,652
		1,122	-5,233	6,872

The expenditure ended around the budgeted level when at the same time the income was higher than planned for. The income from the MSF-Network remained almost at the 2011 level whilst a bigger decrease was foreseen. The income from institutional donors increased compared to 2011 although a bigger increase was budgeted. An important provision for tax dues was reversed following a positive ruling of the concerned government. Overall this resulted in a surplus of € 1,122,375 while a deficit was budgeted.

After the addition of the result from 2012, MSF-Holland's reserves reached a level of 8.5 months (2011: 8.9 months) in relation to the average expenditure over 3 years. The other free reserves decreased due to the addition of € 5.0 million to the continuity reserves (see note 3.8 a) and an increase of the appropriation reserves. The Board is committed to responsibly disbursing the other free reserves on emergency aid in the coming years. This intent has been already taken into account in the 2013 budget and the forecasts for 2014 and 2015 (see chapter 6.1) by budgeting higher expenditure and deficits.

The main expenditure indicators for 2012 and the result of these indicators over the past five years are presented in the table:

INDICATORS	2012	2011	2010	2009	2008	internal standard
Expenditure on operational activities as a percentage of total expenditure	93%	93%	93%	91%	92%	min. 85%
Expenditure on operational activities as a percentage of total income	93%	90%	80%	83%	85%	min. 90%
Total expenditure as percentage of total income	99%	97%	86%	91%	93%	n/a
Cost of own fundraising as a percentage of total income own fundraising	15.6%	15.2%	12.7%	17.2%	16.5%	max. 20%
Cost of management and administration as a percentage of total expenditure	2.3%	2.1%	2.7%	3.2%	2.8%	max. 3%
Total spent on Association goals as a percentage of total expenditure	93%	93%	93%	82%	85%	min. 80%

ASSETS	Explanatory notes	31 December 2012	31 December 2011
Tangible fixed assets			
Operating assets	3.1 a	1,081	524
Real estate	3.1 b	541	541
Stocks			
Stocks for direct aid	3.2	4,319	3,335
Receivables and accrued income			
Third-party appeals	3.3	1,489	0
Médecins Sans Frontières network	3.4	12,790	12,908
Institutional donors	3.5	4,533	7,555
Receivable from inheritances	3.6	6,236	7,417
Other receivables and accrued income	3.7	3,327	3,203
		28,375	31,083 *
Cash at bank and in hand	3.8	103,005	99,914
Total assets		137,321	135,397 *
LIABILITIES			
Reserves and funds			
Reserves	3.9		
Continuity reserves		85,000	80,000
Appropriation reserves		5,941	4,400
Other free reserves		28,619	33,855 *
		119,560	118,255 *
Funds	3.9 d		
Appropriated funds		739	922
Short-term liabilities	3.10	17,022	16,220
Total liabilities		137,321	135,397 *

(*) Figures have been changed for comparability purposes as the accounting principles for the recognition of income from Inheritances have been changed

CASH FLOW FROM OPERATING ACTIVITIES
Receipts:

Contributions, (charitable) donations and gifts
 Legacies and bequests (inheritances)
 Grants from private organisations

33,206
10,855
969

31,810
 11,682
 519

Total received from own fundraising

45,030

44,011

Receipts from the National Postcode Lottery

13,500

14,667

Received from MSF-Germany
 Received from MSF-United Kingdom
 Received from MSF-USA
 Received from MSF-Canada
 Received from other MSF-sections

31,944
14,708
13,556
10,333
20,730

39,865
 12,880
 8,698
 11,693
 16,733

**Total received from MSF-sections
 (concerning project grants)**

91,271

89,869

Received from institutional donors

20,521

18,057

Interest received
 Received tax net and VAT
 Received from MSF-sections for monies advanced
 Other receipts

1,537
271
2,042
70

1,449
 356
 1,520
 271

Total other receipts

3,920

3,596

Total receipts

174,242

170,200

continued on page 11

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	31 December 2012	31 December 2011
Transport: Total receipts	174,242	170,200
Payments:		
Payments made in project countries	84,616	78,333
Commissioned to third parties	70	210
Grant to MSF-Spain	4,000	0
Payments to MSF-Germany	2,033	2,001
Payments to MSF-USA	2,011	1,967
Payments to MSF-Canada	1,786	1,682
Payments to MSF-United Kingdom	1,665	1,955
Payments to MSF-International (including contributions)	762	1,403
Payments to other MSF-sections	3,984	3,939
Payments to MSF-Supply and MSF-Logistique	8,364	8,544
Payments of grants received on behalf of other MSF-sections	0	244
Total payments to MSF-sections	24,605	21,735
Payments to suppliers of goods and services	40,149	45,787
Payments concerning (field) personnel	20,989	20,590
Other payments	0	0
Total payments at headquarters	61,138	66,377
Total payments	170,429	166,655
Cash flow from operating activities	3,813	3,545
Cash flow from investment activities		
Payments concerning investments in tangible fixed assets	504	300
Receipts from disinvestments	0	0
	504	300
Cash flow from financing activities		
Not applicable	0	0
Total cash flow	3,309	3,245

Cash Flow Statement for 2012
IN EURO THOUSANDS

BROUGHT FORWARD FROM PAGE 11

	31 December 2012	31 December 2011
Transport: Total cash flows	3,309	3,245
Adjustment for exchange rate differences	-218	371
Movement in liquidity position	3,091	3,616
Movement in liquidity position		
Liquidity position at the end of the financial year	103,005	99,914
Liquidity position at the beginning of the financial year	99,914	96,298
Movement in liquidity position	3,091	3,616

THE CASH FLOW

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. The cash flow between MSF-Holland and the MSF-sections is visible. The Cash Flow Statement also clearly shows which part of the expenditure has been made in the countries in which projects are being carried out.

The receivables decreased while stocks and operating assets as well as the short-term liabilities increased. This explains the difference between the movement in liquidity position and the Result Expenditure and Income.

RECEIPTS

Receipts from the MSF-sections concern 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 that are seconded to another MSF-section and advances to other MSF-sections for emergency aid projects.

PAYMENTS

The majority of payments made in the project countries are to local personnel. Transport and storage costs and locally purchased medical and nutritional materials are the next largest items. Given the current structure of the projects, amply half of the expenses for the projects are incurred 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 payments to the MSF-Network concern remuneration for hired-in employees posted to and working in the project countries. Employees posted abroad receive a contract of employment in the country in which they were recruited. In 2012 the payments remained with € 11.5 million at the same level as in 2011 (€ 11.5 million). Pension contributions, social security payments, income tax, and salaries have been included in the payments concerning the (expatriate) staff.

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 2012, a total of € 8.8 million (2011: € 8.6 million) was ordered from these purchasing organisations.

2 Explanation Statement of Expenditure and Income in 2012

This chapter explains the expenditure and income in the sequence of the Statement of Expenditure and Income. Note 2.9 shows the total of all costs with the relevant explanations. Note 2.10 onwards gives an explanation of income.

The amount spent on operational activities was 93% of the total expenditure (2011: 93%) and 93% of the total income (2011: 90%).

The total cost of own fundraising increased in 2012 from 15.2% to 15.6% of the amount raised, but remains substantially under MSF-Holland's internal indicator of 20% and the CBF norm of 25%.

The amount spent on management and administration in 2012 was 2.3% of the total expenditure (2011: 2.1%).

Additional management indicators used by MSF-Holland can be found in chapter 6 of these Financial Statements and in the Annual Report.

2.1 Emergency aid

IN EURO THOUSANDS

The costs of direct emergency aid relate to projects carried out or being carried out by MSF-Holland. This note gives an explanation concerning the costs of emergency aid per country and the division of these costs per country.

The expenditure on emergency aid increased by € 1.0 million, from € 140.5 million in 2011 to € 141.5 million in 2012. This increase is in line with the budget.

During the year the budget for unplanned emergency aid projects was allocated to emergencies. South Sudan experienced unrest at the border between Sudan and South Sudan, leaving a large population displaced in very distressing circumstances. MSF-Holland with the other MSF-sections responded with major emergency aid interventions providing basic health care and treatment of cholera.

Displacement of people (fleeing from violence) also prompted MSF-Holland to provide assistance for refugees and displaced in Iraq (fleeing from Syria) and in the Democratic Republic of Congo. MSF-Holland also responded to outbreaks of measles in the Democratic Republic of Congo. In Chad MSF-Holland responded to nutritional needs and outbreaks of meningitis. The cholera in Haiti flared up again and we extended our capacity to meet the needs. In Pakistan additional activities were deployed in response to floods. A new emergency aid project was opened in Yemen providing hospital care. In Afghanistan preparations were made to open emergency aid projects again in 2013.

More information on emergency aid projects is published on the website: www.artsenzondergrenzen.nl/annualreport.

	Medical and logistical personnel posted	National personnel	Medical materials	Building materials and sanitation facilities	Operational costs	Transport, storage and vehicles	Training and support for local institutions	Auditing, advising and support of projects	Other general costs	Project costs 2012	Budgeted project costs 2012	Project costs 2011
COSTS EMERGENCY AID												
Afghanistan	144	0	0	0	0	0	0	0	0	144	0	0
Bangladesh	798	868	361	39	118	147	0	9	5	2,345	2,457	2,636
Central African Republic	1,664	1,138	796	404	330	1,004	103	12	11	5,462	4,953	6,066
Chad	1,877	1,808	1,284	236	489	2,217	148	31	6	8,096	4,033	7,039
Colombia	441	856	37	8	116	120	4	31	-16	1,597	2,730	3,999
DR Congo	4,644	6,155	3,838	1,201	1,146	2,934	1,391	119	173	21,601	16,728	18,033
Ethiopia	2,030	2,358	1,106	381	483	1,662	195	92	93	8,400	9,065	9,239
Haiti	1,095	5,107	1,012	426	191	552	2	20	35	8,440	6,325	11,093
India	1,093	1,249	645	287	226	237	2	50	8	3,797	4,027	4,018
Iraq	308	544	37	7	289	80	232	7	6	1,510	1,660	1,658
Ivory Coast	14	11	0	0	11	-3	0	0	2	35	15	2,097
Kenya-LCN	137	114	13	16	42	57	0	1	20	400	328	310
Liberia	10	0	0	0	0	5	0	0	0	15	12	1,424
Myanmar	1,341	3,540	4,519	325	241	806	37	30	104	10,943	11,557	11,803
Nigeria	1,847	2,799	2,154	268	328	775	54	29	13	8,267	9,413	7,332
Pakistan	1,407	1,816	1,033	357	170	523	90	6	23	5,425	5,231	4,326
Papua New Guinea	1,117	1,223	249	80	237	357	48	24	7	3,342	3,105	2,595
Russia	442	2,420	1,011	87	318	116	51	44	2	4,491	4,391	3,731
Somalia	519	3,192	979	231	306	1,295	0	16	69	6,607	8,238	8,089
Somaliland	313	186	68	14	30	275	56	2	-1	943	1,036	2,484
Sri Lanka	92	59	5	2	23	19	0	12	2	214	226	2,039
South Sudan	4,830	5,014	3,041	1,511	859	4,770	20	80	-22	20,103	11,798	11,697
Swaziland	625	1,297	783	368	106	283	61	0	5	3,528	3,933	3,504
Tajikistan	564	164	233	56	125	149	14	2	7	1,314	1,200	437
Uganda	338	263	25	22	33	52	24	6	5	768	754	1,674
Transport: Subtotal costs emergency aid	27,690	42,181	23,229	6,326	6,217	18,432	2,532	623	557	127,787	113,215	127,323

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brought forward from page 14

	Medical and logistical personnel posted	National personnel	Medical materials	Building materials and sanitation facilities	Operational costs	Transport, storage and vehicles	Training and support for local institutions	Auditing, advising and support of projects	Other general costs	Project costs 2012	Budgeted project costs 2012	Project costs 2011
Transport: Subtotal costs emergency aid	27,690	42,181	23,229	6,326	6,217	18,432	2,532	623	557	127,787	113,215	127,323
Uzbekistan	1,393	1,283	1,930	472	284	523	34	23	46	5,988	6,284	5,116
Yemen	424	299	346	11	61	172	71	6	6	1,396	0	0
Zimbabwe	830	2,899	1,374	95	266	419	305	10	30	6,228	7,349	7,889
Various exploratory projects	80	4	4	0	2	12	1	0	1	104	0	51
Reserved in the budget for unplanned emergency aid projects											15,899	
	30,417	46,666	26,883	6,904	6,830	19,558	2,943	662	640	141,503	142,747	140,379
Other costs and movements in provisions for emergency aid costs	-579	0	1	0	0	82	0	0	22	-474		96
Total emergency aid expenditures 2012	29,838	46,666	26,884	6,904	6,830	19,640	2,943	662	662	141,029	142,747	140,475
Total emergency aid expenditures 2011	30,283	44,793	30,413	6,692	7,035	18,731	2,429	525	-426			140,475

The *Strategic Plan 2011-2014* established by the Board sets objectives for the type of projects to be carried out. These objectives can be linked to the costs of emergency aid. This page shows three graphics which illustrate the expenditure on emergency aid and the source of financing of the emergency aid.

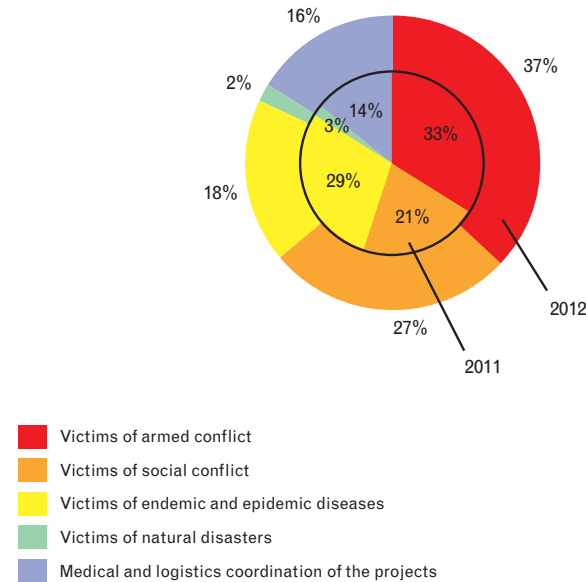
MSF-Holland works primarily in conflict areas. According to the Strategic Plan, at least 30% of its emergency aid should be carried out in conflict areas. In 2012 this was 58% (2011 72%).

In addition the graphics indicate which groups of beneficiaries have been reached by MSF-Holland.

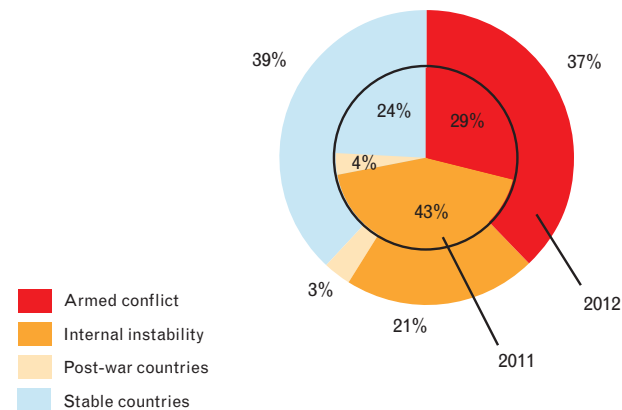
It is MSF-Holland's aim to fund 15% of the expenditure on emergency aid with grants from institutional donors. In 2012 15% (2011: 13%) of the emergency aid was funded by institutional donors.

Within the expenditure on emergency aid MSF-Holland aims at a share of about 15% to be spent on the costs for medical, logistical and administrative coordination. In 2012 the portion of coordination costs arrived at 16% of the total (2011: 14%).

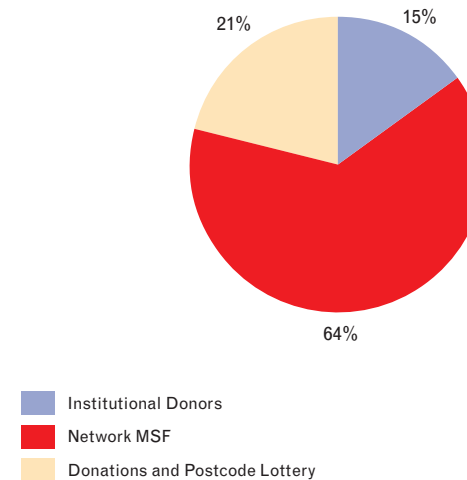
EMERGENCY AID FOR VICTIMS OF CONFLICT



EMERGENCY AID IN CONFLICT AREAS



EMERGENCY AID FUNDING 2012



2.2 Preparation and coordination

IN EUROT H O U S A N D S

	Explanatory notes	2012	Budget 2012	2011
Direct costs	<i>note 2.9</i>	1,634	1,202	1,214
Costs personnel head office	<i>note 2.9</i>	7,209	7,218	6,846
Attributed overhead costs	<i>note 2.9</i>	2,880	3,223	3,123
Total		11,723	11,643	11,183

The increase in the expenditure for preparation and coordination is explained by the increase in the number of FTE's (plus 10) employed in this category. (See note 2.9 c as well)

2.3 Information and awareness-raising

IN EUROT H O U S A N D S

	Explanatory notes	2012	Budget 2012	2011
Direct costs				
Periodical <i>Hulp</i> post (25%; see also chapter 4, Accounting Principles)		346	358	303
Contributions to the international campaign Access to Essential Medicines		259	237	222
General communications and information activities		1,049	1,302	934
		1,654	1,897	1,459
Attributable costs				
Costs personnel head office	<i>note 2.9</i>	650	720	627
Attributed overhead costs	<i>note 2.9</i>	49	52	47
Total		2,353	2,669	2,133

2.4 Commissioned to third parties 2012

IN EUROT H O U S A N D S

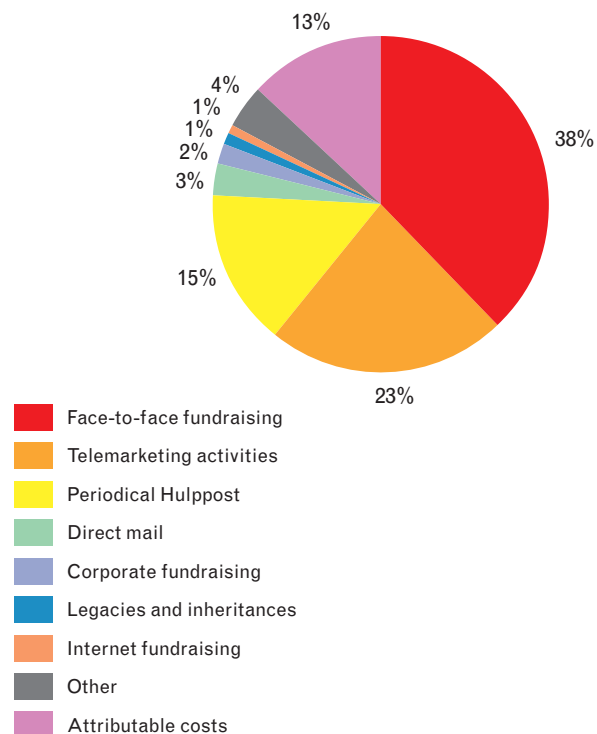
	2012	Budget 2012	2011
Grant to MSF-Spain: projects in Central African Republic and South Sudan	4,000	4,000	0
Contributions to the international MSF funds for innovative projects, MSF-International	253	253	253
Grant to MSF-Belgium: South Sudan, Maban refugees	250	0	0
Contribution to Drugs for Neglected Diseases initiative (DNDi) through MSF-International	105	0	0
Grant to Amsterdam Institute for Global Health and Development	38	0	0
Grant to the Blacksmith Institute to support clean-up of lead contamination in Nigeria	19	0	157
Grant to MSF-France for the project related to the 2011 Tsunami in Japan	0	0	53
Total commissioned to third parties	4,665	4,253	463

2.5 Costs own fundraising

IN EUROT H O U S A N D S

	Explanatory notes	2012	Budget 2012	2011
Direct costs				
Face-to-face fundraising		2,608	2,430	2,164
Telemarketing activities		1,595	1,716	1,055
Periodical Hulppost (75%; see also chapter 4, Accounting Principles)		1,037	1,075	908
Direct mail		186	110	416
Corporate fundraising		149	170	197
Legacies and inheritances		75	152	94
Internet fundraising		42	50	631
Other and general costs of fundraising		263	231	292
		5,955	5,934	5,757
Attributable costs				
Costs personnel head office	note 2.9	792	817	762
Attributed overhead costs	note 2.9	59	59	57
Total		6,806	6,810	6,576

FUNDRAISING EXPENSES 2012

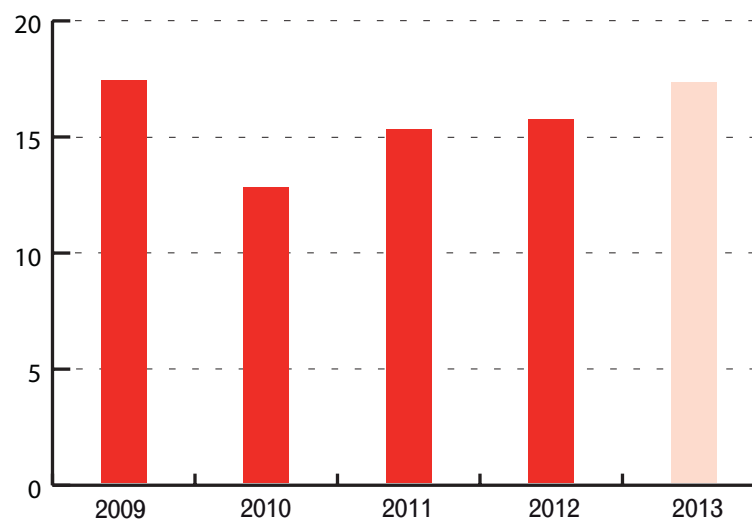


As planned in 2012 more was invested in face-to-face fundraising and telemarketing compared to 2011 despite the fact that the fundraising market for these channels remains challenging.

The composition of the fundraising expenditure is shown on this page. The composition of the income (see note 2.10 c) is presented in the same categories as the expenditure to allow for a better comparison of costs versus income.

In 2012, 13.3 full-time staff members worked on fundraising activities (2011: 12.3 full-time staff).

COSTS OWN FUNDRAISING AS % OF INCOME OWN FUNDRAISING



Compared to the previous year, the total fundraising expenditure increased from 15.2% to 15.6% of the funds raised. In the period 2010-2012, the fundraising expenditure averaged 14.5% of the funds raised. This puts MSF-Holland 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.

The fundraising activities of MSF-Holland 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.

2.6 Costs third-party appeals

IN EUROT H O U S A N D S

	Explanatory notes	2012	Budget 2012	2011
Communication and facilities costs <i>Tour for Life</i>		250	226	224
Joint Information activities in television broadcasts of the National Postcode Lottery		242	257	242
Other		5	5	5
		497	488	471
Attributable costs				
Costs personnel head office	note 2.9	59	66	62
Attributed overhead costs	note 2.9	5	5	5
Total		561	559	538

The costs of communication and facilities for participants and volunteers of the *Tour for Life* totalled € 464,741 in 2012 (2011: € 325,281). In 2012 669 cyclists and 323 volunteers and helpers participated in the event.

Together they contributed € 214,700 (2011: € 101,091) of their own funds toward the costs of their travel and accommodation. MSF-Holland paid the remainder of € 250,041 (2011: € 224,190) to the Emo Foundation as reported here. The net costs were 16.8% (2011: 23.0%) of the income received by MSF-Holland (see note 2.11). In 2012 an average of 1 full time equivalent was allocated to third-party appeals.

2.7 Costs of acquiring grants from institutional donors

IN EUROT H O U S A N D S

	Explanatory notes	2012	Budget 2012	2011
Direct costs	note 2.9	11	11	10
Costs head office personnel	note 2.9	125	135	126
Attributed overhead costs	note 2.9	9	10	9
Total		145	156	145

The expenditure of acquiring grants from institutional donors particularly concern the head office costs for submitting requests for a grant 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 direct aid. The income from institutional donor grants increased by € 3.0 million to € 20.6 million in 2012.

2.8 Costs Management and administration

IN EUROT H O U S A N D S

	Explanatory notes	2012	Budget 2012	2011
Direct costs	<i>note 2.9</i>	1,252	1,048	941
Contributions to the MSF-International office	<i>chapter 5</i>	598	582	594
Costs personnel head office	<i>note 2.9</i>	1,936	2,078	1,843
Attributed overhead costs	<i>note 2.9</i>	146	150	138
Total		3,932	3,858	3,516

The costs of management and administration amounted to 2.3% of the total expenditures in 2012 (2011: 2.1%) 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 Principles.

2.9 Total all costs, specification and division of costs according to type and allocation

IN EUROT H O U S A N D S

The overview on the following pages shows a total of all costs. The costs of headquarters' personnel and the overhead costs are divided in proportion to the attributed number full-time equivalents (FTE) employed at headquarters during the year. The costs of the overhead are shown in full in the summary of total costs before being allocated to the other cost categories. MSF-Holland wants to show the size and the type of these costs and also indicate the attribution of overhead and management and administration to its main activities. The attribution of costs to the different activities is explained in more detail in chapter 4, Accounting Principles.

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

	Spent on Association goals				Fundraising			Management and administration	To be attributed			
	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	Overhead	2012 Total	Budget 2012 total	2011 Total
Number of full-time equivalents working during the year	560		121	11	13	1	2	32	13	753	752	780
Direct costs emergency aid	141,029									141,029	142,747	140,475
Commissioned to third-parties contributions		4,307	-	-	-	-	-	-	-	4,307	0	210
		358	112	259	-	-	-	598	-	1,327	819	1,069
Publicity and communications		-	-	894	4,964	492	-	-	-	6,350	6,522	6,035
Housing costs		-	-	-	-	-	-	-	880	880	1,010	962
Office and general costs		-	170	446	924	-	-	340	1,087	2,967	3,234	3,206
Cost stocks for emergency aid		-	387	-	-	-	-	-	-	387	270	244
Travel and accommodation costs		-	614	55	67	5	11	165	64	981	955	854
Advice costs		-	229	-	-	-	-	389	189	807	663	671
Costs Board and Association		-	-	-	-	-	-	102	-	102	104	100
Costs MSF-India - branch office		-	122	-	-	-	-	256	-	378	180	0
Depreciation and interest		-	-	-	-	-	-	-	173	173	0	177
	141,029	4,665	1,634	1,654	5,955	497	11	1,850	2,393	159,688	156,503	154,003
Costs to be divided for head office personnel												
• Salaries and social security		-	5,846	527	642	48	102	1,570	612	9,347	10,249	8,427
• Pension contributions		-	727	66	80	6	12	195	76	1,162	1,144	1,056
• Other personnel costs		-	636	57	70	5	11	171	67	1,017	547	1,543
Subtotal all costs	141,029	4,665	8,843	2,304	6,747	556	136	3,786	3,148	171,214	168,443	165,029
Distribution of overhead costs			2,880	49	59	5	9	146	-3,148			
Total all costs	141,029	4,665	11,723	2,353	6,806	561	145	3,932	0	171,214	168,443	165,029

2.9 a Composition of the Expenditures

MSF-Holland uses two main indicators to monitor the relationship between different expenditures. Expenditure on operational goals on the one hand (see note 2.9 a), and expenditure on the Amsterdam headquarters on the other hand. The expenditure on headquarters may be a maximum of 20% of the total costs. In 2012 the headquarters costs were 14.9% of the total costs (2011: 14.6%)

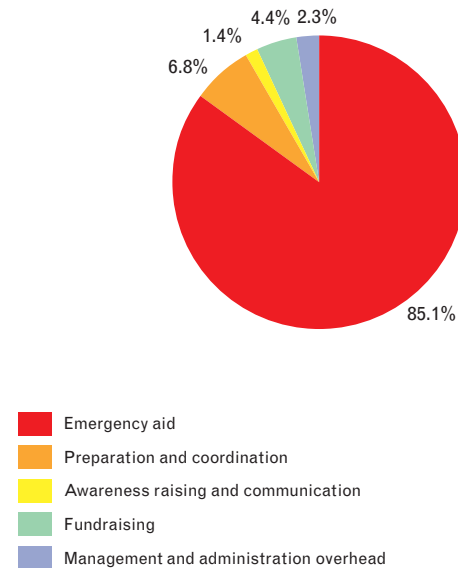
The following targets have been established for the headquarters expenditures related to the total expenditure:

- **Preparation and coordination**
8% of the total expenditure 2012: 6.8% (2011: 6.8%)
- **Fundraising**
5% of the total expenditure 2012: 4.4% (2011: 4.4%)
- **Management and administration**
3% of the total expenditure 2012: 2.3% (2011: 2.1%)

The percentages above are appropriate for the current composition of aid projects and the current size of the organisation. If the character and the complexity of the aid projects change the percentages can be adapted accordingly.

The Overhead costs of the Amsterdam headquarters were € 3.1 million in 2012 (2011: € 3.4 million).

COMPOSITION OF EXPENSES IN 2012



2.9 b Personnel

IN FULL-TIME EQUIVALENTS

Expatriate staff

Emergency aid - expatriate staff

Emergency aid - (Amsterdam) office staff seconded to project countries

Total FTE employed in project countries

Emergency aid - Non allocated FTE (paid in-between-mission leave, sick leave, etc.)

Total FTE expatriate staff

Amsterdam head office

Preparation and coordination

Information and awareness raising

Fundraising

Third party appeals and Institutional fundraising

Management and administration

Overhead

Total FTE in Amsterdam head office

Other personnel data

Emergency Aid - National staff employed in the project countries

Volunteers working at the head office in Amsterdam

Number of departures of expatriate staff

	2012	Budget 2012	2011
Emergency aid - expatriate staff	558	567	602
Emergency aid - (Amsterdam) office staff seconded to project countries	2	4	0
Total FTE employed in project countries	560	571	602
Emergency aid - Non allocated FTE (paid in-between-mission leave, sick leave, etc.)	17	18	16
Total FTE expatriate staff	577	589	618
	2012	Budget 2012	2011
Preparation and coordination	121	109	111
Information and awareness raising	11	11	10
Fundraising	13	13	12
Third party appeals and Institutional fundraising	3	3	3
Management and administration	32	31	30
Overhead	13	14	12
Total FTE in Amsterdam head office	193	181	178
	2012	Budget 2012	2011
Emergency Aid - National staff employed in the project countries	7,025	7,000	7,245
Volunteers working at the head office in Amsterdam	25	22	22
Number of departures of expatriate staff	996	1,094	1,120

The number of FTE involved in Preparation and coordination as well as Management and administration at head office increased (plus 10 FTE and plus 2 FTE respectively), whilst the number of FTE in the other categories remained about the same.

The increase in Preparation and coordination is caused by the increased volume of projects between 2009 and 2011 which requires additional support from headquarters.

2.9 c Salaries, social security and personnel costs

Expatriate staff salaries, social security and pension costs included in the item Medical and logistical staff posted (direct costs Emergency aid, note 2.1) are as follows:

	2012	Budget 2012	2011
• Salaries employees with MSF-Holland contract	9,303,053	8,682,000	9,231,341
• Social security costs	368,667	368,000	375,377
• Pension contributions	969,682	868,000	1,025,577
• Costs staff hired from other MSF-sections	9,560,656	9,150,000	9,443,776

Other general costs included in the item Medical and logistical staff posted (direct costs emergency aid, note 2.1) include personnel costs related to housing, international transport, training and preparation for departure and posting.

The increase in costs is due to that fact that the average cost per FTE for expatriate staff increased compared to 2011. This was a result of an increase in experienced staff (not first mission) both on a MSF-Holland contract and hired from other MSF-Sections.

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, € 1,250,299 (2011: € 1,070,996). The cost of recruitment of personnel, canteen costs and the costs of temporary and free-lance staff are included in the item Other personnel costs. In 2012 the item Other personnel costs decreased by 39% due to less expenditure for temporary staff and recruitment. The average salary costs (including pension and social security) per FTE increased by 1.8%.

In total this resulted in a decrease of the average costs of staff employed at head office by 4% compared to last year.

2.9 d Auditors costs

IN EUROT H O U S A N D S

In 2012 MSF- Holland changed statutory auditors from KPMG to PwC. The following fees were paid to auditors in 2012:

	Allocated to:	2012	Budget 2012	2011
PwC Accountants; audit of the Financial Statements	Advice - head office	90	80	0
KPMG Accountants; audit of the Financial Statements	Advice - head office	0	0	82
PwC Accountants; audit contracts institutional donors	Audit, advice and project support	79	60	0
KPMG Accountants; audit contracts institutional donors	Audit, advice and project support	-10	0	59
Total Auditors costs		159	140	141

No special audit costs were incurred in 2012. Auditor costs for 2011 concern cost of KPMG.

2.9 e Board costs and expenses paid to Board members

IN EUROT H O U S A N D S

The Board of the Association MSF-Holland supervises the organizational policies as carried out by the director who has been appointed by the Board. 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:

	2012	Budget 2012	2011
Carrying out supervisory responsibilities	27	34	34
Association and General Assembly	29	27	17
International representation within the network Médecins Sans Frontières	32	32	32
Remuneration president P. de Graaf	66	67	66
	154	160	149

In addition to his unremunerated supervisory role, the President of the Association Board is a member of the Board of Médecins Sans Frontières International and is chairman of the MSF OCA-Council. These are two governance bodies in the international MSF-network in which MSF-Holland participates and in which MSF-Holland must be well represented (see also chapter 5: Partnerships). For the time spent in fulfilling duties concerned with international governance the president received compensation in the amount of € 66,000 (2011: € 65,500). The time spent on these specific governance activities is comparable to 0.42 FTE (2011: 0.52 FTE). The remuneration paid is in accordance with the maximum remuneration approved by the General Assembly. In total the president spent at least 1,523 hours (2011: 1,489 hours) on fulfilling his board duties.

In 2012 the other Board members did not receive any remuneration from the Association MSF-Holland. No loans, advances or guarantees were provided to Board members.

As at December 31, 2012, the number of Board members of the Association MSF-Holland comprised: 8 (2011: 8). The minimum number of Board members required according to the statutes of the Association is 7.

2.9 f Employment and remuneration of the Directors

MSF-Holland has a titular director. In 2012 this position was occupied by Mr. A. Hehenkamp. In 2012 1 FTE was used for the position of General Director (2011: 1 FTE). The General Director is supported by a Management Team of 4

directors. The position of Delegate Director was added in 2012. In 2012 a total of € 519,812 was spent on Directors' remuneration (see table below) for 4.33 FTE. In 2011 this was € 472,725 for 3.7 FTE.

Specification employment contract and remuneration of the Directors	Management Team				
	A. Hehenkamp	M. Langenbach	F. van Spengler	L. Shanks	K. Coppens
Function	General Director	Director Operations	Director Resources	Medical Director	Delegate Director
Employment details					
Type of contract	indefinite	indefinite	definite	indefinite	indefinite
Hours	40	40	40	40	40
Labour percentage	100%	100%	100%	100%	100%
Employment period in 2012	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/09 - 31/12
Remuneration					
Gross per year excluding holiday allowance	100,764	98,064	86,316	71,428	24,616
Holiday allowance	8,061	7,845	6,905	3,810	1,969
Other taxable allowances	0	0	0	0	0
Variable income	0	0	0	0	0
Subtotal (salary according to advisory scheme)	108,825	105,909	93,221	75,238	26,585
Other costs					
Pension contributions	17,849	22,936	18,916	8,655	4,767
Social security costs (including health insurance contribution)	8,518	8,518	8,518	8,518	2,839
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 2012	135,192	137,363	120,655	92,411	34,191

MSF-Holland applies the Guideline Advisory Scheme for the Remuneration of Directors of charity organisations as established by the VFI. This binding advice was revised in 2011. In the scheme the weight of the Director's function is measured on the basis of three criteria: size, complexity and organizational context. MSF-Holland arrives at a total of 570 points. In the management model applied to MSF-Holland, the General Director is measured at 92% (524 points), while each member of the Management Team measures 80% (456 points). Based on this scheme, MSF-Holland has classified the directors functions respectively to grade J and I, or € 140,046 and € 124,233 (salary table 2010). According to the scheme, pension and employer's costs are not included in these salary figures. The salary structure of MSF-Holland results in salaries under the maximum allowable in the VFI scheme.

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 two years extension. Expatriate tax regulations have been applied to the salary of the Medical Director. No loans, advances or guarantees were provided to any of the directors.

The Delegate Director, Ms. 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 2012 and both were not remunerated.

2.10 Income from own fundraising

IN EUROTHOUSANDS

	Explanatory notes	2012	Budget 2012	2011
Donations from telemarketing		12,327	11,817	11,388
Donations from mailings, including <i>Hulppost</i>		10,409	11,595	10,955
Inheritances		9,602	9,000	10,856
Donations from face-to-face fundraising		5,055	5,319	4,741
Donations from corporate fundraising		2,487	3,289	2,058
Other donations received		1,934	1,104	1,896
Internet donations		1,018	1,324	747
Grants from private organisations and provincial governments	note 2.10 b	895	225	518
Contributions from Association members		6	6	6
Total		43,733	43,679	43,165

The income from inheritances as stated in 2012 is affected by the change in accounting principles on the valuation of inheritances (see chapter 1) that is applied starting 2012. Would the accounting principles of 2011 have been applied, the income in 2012 would have been € 1,551 thousand higher. Comparative figures for 2011 have not been changed here.

2.10 a Earmarked income from own fundraising

(SEE ALSO NOTE 3.9D ; THE APPROPRIATED FUND)

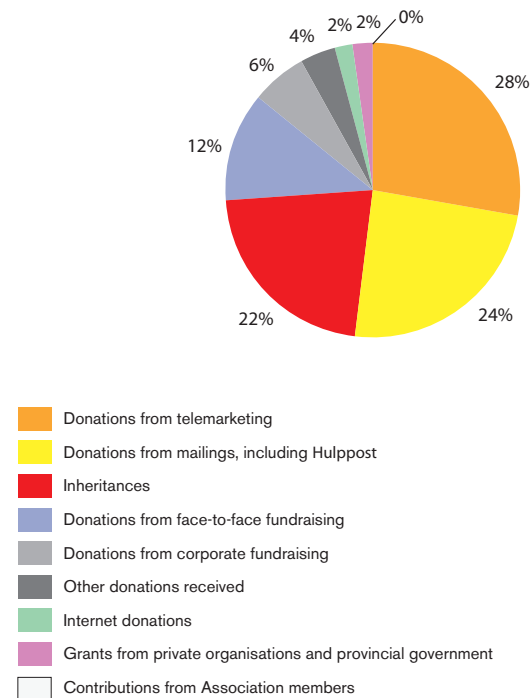
	Receipts in 2012	Expenditures in 2012	Not spend in 2012
Donations and gifts for Somalia	20	-20	0
Donations and gifts for South Sudan	1,116	-1,116	0
Donations and gifts for various countries	44	-44	0
Grants from private organisations for various countries	896	-896	0
Balance as at 31 December to allocation funds	2,076	-2,076	0

2.10 b Grants from private organisations

	Allocation	2012	2011
C&A Foundation	Pakistan floods	500	0
C&A Foundation	Nigeria Goronyo	167	0
Adessium Foundation	Somalia	0	300
Medicor Foundation	Ethiopia	229	218
		896	518

2.10 c Composition of income from own fundraising

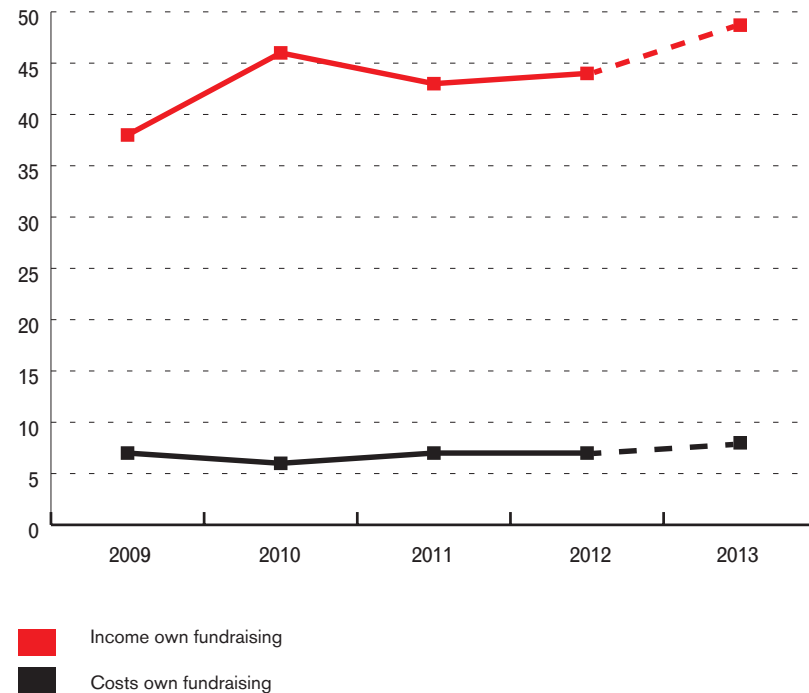
INCOME FROM OWN FUNDRAISING IN 2012



The income from own fundraising increased according to plan by € 0.6 million from € 43.1 million in 2011 to € 43.7 million in 2012.

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 above.

INCOME AND COSTS FROM OWN FUNDRAISING



2.11 Income from third-party appeals

IN EUROTHOUSANDS

	2012	Budget 2012	2011
Proceeds National Postcode Lottery , regular draw	13,500	13,500	13,500
Proceeds <i>Tour for Life</i> received from Emo Foundation	1,489	1,116	975
	14,989	14,616	14,475

In 2012 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. In 2009 MSF-Holland entered into a

contract with the Emo Foundation for the organization of the cycling event Tour for Life. In 2012 the *Tour for Life* was held for the fourth time and MSF-Holland received the amount of € 1,489,265 from the Emo Foundation for the event.

2.12 Grants from within the MSF-network

IN EUROTHOUSANDS

Grants from within the MSF-network	2012	Budget 2012	2011
MSF-Germany	33,450	30,800	40,037
MSF-United Kingdom	15,029	14,923	13,762
MSF-Canada	13,118	12,109	12,949
MSF-USA	12,213	11,300	9,232
MSF-Hong Kong	5,532	5,000	6,238
MSF-Austria	5,301	3,600	3,502
MSF-Sweden	5,092	5,160	5,841
MSF-International	699	500	917
MSF-Norway	533	0	6
MSF-Denmark	147	0	211
MSF-Ireland	120	0	364
MSF-France	56	0	0
MSF-Belgium	0	0	561
MSF-Italy	0	0	409
MSF-Luxembourg	0	163	
Total grants from the MSF-network	91,290	83,392	94,192

The income from grants from within the MSF-network ended somewhat lower as in 2011, although a much bigger decrease was expected. The increase from Canada, Hong Kong and USA can be explained by exchange rate differences between moment of budgeting and moment of receipt of the grant. The grants from Austria and Germany were higher than expected due to higher private income from own fundraising in these countries.

2.13 Grants from institutional donors

IN EUROT H O U S A N D S

Grants from institutional donors came from:	2012	Budget 2012	2011
European Union (ECHO and EU)	8,881	8,321	5,896
Swedish government (Sida)	3,138	2,570	3,291
Canadian government (CIDA)	2,434	3,601	1,286
Global Fund (GFATM)	1,949	3,703	2,710
Norwegian government (NORAD, NRMFA)	1,765	3,616	958
German government (AA)	950	563	1,200
Danish government (DANIDA)	556	1,294	697
Irish government (Irish Aid)	459	460	605
Swiss government (SDC)	332	422	457
Czech Republic government (Czech MFA)	119	225	121
Other institutional donors	0	0	150
United Nations (UNAIDS, UNHCR, UNICEF)	-21	0	239
Total	20,562	24,775	17,610

The project grants refer to the portion of the grants awarded that concern activities carried out in the financial year.

2.14 Other income

IN EUROT H O U S A N D S

	2012	Budget 2012	2011
Income from interest	1,584	1,000	1,553
Total	1,584	1,000	1,553

In 2012 the average balance on the deposit accounts was slightly higher than in 2011. The interest rates decreased during the year leading to almost similar amounts of

interest received in 2011 and 2012. The development of the amount of interest received over the past 5 years is shown in note 3.8.

2.15 Exchange results from transactions in non-euro currency

IN EUROTHOUSANDS

	2012	Budget 2012	2011
Realised exchange results from transactions in non-euro currencies	204	0	729
Unrealised exchange results from transactions in non-euro currencies	-26	0	177
Total	178	0	906

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 2012 primarily positive exchange rate results were realized on donor contracts stated in the American Dollar and other non-euro currencies. In 2012 MSF-Holland did not make use of financial instruments to control currency risk on various foreign currencies.

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

	2012	2011	2010	2009	2008
Realised exchange results from transactions in non-euro currencies	204	729	792	93	-848
Unrealised exchange results from transactions in non-euro currencies	-26	177	72	-18	-535
Total exchange rate result from transactions during the year	178	906	864	75	-1,383

2.16 Donations in kind

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 programmes. 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.

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 € 1,983,429 in 2012 (2011 approximately € 1.7 million).

Donations in kind per donor and per category	Medicines	Medical material	Laboratory	Medical kit	Therapeutic food	Non therapeutic food	Relief items / Other	Total 2012
Brian Bell Lae	0	0	0	0	0	0	829	829
Consultative Implementation & Monitoring Council (CIMC)	0	0	0	0	0	0	56,863	56,863
Medical Action Myanmar (MAM)	744	0	0	0	0	0	0	744
Ministries of Health	1,035,860	3,766	8,269	0	0	0	0	1,047,895
National Aids Program Myanmar (NAP)	0	802	0	0	0	0	0	802
National TB Program Myanmar (NTP)	60,779	102	0	0	0	0	0	60,881
United Nations (UNFPA)	624	339	0	0	0	0	0	963
United Nations (UNICEF)	3,263	6,516	0	0	216,524	0	4,358	220,661
United Nations (WFP)	0	0	0	0	0	578,560	0	578,560
United Nations (WHO)	1,756	0	0	3,476	0	0	0	5,232
Total	1,103,026	11,525	8,269	3,476	216,524	578,560	62,050	1,983,429

Donations in kind per country

Central African Republic	16,214
Chad	224,712
DR Congo	9,185
Myanmar	623,636
Papua New Guinea	57,692
South Sudan	12,054
Swaziland	257,602
Uzbekistan	442,362
Zimbabwe	339,973
Total	1,983,429

MSF-Holland head office also receives donations in kind for its activities. Primarily, these concern advertisements in the media and on websites and all sorts of advisory services. In 2012 MSF-Holland received pro-bono support and advice on management and organizational issues by Bain & Company NL (organization, KPI) and IG&H Consulting (communication and fundraising strategy).

3 Explanation of the Balance Sheet

3.1 Tangible fixed assets

3.1 a Operating assets

IN EUROT H O U S A N D S

	Leasehold improvements	Inventory	Hardware/software	Total
Purchase value				
Balance as at 1 January 2012	175	499	1,691	2,365
Purchases	0	0	726	726
Disinvestments	0	0	0	0
Balance as at 31 December 2012	175	499	2,417	3,091
Depreciation				
Balance as at 1 January 2012	175	499	1,167	1,841
Depreciation	0	0	169	169
Disinvestments	0	0	0	0
Balance as at 31 December 2012	175	499	1,336	2,010
Balance sheet value as at 31 December 2012	0	0	1,081	1,081

The purchase of hardware/software concerns investment in a new server and expansion of the network hardware in the Amsterdam office, and the development of logistical and financial software as part of an international MSF project. The

software is for use in the emergency aid projects and will be deployed in the course of 2013. No depreciation of this software has been booked in 2011 and 2012 since the development is still ongoing.

3.1 b Real estate

IN EUROT H O U S A N D S

	2012	2011
Property and buildings Vierhouten	541	541
Estimate sales value as at 31 December	541	541

In 2010 MSF-Holland received a gift of real estate in Vierhouten from an inheritance. The inheritance stipulates that the property and buildings must be used for 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.

3.2 Stocks

IN EUROT H O U S A N D S

Stock for Association goals - emergency aid:

	2012	2011
Medical materials	2,119	1,777
Transport equipment	1,421	1,161
Other materials	799	426
Stocks as at 31 December	4,339	3,364
Provision for obsolescence	-20	-29
Balance as at 31 December	4,319	3,335

Included in this item are stocks for direct aid that are kept in the Netherlands (see also chapter 4, Principles). The value of the project-related stocks taken into stock as at 31 December 2012 amounts to € 1,741,047 (2011: € 1,326,418). The other stocks have not yet been allocated to aid projects and concern free stocks and so-called emergency stocks. The item Other materials consists mainly of emergency housing materials (tents, tools, etc.) and water and sanitation equipment for the projects.

The provision for obsolescence concerns medical materials for which the shelf life is about to expire. In 2012 the actual write-off was € 66,746.

In 2012, as in previous years, a small 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.

3.3 Receivables from third-party appeals

IN EUROT HUNDREDS

	2012	2011
Receivables from the Emo Foundation, <i>Tour for Life</i> event	1,489	0
Balance as at 31 December	1,489	0

The entire contribution for 2012 from the *Tour for Life* event was received in January 2013.

3.4 Receivables from within the Médecins Sans Frontières Network

IN EUROT HUNDREDS

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

	2012	2011
Balance as at 1 January	12,908	8,319
Project grants awarded	90,774	93,760
Exchange rate differences	-462	335
Project grants received	-90,430	-89,506
Unspent project grants	0	0
Balance as at 31 December	12,790	12,908

The receivables from MSF-sections include an amount of € 224,712 which concerns project grant contracts applying to 2013. The remaining receivables concern project grant contracts which ended in 2012. All the receivables are short-term and are expected to be received in the first quarter of 2013. The difference between the item Project grants received above and the item Total received from MSF-sections (concerning project grants) in the cashflow statement is explained by exchange rate valuation difference between contract date and the date of actual receipt of the funds.

3.5 Receivables from institutional donors

IN EUROTHOUSANDS

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:

	2012	2011
Balance as at 1 January	7,555	5,064
Project grants awarded	18,006	20,273
Exchange rate differences	-253	366
Project grants received	-20,475	-17,967
Non-allocated project grants	-300	-181
Balance as at 31 December	4,533	7,555
The receivables are as follows:		
Receivables from terminated project grant contracts	3,913	1,342
Receivables from current project grant contracts	620	6,213
Balance as at 31 December	4,533	7,555

Receivables from institutional donor grants have a term shorter than one year. The receivables from institutional donor decreased as more funds were received during the year. The difference between the item Project grants received above and the item Received from institutional donors in the cashflow statement is explained by exchange rate valuation difference between contract date and the date of actual receipt of the funds.

3.6 Receivables from inheritances

IN EUROT H O U S A N D S

	2012	2011
Receivables from inheritances	6,236	7,417
Balance as at 31 December	6,236	7,417

Receivables from inheritances represents the valuation of the inheritances received of which settlement is in progress. The 2011 figure has been increased and moved from other receivables (note 3.7 below) following the change in accounting principles on the valuation of income from inheritances that is applied as of 2012.

As at December 31, receivables from inheritances includes 55 properties (2011: 68 properties) that are held for sale.

3.7 Other receivables and accrued income

IN EUROT H O U S A N D S

	2012	2011
Prepayments and accrued income	2,720	2,425
Receivable from other MSF-sections	461	671
Taxes and social security contributions to be received	117	46
Pre-paid pension scheme contributions	26	54
Debtors	3	7
Balance as at 31 December	3,327	3,203

All other receivables and accrued income are short-term. All the amounts receivable concern the normal course of operations

As in 2011, in 2012 no provision for doubtful debtors was included.

3.8 Cash at bank and in hand

IN EUROTHOUSAND

	2012	2011s
Balance of cash at bank and in hand at headquarters	96,911	92,331
Balance of cash at bank and in hand at projects	6,094	7,583
Balance as at 31 December	103,005	99,914

The headquarters' balance of cash at bank includes immediately accessible savings accounts and 1-monthly to 12-monthly deposits to the sum of € 81,944,658 (2011: € 82,349,766). These are held at the ABN-AMRO bank, ING bank and RABO bank. MSF-Holland holds its main operating cash management accounts at ABN-AMRO bank (NL). In 2012 MSF-Holland did not use financial instruments to control currency risk on various foreign currencies.

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; there are subsequently no investment or exchange rate results included in this overview. In 2013, with the review of the principles determining the reserves (see note 3.9 a as well) the Board will reconsider its investment policies.

	2012	2011	2010	2009	2008
Balance as at 1 January	82,350	76,044	58,981	48,909	32,563
Balance as at 31 December	81,945	82,350	76,044	58,981	48,909
Increase during the year	-405	6,306	17,063	10,072	16,346
Net result cash at bank (interest received)	1,584	1,553	1,071	1,495	1,390

3.9 Reserves and Funds

IN EUROT H O U S A N D S

	Continuity reserve	Appropriation reserves	Other free reserve	Appropriated fund	Total 2012	Total 2011
Balance as at 1 January	80,000	4,400	33,855	922	119,177	105,308
Allocation of the result	5,000	1,541	-5,236	-183	1,122	6,872
Impact change of accounting principle						6,997
Balance as at 31 December	85,000	5,941	28,619	739	120,299	119,177

In 2012 accounting policies with respect to the valuation of income from inheritances changed. The effect of this change is processed directly into the

reserves and funds. See also chapter 1 of these Financial Statements.

3.9 a Continuity reserves

IN EUROT H O U S A N D S

In accordance with the Board's resolution, a continuity reserve has been formed. The amount of the reserve has been set at the average amount (over three years) of expenditures needed to ensure the unimpeded progress of the projects and the related supporting activities for a six-month period. In 2012 the board approved an addition of € 5,000,000 to the continuity reserves. MSF-Holland's continuity reserve satisfies the standing guidelines and complies with the standard set by the Board.

Within the network Médecins Sans Frontières, a reserve 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. According to the conditions of the CBF certification, the continuity reserve should not exceed a maximum of one and half times the yearly costs for the operational activities. MSF-Holland considers the emergency aid expenses including the related supporting activities and the costs of fundraising to be costs of the operational activities. Depreciation costs, contributions and one-off items are not included here. Payable grants to third parties are short term liabilities and are also not included.

In 2012 the Board started reviewing the principles determining the continuity reserve. Given the size of the continuity reserve and the financial guarantees and stability which have arisen from the mutual agreements made within the MSF network, it is considered necessary to find a more appropriate rationale for basing the continuity reserves on. As part of this process the need for working capital (financing), buffer capital based on risk management, the reserves required for future investment and funding for immediate start-up of emergency aid projects will be taken into account. In 2013 adjustments to the continuity reserves are expected. Following these adjustments investment policies will be reconsidered by the Board.

The extent of the continuity reserve is calculated as follows:

	Expenditure 2011	Expenditure 2012	Budget 2013	6-month average
Emergency aid	140,475	141,029	152,000	72,251
Preparation and coordination	11,183	11,723	11,979	5,814
Information and awareness raising	2,133	2,353	2,904	1,232
Own fundraising	6,576	6,806	7,705	3,515
Actions third parties	538	561	711	302
Acquisition grants institutional donors	145	145	159	75
Management and administration	3,516	3,932	4,396	1,974
	164,566	166,549	179,854	85,162
Deduct:				
Depreciation costs	177	173	250	100
One-off expenses (fundraising)	0	0	0	0
Contributions	816	857	996	445
Target continuity reserves (6 months) as at 31 December	163,573	165,519	178,608	84,617
Actual continuity reserves as at 31 December				85,000
Target lower limit (3 months) continuity reserves as at 31 December				42,308

At the end of 2012, 87% of the reserves were retained in cash at hand and in bank (2011: 89%). MSF-Holland needs a solid liquidity position to be able to guarantee the unhindered progress of its aid projects and to come into action quickly if need be.

3.9 b Appropriation reserves

IN EUROTHOUSANDS

The appropriation reserve is used to finance the tangible fixed assets and stocks and calculated as follows:

	Tangible fixed assets	Stocks	Total 2012
Balance as at 1 January	1,065	3,335	4,400
Allocation of the result	557	984	1,541
Balance as at 31 December	1,622	4,319	5,941

In 2012 the appropriation reserve increased as a consequence of the investment in hard- and software. In addition, the value of the stocks increased. The increase of the appropriation reserves is financed via the allocation of the result from 2012.

3.9 c Other free reserves

In 2012 through the allocation of the result the other free reserves decreased by € 5.2 million. The other free reserves will be spent as much as possible on projects in 2013 and the following years. This has be taken into account in the budget planning for the coming years (see also chapter 6, Long-term forecast).

As of 2012 the other free reserves include an amount of € 5.4 million (2011: € 7.0 million) that are a result of the accrual of receivables from legacies and inheritances and that are not readily available for emergency aid projects

3.9 d Appropriated funds

IN EUROTHOUSANDS

The appropriated funds contains the funds 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 2011	Receipts in 2012	Expenditure in 2012	Unused at year end 2012
Earmarked income from own fundraising:				
Earmarked for South Sudan	0	1,116	-1,116	0
Earmarked for Somalia	120	20	-140	0
Earmarked for Pakistan	91	0	-91	0
Earmarked for various countries	0	44	-44	0
Subsidies of private foundations for various countries	0	896	-896	0
Earmarked from inheritance	711	26	-18	719
Earmarked endowment funds	0	20	0	20
Balance as at 31 December	922	1,006	-1,189	739

The earmarked funds from inheritance concern the maintenance and use of the property in Vierhouten. This item has been increased by the interest received.

3.10 Short-term liabilities

IN EUROTHOUSANDS

	2012	2011
Payable to other MSF-sections	5,729	2,846
Accounts payable/creditors	4,306	2,816
Taxes payable	1,683	1,449
Outstanding payments to suppliers in project countries	1,398	947
Payable to head office staff and expatriate staff	1,218	1,254
Payable to local project staff	953	1,049
Budgetary commitments (see specification below)	872	4,454
Provisions for litigations	53	568
Other liabilities	810	837
Balance as at 31 December	17,022	16,220

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

Budgetary commitments are commitments arising from awarded project grants for which the total eligible costs in 2012 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.

The item Budgetary commitments developed in the year as follows:

	2012	2011
Balance as at 1 January	4,454	2,179
Listed under long-term liabilities as at 1 January	0	0
Project grants awarded in this financial year	108,780	114,033
Exchange rate differences	-210	225
Project grants from institutional donors	-20,562	-17,610
Project grants from other MSF-sections	-91,290	-94,192
Total project grants	-111,852	-111,802
Non-allocated project grants	-300	-181
Balance as at 31 December	872	4,454

The budgetary commitments at the end of the 2012 financial year refer entirely to the implementation of projects in 2012 and 2013 and are thus short-term commitments. There were no long-term budgetary commitments at the end of 2012.

3.11 Commitments not included in the balance sheet

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 € 4.4 million for 2013 up to and including 2018. € 0.8 million refers to 2013, € 3.3 million to the years 2013-2017, and € 0.3 million to the year 2018.

Bank guarantees for the benefit of third parties were granted for the rental contract of the office in Amsterdam (€ 189,326). In addition a bank guarantee of € 10,000 has been given to ADAC for the temporary registration of MSF-Holland vehicles in India.

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 € 52,535 (2011: € 567,642). 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 Principles

GENERAL

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.

In 2012 the accounting principles with respect to the valuation of income from inheritances have changed.

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. The following percentages are used:

- | | |
|----------------------------------------|--------|
| • leasehold improvements and inventory | 20% |
| • hardware and software | 33.33% |

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. No revaluation has taken place in 2012. 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 include 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) 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 insurance contract concluded with the life assurance company, has been limited to payment of the agreed contributions to the insurance company. These contributions are accounted for as expenses in the year they relate to. No future commitments arise from the concluded pension scheme with the life insurance company.

(b) As of 1 January 2013 a defined contribution pension scheme for all employees has been entered with a Premium Pension Institution (PPI). No future commitments arise from this pension scheme.

The explanation of the division of costs (note 2.9) shows the amount included as pension contributions for the relevant pension scheme.

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 headquarters and transported to the projects.

Relief supplies purchased through headquarters 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 included in the balance sheet. Outstanding orders for purchases are not included in the accounts. Outstanding orders are internally reported as budget commitment and included in the three-way matching procedure.

PREPARATION AND COORDINATION COSTS

Costs of preparation and coordination relate to the costs incurred by headquarters 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 has 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 5, 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 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. 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 with the goal (in part) of raising funds for MSF-Holland.

COSTS OWN FUNDRAISING

Fundraising costs relate to all costs of activities with the direct or indirect purpose to induce people and institutions to donate money for one or more goals of the association. 75% of the costs of the 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 AND OVERHEAD 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 below 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.

DIVISION OF PERSONNEL COSTS AND OVERHEAD COSTS

Personnel costs at head office have not been accounted for by MSF-Holland as direct costs but in proportion to the number of allotted full-time equivalents of personnel at head office working for certain activities. The overhead costs have been attributed in the same way to different activities. Note 2.9 in these Financial Statements explains the divisions of these costs.

Expenditures	Management & Administration	Overhead	Explanations
Board and association	100%	-	
General Director, Director Resources	100%	-	The Medical Director and Director Operations are attributed to social mission costs.
Delegate Director	50%		Other 25% Fundraising and 25% Communication.
Administrative support all directors and heads of department	100%	-	
ICT head office	-	100%	
Housing, facilities 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 contract-administration	100%	-	
Salaries and personnel costs	Pro rata	Pro rata	As much as possible attributed to factual deployment
Depreciation	-	100%	
General insurances	-	100%	
Audit and audit costs	100%	-	Auditors costs for grants are directly attributed to costs Emergency aid
Costs settlement and administration acquired inheritances	-	-	Costs fundraising including eventual legal expenditures
Legal expenses head office	100%	-	Costs of legalisations are attributed to social mission costs
Contribution to general costs MSF-International	100%		

INCOME OWN FUNDRAISING

Donations and gifts

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

Contributions

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

Inheritances

Inheritances are recognised on an accrual basis for 75% of 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. 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.

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 occurred 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 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 disclosed 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, 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 Partnerships

In the Guideline 650 for the Reporting of Fundraising Institutions attention is given to the financial reporting of organisations that structurally work together. MSF-Holland qualifies the cooperation within the international network Médecins Sans Frontières as a continuous and structural partnership, although none of the participating entities can be viewed as a formal principal. Consequently there is no obligation to draw up consolidated accounts. However, the current governance within the partnership does imply that significant mutual influence can be exercised on policy. Annually the MSF network publishes audited combined Financial Statements. Key 2011 figures are included in this chapter.

5.1 Médecins Sans Frontières partnership

MSF-Holland is part of the international network of Médecins Sans Frontières, in which 23 national organisations (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 organisation's objectives and identity, promotes mutual cooperation, and coordinates the growth of the associated organisations and the sharing and allocation of available resources.

- MSF-Holland appoints 2 of the 47 delegates of the General Assembly of the Association Médecins sans Frontières International;
- The president of MSF-Holland is 1 of the 13 members of the Board 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 2012, MSF-Holland's share was 7.03% of the total expenditures of the Association Médecins sans Frontières International. For 2013 the contribution has been set at 7.40%. In 2012 the contribution totalled € 598,301.

Intensive international cooperation and coordination of policy and execution are important because the activities of individual organisations both influence and depend on each other to a great extent.

There is a real chain of risks in many areas. For example, there are risks of reputation, security risks and financial risks.

5.2 Operational centre Amsterdam partnership

MSF-Holland works in particular together with the MSF-sections in Canada, 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 of aid projects and there is no formal private organisation constituted.

The Board of MSF-Holland, together with the Boards of MSF-sections in Canada, Germany and the United Kingdom, established an umbrella organ: the OCA-Council. The OCA is governed by a Memorandum of Understanding between the parties. The OCA-Council has 6 voting members and one member with observer status.

- 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;
- In 2012 the president of MSF-Holland was also the president of the OCA-Council;
- 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 office organisations is run by the individual MSF-sections.

5.3 Financial cooperation and financial risks

- MSF-Holland contributes to the MSF International campaign Access to Essential Medicines. In 2012 the share of MSF-Holland was 7.03% of the expenditure of the campaign. MSF-Holland contributed € 258,313. For 2013 MSF-Holland's portion is set at 7.40%;
- MSF-Holland contributes 1% of the income out of own fundraising of 2008 to the international fund for innovation in projects that is managed by MSF-International. In 2012 the contribution was € 252,811;
- MSF-Holland takes part in the joint development for the purchase and development of software to improve the financial and logistics administration in the projects. The agreed budget for the projects was € 3,000,000 for the years 2011 and 2012. For 2013 a budget extension of € 1,000,000 is approved. The financial share for MSF-Holland is 25%. MSF-Holland delegates two of the 10 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 budget for the project is estimated at about € 7,000,000 for over the period 2012-2014. MSF-Holland delegates 2 of the 10 members of the project board;

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. MSF-Holland can rely on a share of the net income from the following MSF-sections.

	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	14.1%	USD
MSF-Sweden	20%	SEK

These agreements enable the risk of disappointing income results from public donor appeals to be spread more evenly, leading to better guarantees of the continuity of the aid projects implementation.

Income can also increase unexpectedly in reaction to large-scale disasters, such as the earthquake in Haiti in 2010. In such cases agreements can be made within the MSF-network to ensure that the income remains in good proportion to the expected expenditure. This may mean that fundraising opportunities for MSF-Holland may be limited.

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 included in the agreement.

- 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;
- All posted staff have been insured and are 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.

	in euro thousands	2012	2011	FTE	2012	2011
MSF-Holland preparation and coordination costs		11.723	11.183		121	111
Costs outsourced activities MSF-Canada		0	636		0	7
Costs outsourced activities MSF-Germany		1.216	876		13	11
Total Preparation and coordination costs		12,939	12.695		134	129

In the total of MSF-Holland's costs for preparation and coordination, the costs of activities that have been transferred to MSF-Canada and MSF-Germany are not included. These costs will be shown in the Financial Statements of the corresponding organisations. In 2012 MSF-Canada made no costs for outsourced activities as these activities were shifted to MSF-Holland and MSF-Germany at the end of 2011.

This explains the increase of the outsourced costs in MSF-Germany. The costs of outsourced activities are as follows:

5.4 Combined Financial Statements

The MSF-network has published combined Financial Statements since 2003. The Combined Financial Statements 2012 will be published mid-2013 after the publication of the Dutch Financial Statements.

The Combined Financial Statements for 2011 has been accompanied with an unqualified opinion issued by KPMG S.A. and Ernst & Young et autres, Paris, France. The Balance Sheet and the Statement of Income and Expenditure are included below. The Combined Financial Statements can be found on MSF-Holland's' website www.artsenzondergrenzen.nl or www.msf.org.

Where informative and comparable to the combined figures, the contribution of MSF-Holland in the expenditure and income is presented next to the Combined Financial Statements figures.

As at 31 December 2011 MSF-Holland held 15% of the cash at bank and in hand within the network. MSF-Holland holds 19% (2010: 20%) of the total reserves available in the international network.

Médecins Sans Frontières Combined State of Expenditure and Income 2011

IN EUROTHOUSANDS

EXPENDITURE	2011	Share of MSF-Holland in 2011	
Expenditures for Association goals			
Emergency aid	609,819	140,475	23%
Preparation and coordination	92,318	11,183	12%
Information and awareness raising	27,441	2,133	10%
Commissioned to third-parties	7,035	463	10%
Subtotal expenditures for Association goals	736,613	154,254	21%
Other expenditures			
Costs from own fundraising	110,893	7,259	6%
Management and administration	52,431	3,516	8%
Income tax	28	0	
Subtotal other expenditures	163,352	10,775	7%
Total Expenditures	899,965	165,029	18%
INCOME			
Donations public appeals	684,222	43,165	6%
Grants from private organizations	107,375	14,475	13%
Subtotal private fundraising	791,597	57,640	7%
Grants from institutional donors	75,200	17,610	23%
Other income	18,744	1,553	8%
Total income	885,541	76,803	9%
Exchange rate results	-1,614		
Deficit	-16,038		

COMBINED EXPENDITURE AND INCOME INDICATORS	2011
Spent on Association goals / Total expenses	82%
Spent on Association goals / Total income	83%
Cost fundraising / Income private fundraising	14%

Médecins Sans Frontières Combined Balance Sheet 2011

IN EUROTHOUSANDS

	2011	
Intangible fixed assets	3,900	
Tangible fixed assets	34,182	
Financial assets	11,513	
Fixed assets		49,595
Stocks	28,681	
Grants from institutional donors to be received	19,875	
Contributions to be received	16,951	
Debtors	9,741	
Other amounts to be received	9,126	
Cash at bank and in hand	572,922	
Current assets		657,296
Total assets		706,891
Appropriation reserves	2,478	
Free reserves	592,292	
Other reserves	16,142	
Subtotal reserves		610,912
Provision and contingent liabilities	6,452	
Financial debts	1,257	
Accounts payable and accrued liabilities	68,789	
Deferred income	19,481	
Subtotal liabilities		95,979
Total liabilities		706,891

6 Long-Term Forecast

The long-term forecast is based on the medical and operational ambitions laid out in the MSF-OCA Strategic Plan 2011-2014, and in the multiple-year agreements made between the MSF-sections regarding resource sharing, the percentage of grants from institutional donors (15%) and the development of the expenditure on emergency aid. MSF-Holland expects a stable growth in the organization in the coming years. In actuality the costs of emergency aid can vary since the organisations' expenditure is dependent on the need to provide medical aid in the event of conflicts or natural disasters.

Forecast figures are based on latest estimates as at the date of these Financial Statements and assume no significant changes in resource sharing flows between the MSF-sections.

6.1 Forecast of Expenditure and Income

IN EUROTHOUSANDS

	Actual 2011	Actual 2012	Budget 2013	Forecast 2014	Forecast 2015
EXPENDITURE					
Spent on Association goals					
Emergency aid	140,475	141,029	152,000	162,650	172,340
Preparation and coordination in the Netherlands	11,183	11,723	11,979	13,250	14,400
Tuberculosis breakthrough project	0	0	1,500	3,000	2,200
Information and awareness raising	2,133	2,353	2,904	3,250	3,325
Commissioned to third parties	463	4,665	401	253	253
Total spent on Association goals	154,254	159,770	168,784	182,403	192,518
(in % of total available income - target is > 85%)	80%	93%	95%	95%	94%
(in % of total expenditure - target is > 90%)	93%	93%	93%	93%	93%
Fundraising income					
Costs from own fundraising	6,576	6,806	7,705	8,210	8,485
(as a % of the income own fundraising - target is < 20%)	15%	16%	17%	18%	18%
Costs actions third parties	538	561	711	725	740
Costs from institutional grants	145	145	159	165	175
Management and administration	3,516	3,932	4,396	5,050	5,300
Total expenditures	165,029	171,214	181,755	196,553	207,218
(as a % of the total of income)	97%	99%	102%	103%	101%
INCOME					
Income from own fundraising	43,165	43,733	44,920	46,230	47,300
Share in third-party appeals:	975	1,489	1,500	1,000	1,000
Proceeds from National Postcode Lottery	13,500	13,500	13,500	13,500	13,500
Proceeds from National Postcode Lottery - Dream fund	0	0	1,500	3,000	2,200
Income from MSF-network	94,192	91,290	89,805	101,500	113,500
Grants from institutional donors	17,610	20,562	25,000	24,300	25,800
(as a % of the emergency aid expenses)	13%	15%	16%	15%	15%
Other income and expenditure	1,553	1,584	1,500	1,500	1,500
Total available for Association goals	170,995	172,158	177,725	191,030	204,800
RESULT FROM OPERATIONAL ACTIVITIES	5,966	944	-4,030	-5,523	-2,418

6.2 Development of the costs and Indicators

IN EUROTHOUSANDS

MSF-Holland applies a number of indicators to steer its financial policy and to prepare the budget. These indicators are used to determine whether the organisation is effectively managed and whether the majority of the expenditures are in fact spent on aid projects. In accordance with the standards in the MSF network, MSF strives to devote at least 80% of its expenditure to the Association goals.

This means that the expenditures on Management and administration plus the costs of fundraising may not amount to more than 20% of the total expenditure. In actuality, given the current scale of aid activities, these expenditures are much lower.

MSF-Holland imposes its own stricter policy in which the expenditures at headquarters may not amount to more than 20% of the total expenditure.

In 2012 headquarters' costs were 16% of the total expenditure including the activities outsourced to MSF-Canada and MSF-Germany. In 2013 and the coming years the increased demand from the projects is expected to lead to a slight increase in the total cost of preparation and coordination.

	Actual 2011	Actual 2012	Budget 2013	Forecast 2014	Forecast 2015
Preparation and coordination					
Preparation and coordination costs Amsterdam	11,183	11,723	11,979	13,250	14,400
Costs outsourced work MSF-Germany (2011 also MSF-Canada)	1,512	1,216	1,394	1,450	1,508
Total preparation and coordination costs	12,695	12,939	13,373	14,700	15,908
(as a % of the total spent on Association goals - policy standard is 8%-10%)	8%	8%	8%	8%	8%
Information and awareness raising	2,133	2,353	2,300	2,350	2,525
Management and administration plus costs fundraising expenditures (as a % of the total expenditures - policy standard 8%)	10,775 7%	11,444 7%	12,985 7%	13,525 7%	13,995 7%
Total expenditures office	25,603	26,736	28,658	30,575	32,428
(as a % of the total expenditures - policy standard is < 20%)	16%	16%	16%	16%	16%

Part of the management of the projects carried out by MSF-Holland is outsourced to MSF-Germany and MSF-Canada (see also chapter 5 Partnerships & Associated parties). From 2012 onward the outsourced activities will only be carried out by MSF-Germany.

6.3 Development of staffing

IN FULLTIME EQUIVALENTS

	Actual 2011	Actual 2012	Budget 2013	Forecast 2014	Forecast 2015
Number of posted staff	602	560	596	650	650
Number of staff office Amsterdam	178	193	202	205	210
Number of national staff in projects	7,245	7,025	7,200	7,200	7,200

The registration, administration and reporting on fulltime equivalents for the national staff in projects can be improved and is being reviewed.

7 Other Information

7.1 Signing and auditors report

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 19 April 2013.

The Annual Financial Statements will be presented for approval to the General Assembly to be held June 1, 2013.

Amsterdam, 19 April 2013

The Association Board and the Director

Independent auditor's report

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

We have audited the accompanying financial statements 2012, included in chapter 1 to 4, of Vereniging Artsen zonder Grenzen, Amsterdam, which comprise the balance sheet as at 31 December 2012, 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 organization'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 Vereniging Artsen zonder Grenzen as at 31 December 2012, 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, 22 April 2013

PricewaterhouseCoopers Accountants N.V.

Original signed by: H.A. Wink RA MBA

AA	Auswärtiges Amt (Germany)
CIDA	Canadian International Development Agency
DANIDA	Danish International Development Assistance
DFID	Department for International Development (Great Britain)
ECHO	European Commission Humanitarian Aid Office
EU	European Union
GFATM	The Global Fund to Fight AIDS, Tuberculosis and Malaria
Irish Aid (DCI)	Development Cooperation Ireland - Ireland Aid
NORAD	Norwegian Agency for Development Cooperation
NRMFA	Royal Norwegian Ministry of Foreign Affairs
SDC	Swiss Agency for Development and Cooperation
Sida	Swedish International Development Cooperation Agency
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WFP	United Nations World Food Program
CBF	Central Bureau Fundraising (Centraal Bureau Fondsenwerving)
MSF	Médecins Sans Frontières
MSF-section	National Médecins Sans Frontières organisation
NPL	National Postcode Lottery
VFI	The Association of Fundraising Institutions

Colophon

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