



Annual Accounts 2018

Working together to fight leprosy

NLR Annual Accounts 2018

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A: Consolidated Annual Accounts Netherlands Leprosy Relief 2018

A: Geconsolideerde jaarrekening Leprastichting 2018

Consolidated annual accounts of:

-Netherlands Leprosy Relief (NLR)

-Leprosy Research Initiative (LRI)

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Consolidated Annual Accounts NLR 2018

I. Balance sheet as per December 31, 2018

Amounts x €1,000

	not	31 December 2018	31 December 2017
ASSETS			
<i>Fixed assets</i>			
Tangible fixed assets	1	63	37
<i>Current assets</i>			
Receivables	2	5.845	4.784
Securities	3	12.281	12.474
Cash and cash equivalents	4	4.307	3.319
		22.433	20.577
Total assets		22.496	20.614
LIABILITIES			
<i>Reserves and funds</i>			
Reserves			
-Continuity reserve		3.791	3.793
-Earmarked reserves		8.357	6.738
Funds			
-Earmarked fund Dutch Postcode Lottery I		0	168
-Earmarked fund Dutch Postcode Lottery II		7.948	8.837
		20.096	19.536
<i>Long-term liabilities</i>	6a	40	80
<i>Short-term liabilities</i>	6b	2.360	996
Total liabilities		22.496	20.614

Annual Accounts NLR 2018

II. Statement of Income and Expenses 2018

Amounts x €1,000

	notes	Realisation 2018	Budget 2018	Realisation 2017
INCOME:				
- Income from individuals	9	6.735	3.860	5.866
- Income from companies	10	0	30	40
- Income from lotteries	11	1.350	1.350	10.725
- Grants from governments	12	875	0	1.890
- Income from other non-profit organisations	13	2.185	4.676	2.320
Sum of the raised income		11.145	9.916	20.840
- Income in return of goods and services	14	8	10	12
- Other income	15	96	99	31
Total income		11.249	10.025	20.884
EXPENSES:				
Expenses on the objectives				
- Leprosy control and disability programme activities	16	6.945	7.141	8.228
- Coordination and medical advice	16	1.210	1.403	1.134
- Information and awareness raising	16	555	522	715
		8.710	9.065	10.076
Fundraising expenses	17	1.190	796	679
Expenses management and administration	18	576	502	505
Total Expenses		10.476	10.363	11.260
Financial income and expenses	19	(213)	147	75
Balance of income and expenses		560	(190)	9.699
Destination of the balance of income and expenses				
Addition / Withdrawal from				
- Continuity reserve	5	299		1.509
- Earmarked reserves	5	1.318		(445)
- Earmarked funds	5	(1.057)		8.635
		560		9.699

III. Notes accompanying the annual accounts for 2018

a. General and accounting policies

This are the consolidated annual accounts of 2018 of NLR (Netherlands Leprosy Relief) and LRI (Leprosy Research Initiative)

The consolidation includes the financial information of Netherlands Leprosy Relief (NLR), its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which NLR exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or of which it has the authority to govern otherwise their financial and operating policies. Potential voting rights that can be exercised directly from the balance sheet date are also taken into account.

Group companies and other entities in which NLR exercises control or whose central management it conducts are consolidated in full. Participating interests in group equity and group result are disclosed separately. Participating interests over which no control can be exercised (associates) are not included in the consolidation.

NLR's interests in joint ventures are accounted for by proportionate consolidation. An entity qualifies as a joint venture if its participants exercise joint control under a collaborative agreement.

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

The consolidated organisations are listed below:

- Netherlands Leprosy Relief, Amsterdam, the Netherlands (100%)
- Leprosy Research Initiative, Amsterdam, the Netherlands (100%)

Activities

NLR (Netherlands Leprosy Relief, statutory: Nederlandse Stichting voor Leprabestrijding, also known in Dutch as Leprastichting, with Chamber of Commerce Number 41199723 resides at Wibautstraat 137k, 1097 DN in Amsterdam, The Netherlands) is committed to a world without leprosy and its consequences. The objectives of the foundation are described in detail in the annual report.

LRI (Leprosy Research Initiative, Wibautstraat 137k, 1097 DN in Amsterdam) is a combined venture of NLR, American Leprosy Missions (ALM), German Leprosy and Tuberculosis Relief Association (GLRA), effect:hope (The Leprosy Mission Canada) and The Leprosy Mission International (TLMI). Guided by an allied policy with clearly defined research priorities, the partners have established a joint fund to support leprosy research. The joint fund is reserved for research that is exclusively or strongly related to leprosy.

The annual accounts have been prepared on an historical cost basis of accounting.

Accounting period

The annual accounts have been drawn up by reference for an accounting period of one year. The financial year is equal to the calendar year.

Accounting policies for the valuation of assets and liabilities and the determination of the result

The annual accounts have been prepared in accordance with Guideline 650 (Dutch: Richtlijn 650) for the Reporting of Fundraising Institutions (revised 2016), as published by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving) in October 2016. The annual accounts have been drawn up in accordance with the Guideline for Fundraising Institutions (Richtlijn Fondsenwervende instellingen: RJ 650), which is part of the accounting standards produced by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving). All amounts in the annual accounts are in Euros or a multiple of 1,000 Euro, and are compared with the 2018 budget approved by the Supervisory Board and the Actual realisation of 2017.

The transition to the new RJ 650 and the related change of accounting policies resulted in some changes. The yearly amount we receive from the Dutch Postcode Lottery (NPL) is under the new Guideline 650 recognised in the year it is granted, and not any more in the year it is actually received. The new guidelines also require valuation of legacies subject to usufruct in specific cases.

The financial statements have been prepared in accordance with the principle of continuity.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet and statement of income and expenses include references to the notes.

Notes to the line items of the balance sheet and the statement of income and expenses have been numbered in the financial statements.

Comparison with prior year

Due to changes in Guideline 650, the principles of valuation and determination of result remain have changed compared to prior year. The comparatives from the previous year have been changed accordingly.

Estimates

In the application of the principles and guidelines for preparation of the annual account NLR Management uses different judgements and estimates that may be essential for the amounts in the financial statements. If for the needed insight according to Section 2:362 (1) of the Dutch Civil Code necessary, the type of these opinions and estimates, including the associated assumptions are mentioned in the notes to the relevant financial statements.

Foreign currency

Transactions in foreign currency are converted to euro at the exchange rate of the transaction date. At the end of the financial year all accounts receivable and liabilities in foreign currency are converted to euro on the basis of the exchange rate as per balance date. Exchange rate results have been added to the statement of income and expenses.

Fixed assets

Fixed assets and prepayments on tangible fixed assets in the Netherlands are valued at purchase price minus cumulative depreciation. Fixed assets in programme countries are expensed.

Depreciation is on a straight-line basis, and based on the expected economic life, taking account of the residual value.

- Inventory and installations: 20 %
- Hardware and software: 33 %

Investments

Investments are stated at market value. Increase in value is added to the statement of income and expenses. Transaction costs are expensed in the statement of income and expenses.

Balances project funds and accounts

This is a part of the total balance held at our field offices and projects at the end of the financial year. These are bank balances, cash-in-hand balances and other outstanding receivables. Despite the fact that a part of these balances are cash and bank accounts, it was decided to recognise the total of projects and accounts under receivables. The extent of liquidity (for example the immediate availability) is on a different level than the cash equivalents of NLR on our bank accounts in the Netherlands.

Liabilities at our field offices and projects at the end of the year are under the short-term liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and immediately accessible savings with a maturity of less than twelve months.

Continuity reserve

In accordance with the Supervisory Board's resolution, a continuity reserve has been formed. The continuity reserve has been drawn up to cover risks in the short-term to ensure that NLR can also meet its obligations in the future. According to the conditions of the CBF certification and the guideline of the Charities Netherlands Branch Organisation (In Dutch: Goede Doelen Nederland, formerly known as VFI) the continuity reserve should not exceed a maximum of one and half times the yearly costs for operational activities. The continuity reserve is mutated with the surpluses or deficits from a calendar year, after deduction of subsidies expenditures, donations to the earmarked reserves and donations to provisions.

Earmarked reserves

The earmarked reserve is the part of the reserve which is set aside by the Board for a specific purpose. The balance at year end is determined as the grand total, pursuant to decisions of the Board earmarked contributions for the listed projects.

Earmarked funds

Earmarked funds are funds received from a third party for a specific purpose in the future year and therefore earmarked.

Retirement system

The current retirement system for Dutch employees within NLR is arranged by retirement Fund 'Pensioenfonds Zorg en Welzijn'. The contributions and premiums are presented as liabilities in the year they relate to.

Accounting principles for determination of results

Revenue and expenses in the statement of income and expenses are allocated to the period in which they relate. In determining the proportion a consistency concept is followed. The result is determined as the difference between income generated by contributions and others, and the costs and other charges for the year.

Income is shown gross, before any deduction of associated costs, unless otherwise is stated. Necessary costs to realise certain benefits, are presented in the statement of income and expenses as expense.

Donations and Gifts in Kind

The income consists of the proceeds from contributions, donations, grants and other income which are ascribed to the financial year concerned. Donations are accounted for in the year of receipt. Donations and Gifts in Kind are valued against fair value in The Netherlands.

Legacies

Income from Legacies are accounted for once the entitlement has been confirmed and reliably quantified and ultimate receipt of that amount has become reasonably certain. Advances are recognised in the year of receipt.

Legacies subject to usufruct

Legacies subject to usufruct were not valued under the old Guideline 650. Under the new Guideline 650 legacies subject to usufruct must be valued. For this valuation NLR follows the guidelines for valuation of legacies under usufruct as provided by the Charities Netherlands Branch Organisation (In Dutch: Goede Doelen Nederland).

Employee benefits

Wages, salaries and social security charges taken to the statement of income and expenses based on the terms of employment, where they are due to employees.

Interest paid and received

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

Related parties

As related party is considered every Legal entity over which total control, joint control or significant influence can be exerted. Statutory Board Members and other key management members and their close relatives are also considered related parties.

Significant transactions with related parties are disclosed in so far they are not transacted under normal market conditions. Explained will be the nature and size of the transaction and other information necessary for giving insight.

b. Notes to the Balance sheet 2018

1. Tangible fixed assets

Tangible fixed assets are used for the main activities and entirely held for operational management.

	Inventory/ systems x €1,000	Hardware/ software x €1,000	Total 2018 x €1,000	Total 2017 x €1,000
Purchase value				
Balance as at 1 January	214	122	336	310
Purchases	37	8	46	26
Balance as at 31 December	251	130	381	336
Depreciation				
Balance as at 1 January	189	110	299	273
Depreciation	13	6	19	26
Balance as at 31 December	202	116	318	299
Balance sheet value as at 31 December	49	14	63	37
Insured value	209	100	309	291

The investments in 2018 involve the costs for the purchase of notebooks, computers and the set up for workplaces.

2. Receivables

	31-dec-18 x €1,000	31-dec-17 x €1,000
Balances project funds and accounts	557	444
Legacies due	3.348	2.419
Interest savings accounts and investments	65	85
Paid in advance	161	277
Debtors	51	15
Other accounts receivable	1.663	1.544
	5.845	4.784

Project funds and accounts balances relate to the balances held in our field offices and projects at the end of the financial year. These balances consist of bank balances, cash balances and other outstanding receivables.

The legacies due are expected but not yet received income from legacies. Income from legacies is accounted for once the entitlement has been confirmed and reliably quantified and ultimate receipt of that amount has become reasonably certain.

Amounts paid in advance at year end can be explained for the most part by payments in 2018 to research institutes to the amount of €79,000 for activities in 2019, and payments in 2018 for general costs as office rent and premiums of insurances for 2019 (total €82,000).

All receivables are due within one year.

3. Securities

	31-dec-18 x €1,000	%	31-dec-17 x €1,000	%
Bonds	7.618	62%	8.275	66%
Shares	2.582	21%	1.263	10%
Other investments	0	0%	0	0%
Balance of investment accounts	2.080	17%	2.935	24%
	12.280	100%	12.474	100%

The total security portfolio consists mainly of fixed rate bonds and a smaller percentage in shares with a low risk stock fund. The portfolio is valued at year end at market value. The increase in the balance of the investment account can be explained by the sale of some bonds at the end of the year and the fact that a part of accounts were not yet invested due to market fluctuations at the end of the year.

The movement of the investments during 2018 were as follows:

	Shares	Bonds	Other investments	Investment-accounts	Total
	x €1,000	x €1,000	x €1,000	x €1,000	x €1,000
Balance at 1 January 2018	1.263	8.275	0	2.935	12.474
Plus: additions bought	2.018	861	0	0	2.879
Sold, redemptions and movements in balance	(699)	(1.518)	0	(855)	(3.072)
Balance sheet value at 31 December 2018	2.582	7.618	0	2.080	12.281

The portfolio investments must be in line with the NLR investment policy, which prescribes investments in sustainable, socially responsible and low-risk bonds and stocks. The market value of the portfolio is based on the known market prices for the specific bonds and shares in the portfolio. The composition and results of the portfolio is described below:

Overview bonds at 31 December 2018

Total bonds

Nominal value	Market value purchase	Market value 31-dec-18
x €1,000	x €1,000	x €1,000
7.150	7.589	7.618

Overview shares at 31 December 2018

Total shares

Volume of shares	Market value purchase	Market value 31-dec-18
	x €1,000	x €1,000
91.563	1.551	2.582

All securities are administrated by an external agency since 2010. The mandate is in line with the NLR investment policy which is updated in March 2019. NLR has a conservative and sustainable investment policy which emphasises on risk minimisation. NLR invests a small percentage of the investment portfolio in shares with a low risk rate. In addition to the shares and bonds, the balance of the Rabobank investment account at the end of the year amounts to €2,078.756. From this account additions are bought. All securities are freely available to NLR.

The revenues from the securities are classified under investment income. For an overview we refer to section 11 of the notes to the statement of income and expenditure.

4. Cash and cash equivalents

Cash and cash equivalents are cash and bank balances in the Netherlands held by the NLR office in Amsterdam. NLR holds its main current accounts at ING Bank (NL). The Cash and cash equivalents balance for the year ended 31 December 2018 is as follows:

	31-dec-18	31-dec-17
	x €1,000	x €1,000
Arrangement ING bank accounts	3.674	2.686
Other bankaccounts	633	632
Cash in hand	0	0
	4.307	3.319

Currently about 84% of our cash in bank accounts is held at ING Bank and about 16% at Rabobank. Other cash in bank are spread over Robeco and ABN AMRO. Interest income of cash and cash equivalents in 2018 is €260 (2017: €2,000) and is received on the cash balances, based on the market rates. The bank balances are immediately claimable and can be quickly converted to cash as needed. For an overview of the investments income we refer to section 11 of the notes to the statement of income and expenditure.

5. Reserves and funds

In accordance with the Dutch Accounting Standard for Fundraising Institutions (RJ 650) NLR's equity is divided into reserves and funds.

Continuity Reserves	----- Earmarked -----				TOTAL
	Reserves	Investment Reserve, Priority Reserve and transition budget	Funds	NPL: Stop the transmission of Leprosy	
	Projects		NPL: These shoes are made for walking		
x €1,000	x €1,000	x €1,000	x €1,000	x €1,000	x €1,000
Balance as per 31 December 2017	3.793	5.017	1.721	168	8.837
- Movements	(301)	(399)	700		19.536
- Withdrawals and additions	299	(12)	1.330	(168)	(889)
Balance as per 31 December 2018	3.791	4.606	3.751	0	7.948
					20.096

General notes on reserves:

In 2016 the decision was made to use the same ratio for both the continuity reserve (ratio to the yearly costs of the work organisation) and the earmarked reserve for projects (ratio to the earmarked reserve projects is equal to the allocated part of the projects budget for the following year).

Continuity reserve:

A continuity reserve has been formed to cover risks in the continuity of the organisation and to ensure that the organisation can meet its obligations in the future. Therefore, this reserve is meant to guarantee the organisation's continuity. According to the guidelines of the Dutch Central Bureau for Fundraising (CBF) there is a maximum to this reserve of 1.5 times the yearly costs of the work organisation, which translates in a maximum continuity reserve of €5 million. The continuity reserve is now 1.1 times the yearly costs of the work organisation. NLR defines as costs of the work organisation: the personnel costs, rent of the Amsterdam office, other office and administration costs and fundraising costs.

Earmarked reserves and funds:

An earmarked reserve is part of the reserves set aside for a specific purpose that have been approved by the Board of Director or funds that are tied to particular purposes by third parties. The notes below give an indication of the volume of earmarked fund that are received and spent during the year.

Earmarked reserve for projects:

This reserve consists of by Supervisory Board approved reserved amounts for specific projects the coming year. Since these are conditional liabilities, these amounts are recorded in an earmarked reserve.

	31-dec-18	31-dec-17
	x €1,000	x €1,000
Allocated part of projects budget 2019 (31-dec-17: 2018)	4.090	3.824
	<u>4.090</u>	<u>3.824</u>

The earmarked reserve for projects at the end of 2018 is €4.6 million, which translates in 1.1 times the allocated part of projects budget 2019.

Earmarked reserve for investment:

This reserve is partly used in 2018 for investments in innovation and capacity building. This Investment Reserve was used to a total spent amount of €876,000 in 2018 (2017: €606,000). Of this amount, €617,000 was spent on the multi-annual NLR 2020 project.

Other investments from the Investment Reserve were for example in GDPR compliance, start-up of The Global Partnership for Zero Leprosy, development of new Fundraising programmes and LepVax phase 1 clinical trials. Although these costs are not part of the regular operating budget for 2018, the costs had to be taken into account in the annual account as expenditure for 2018.

In 2017, income from legacies was high. For a part this was caused by a change in accounting policies that year; another part, €700,000 was due to the fact that 2017 was a good year for this source of income. In 2018 it was decided that the amount of €700,000, that was initially added to the continuity reserve and the earmarked reserve for projects, was added to the Investment Reserve. This is reflected in the line 'movements' in the overview above.

In 2018, the income from legacies was very high: €4,133,000 while €1,400,000 was budgeted. This was the main cause for a high surplus in 2018. The decision was made to add the total surplus of NLR (excluding LRI, and excluding income to and expenses from earmarked reserves) of €2,490,000 to the Investment Reserve.

The expenses from the reserve for the Priority Areas project, an initiative to work towards more focus in our international work, were €12,946 in 2018.

Because NLR is phasing out the funding of our programs in Nigeria and the Mekong Region, an extra dotation to the investment reserve of €752,000 was made in 2017 for transition budgets of these two offices. This transition budget is to enable both country offices to continue the parts of their programs that are externally funded, either as an independent local NGO, or by involving other NGOs that may be interested in incorporating these programs into their own programs. Of this transition budget, €409,000 was spent in 2017 and €271,000 in 2018.

Earmarked fund for Dutch Postcode Lottery project 'These shoes are made for walking'

In 2013 an amount from an extra drawing was awarded by the Dutch Postcode Lottery (NPL, in Dutch: Nationale Postcode Loterij) for a special project in Southeast Asia: 'These shoes are made for walking', a combined multi annual project together with Liliane Foundation. The total amount received was €2,016,016. About half of this amount was transferred to Liliane Foundation for the execution of their part of the project. The NLR part was formed into an earmarked fund, from which activities were financed.

In 2018, the last part of this earmarked fund was used.

The balance of the earmarked fund for 'These shoes are made for walking' project is as follows:

	31-dec-18 x €1,000	31-dec-17 x €1,000
Earmarked fund of Dutch Postcode Lottery project 'These shoes are made for walking'	0	168
	<u>0</u>	<u>168</u>

Earmarked fund for Dutch Postcode Lottery project 'Stop the transmission of Leprosy'

In 2017 an amount was awarded by the Dutch Postcode Lottery (NPL) for a Dreamfund Project, named: 'Stop the transmission of Leprosy', a five year project. The total amount received was €9,375,000. The part that was not spent in 2017 was formed into an earmarked fund.

The balance of the earmarked fund for the 'Stop the transmission of Leprosy' project is as follows:

	31-dec-18 x €1,000	31-dec-17 x €1,000
Earmarked fund of Dutch Postcode Lottery project 'Stop the transmission of Leprosy'	7.948	8.837
	<u>7.948</u>	<u>8.837</u>

The specification of the expenses per office of the Dutch Postcode Lottery project 'Stop the transmission of Leprosy' (x €1,000) is as follows:

Year	NLR	Brazil	India	Indonesia	Total expenses
2017	319	105	53	60	537
2018	353	161	275	100	889

Of the positive result of €560,000 in 2018, after withdrawals and additions to the earmarked funds and the earmarked investment reserve, a positive result of €288,000 remained. This amount is added to the total amount available for earmarked reserves for continuity and for projects. After that we used the same ratio for calculating both the continuity reserve (ratio to the yearly costs of the work organisation) and the earmarked reserve for projects (ratio to the earmarked reserve projects is equal to the allocated part of the projects budget for the following year). Both reserves now have a ratio of 1.1.

6a. Long-term liabilities

	31-dec-18 x €1,000	31-dec-17 x €1,000
Other amounts	40	80
	<u>40</u>	<u>80</u>

This is part of a loan given of €200,000 free of interest, for a period of five years (2016-2020) by one of our supporters. Each year an amount of €40,000 falls free as a donation, for the first time in 2016. The amount of €40,000 is the amount that falls due in 2020; the amount of €40,000 that will fall free as a donation in 2019 is taken under the short-term liabilities.

6b. Short-term liabilities

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

	31-dec-18 x €1,000	31-dec-17 x €1,000
Payable project costs	450	213
Payable office (including Fundraising and Communication) expenditure	183	137
Accounts payable/creditors	163	233
Payroll taxes en social security contributions	2	1
Staff pension costs	0	(17)
Liabilities projects	184	134
Taxes	1	1
Other amounts	1.376	293
	2.360	996

Payable project costs are mainly amounts payable for scientific research in 2018, not yet formally invoiced by the researchers concerned. Also taken into this category is the contractual amount (€231,541) for one of the partners (Erasmus University) that is taken under the EDCTP-financed PEP4LEP project expenses 2018, but is transferred beginning 2019.

The item payable office expenditure primarily concerns turnover taxes, bank charges and audit fees. Also included are payable holiday days and holiday allowance for Amsterdam staff. Disbursement of the holiday allowance will occur in May 2019.

The liabilities projects concern part of the outstanding amounts in our field offices and projects at the end of the financial year. This part consists of liabilities like amounts to be paid to suppliers.

Other amounts are for the largest part amounts that we have received in advance from several organisations for projects in 2019. Under this amount is also taken the part of the first transfer of €1,575,866 from EDCTP for the PEP4LEP project that was not spent in 2018 or not yet transferred to the consortium partners, an amount of €732,044.

7. Commitments not included in the balance sheet

Head office in Amsterdam

The head office of NLR is housed in the office building at Wibautstraat 135-137 in Amsterdam. The contract for a long-term commitment is agreed until July 1, 2028. The yearly rental amount, indexed each year, is currently €67,600 (excluding service costs) per year (2017: €58,200). Our copiers and printer are leased for a period of 5 years until September 2019, with a yearly rent of €2,650.

Rent in NLR Offices

The total yearly rent in NLR Representative Offices, most with a rental contract longer than one year, is €80,000 (2017: €80,000).

LRI

LRI has made commitments for 2019 and beyond for running research projects for a total value of €1,233,610. These are multi annual financial commitments. The commitments are covered by future income from LRI partners.

8. Rights not included in the balance sheet

Legacies subject to usufruct

There are 6 legacies subject to usufruct. One of these 6 legacies under usufruct is valued. Due to the fact that the usufructuary has the right to use, dispose of or invest the legacy, the financial benefit remaining 5 legacies subject to usufruct cannot be valued.

c. Notes to the Statement of Income and Expenses 2018

Income

9. Income from individuals

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Face-to-face fundraising Regional Circles, in Dutch: <i>Kringen</i>	15	25	26
Donations and gifts	2.481	2.325	2.428
Legacies	4.133	1.400	3.275
Other income from own fundraising received	105	110	137
	6.735	3.860	5.866

The income from legacies totaled €4.1 million. The share of legacies in the total income from individuals in 2018 was 61% (2017: 56%). The average duration for the settlement of legacies is approximately 9 months. There are 6 legacies subject to usufruct. One of these 6 legacies under usufruct is valued for an amount of €29,057.

10. Income from companies

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Income from companies	0	30	40
	0	30	40

In 2018, no income was received in this category.

11. Income from lotteries

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Proceeds Dutch Postcode Lottery, regular draw	1.350	1.350	1.350
Dream Fund from Dutch Postcode Lottery	0	0	9.375
Total income Dutch Postcode Lottery	1.350	1.350	10.725

Income from the Dutch Postcode Lottery: regular draw

According to the contract 2016-2020 between NLR and the Dutch Postcode Lottery (NPL, in Dutch: Nationale Postcode Loterij), in the first quarter of 2019 an amount of €1,350,000 will be received from the lottery revenues of 2018. This amount is income for 2018 and has been added to amounts receivable at the end of 2018. The amount received in 2018 from the 2017 lottery revenues was recognised as income for 2017 and was taken as an amount receivable at the end of 2017.

Dream Fund from Dutch Postcode Lottery

In 2017 an amount of €9,375 million was awarded by the Dutch Postcode Lottery (NPL) for a so-called Dream Fund Project: 'Stop the transmission of Leprosy', a five year project. The total amount was received in 2017. The part not spend in 2017 was formed into an earmarked fund.

12. Grants from governments

This item includes grants obtained from governments, including the European Union or similar international institutions, government agencies and public institutions.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
GFATM	0	0	1.890
Dutch Ministry of Foreign Affairs	31		0
EDCTP	844		0
	875	0	1.890

GFATM

Contributions from GFATM (The Global Fund To Fight AIDS, Tuberculosis and Malaria) for TB and MDRTB activities and programs in Nigeria. These programs were carried over in 2018 to LTR Nigeria (the independent NGO that was formed out of NLR Nigeria) and are therefore no longer part of the annual accounts of NLR.

Dutch Ministry of Foreign Affairs

At the end of 2017 we received an amount of €108,900 from the Accountability Fund for the Indonesian programme LEAP: Local Economic development of people with disability through active Advocacy for an inclusive Policy. The project activities started from 2018 therefore the entire amount of received funds remained unspent in 2017 and is carried over to 2018. In 2018 we received the second transfer of €167,200. Of the total income of €267,100 only part was used in 2018, €31,074. The remainder of the income (€245,026) was carried over to 2019.

EDTCP

In 2018 an amount was awarded of €3,198,356 by EDCTP for an EDCTP2 project, supported by the European Union, named: PEP4LEP (Chemoprophylaxis for leprosy: comparing the effectiveness and feasibility of a skin camp intervention to a health centre based intervention. An implementation trial in Mozambique, Ethiopia and Tanzania.). This multi-partner project has a project period of 52 months. The first transfer of €1,575,866 was received by NLR (coordinator of the project) in 2018. An amount of €843,822 has been spent in 2018. The part of that transfer that was not spent in 2018 or not yet transferred to the consortium partners, an amount of €732,044, is carried over to 2019 and can be found under the short-term liabilities.

The total revenues from government grants and grants from similar organisations are 54% lower than in 2017.

13. Income from other non-profit organisations

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Contributions field activities, supporting projects and non-LRI research	1.403	3.896	1.386
Contributions LRI research	778	780	760
Liliane Foundation for earmarked fund These shoes are made for walking	5	0	174
Total income from other non-profit organisations	<u>2.185</u>	<u>4.676</u>	<u>2.320</u>

Contributions field activities, supporting projects and non-LRI research

In 2018 income from strategic partnership and projects with Liliane Foundation was received. LEPROA UK contributed for a project in Zambézia, Mozambique. The NLR Representative Office in Hanoi received contributions from Peerke Donders Foundation, SMHF and also an amount from Liliane Foundation for activities by the Mekong Regional Coordination Team, for which the NLR Representative Office in Hanoi functions as a legal host and facilitator. The contribution from Novartis Foundation for the LPEP project is included and also from Novartis India an amount was received for activities in India. NLR India also received a contribution from Stichting Vrienden Medische Missie Zusters.

Contributions LRI research

Contributions from other organisations within ILEP (The International Federation of Anti-Leprosy Associations) to several research and supporting projects from the Leprosy Research Initiative (LRI). For 2018 we received contributions for LRI from the American Leprosy Mission (ALM), Deutsche Lepra- und Tuberkulosehilfe (DAH), effect:hope, TLM International and TLM Ireland. Also, a contribution to the LRI running costs by Turing Foundation of €17,848 is included in the total amount.

Liliane Foundation for earmarked fund These shoes are made for walking

In 2013, Liliane Foundation received a part of the budget for the NPL funded project These shoes are made for walking. That amount is earmarked, and to facilitate the project, amounts that are expected to be spent are transferred from their earmarked reserve to NLR. NLR adds those amounts to the NLR earmarked fund, and from that fund the combined expenses of the joint project are financed. An indicative amount was budgeted to reflect this movement of funds, and expenses are taken for that same amount in the budget. The actual amount received in 2018 from Liliane Foundation, added to the earmarked fund, is €4,559.

Sum of the raised income	<u>11.145</u>	<u>9.916</u>	<u>20.840</u>
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14. Income in return of goods and services

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Sales of goods, <i>Jan Jans</i> comics	8	10	12
	<u>8</u>	<u>10</u>	<u>12</u>

The income from sale of goods concerns the revenues of two Dutch comic books specially written for NLR by famous Dutch cartoonist Jan Kruis, named: Jan Jans en de kinderen in Mozambique and Jan Jans en de kinderen in Suriname, a signed poster, and a birthday calendar. Also the sales of crochet patterns of the cat and dog from the Jan Jans en de kinderen comic books are taken in this amount.

15. Other income

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Other income	96	99	31
	<u>96</u>	<u>99</u>	<u>31</u>

Under the amount of other income was included a reimbursement of €46,000 from ILEP for NLR employed staff to conduct data analysis and research activities, a reimbursement of €14,000 from the Uniting to Combat NTDs Support Centre for a meeting held in 2018 and a remuneration of €5,000 from the Charities Netherlands Branch Organisation (In Dutch: Goede Doelen Nederland) to NLR director Jan van Berkel as their Chairman, which Van Berkel donated to NLR.

Total income	<u>11.249</u>	<u>10.025</u>	<u>20.884</u>
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Expenses

In some places below so called charged support costs are mentioned. These costs are the result of the Guidelines for Reporting Fundraising (RJ650). They are charges of general costs such as personnel costs, housing and office and other general expenses. These costs are described and specified in section 18.

16. Expenses on the objectives

NLR distinguishes between activities for the objectives: leprosy control and disability project activities, coordination & medical advise and information & awareness raising. The costs within these main activities can again be divided into direct costs and support costs.

For the country overview with budget comparison of carried out leprosy projects in 2018 see the relevant annex.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
<u>A: Leprosy control and disability programme activities</u>			
Field programmes excluding support costs	3.311	2.166	4.333
GFATM: Nigeria TB and MDRTB programs	0	0	1.890
Research projects	2.510	1.136	1.524
Supporting projects	667	466	340
Project expenditure unspecified institutional funding projects	0	3.250 *	0
Charged support costs (see specification expenses to destination)	456	124	140
	<u>6.945</u>	<u>7.141</u>	<u>8.228</u>

* Not included in
Country Overview

The expenses on field programmes are higher than budgeted because expenses financed by third parties or from the investment reserve are also taken into the realisation of 2018. GFATM (The Global Fund To Fight AIDS, Tuberculosis and Malaria) TB and MDRTB activities and programs in Nigeria were carried over in 2018 to LTR Nigeria (the independant NGO that was formed out of NLR Nigeria) and are therefore no longer part of the annual accounts of NLR. Expenses on research are higher than budgeted: apart from the (budgeted) LRI research, also the PEP++ expenses (financed from an earmarked fund) and PEP4LEP expenses (not budgeted) are taken into account. Expenses on supporting projects are higher than budgeted, partly because some costs that were in fact financed outside the budget from the investment reserve, like the costs for NLR2020, have to be taken into the realisation 2018. For more information see the Country Overview.

Project expenditure unspecified institutional funding projects

In the budget for 2018 a target was included of €3.25 million income from Institutional Funding for new programme activities. This same amount was included as a separate post in the budgeted expenses on the objectives. Realised amounts are taken under the research and field programmes.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
B: Coordination and medical advice			
ILEP, contribution in costs coordination	56	50	52
Leprosy consultants	112	111	70
Charged support costs (see specification expenses to destination)	1.042	1.242	1.012
	1.210	1.403	1.134

The costs of the coordinating secretariat of the ILEP is divided among the members.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
C: Information and awareness raising			
Media costs	68	100	80
Information campaigns	0	0	0
Promotion, Public Relations	154	122	284
Information costs newsletter: in Dutch: <i>De Klepper</i>	113	100	161
Charged support costs (see specification expenses to destination)	220	200	189
	555	522	715

The total amount of the information and awareness raising expenditure excluding charged support costs was 36% lower than 2017, however in line with the budget.

Total expenses on the objectives (A+B+C)	8.710	9.065	10.076
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Expenses on the objectives as percentage of total income and total expenses

The following is the ratio of total expenses on the objectives in relation to total income and total expenses.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Total expenses on the objectives	8.710	9.065	10.076
Total income	11.249	10.025	20.884
Expenses as % of total income	77,4%	90,4%	48,2%
	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Total expenses on the objectives	8.710	9.065	10.076
Total expenses	10.476	10.363	11.260
Expenses as % of total expenses	83,1%	87,5%	89,5%

The expenses on the objectives expressed as a percentage of total income is lower than budgeted, mainly due to higher income. The expenses on the objectives expressed as a percentage of total expenses are slightly lower than budgeted.

17. Fundraising expenses

The composition of our fundraising expenditure is shown below.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Costs newsletter (in Dutch: <i>De Klepper</i>) and CRM	180	145	223
Media costs	0	0	0
Fundraising direct costs	754	451	266
Charged support costs (see specification expenses to destination)	258	200	189
	<u>1.190</u>	<u>796</u>	<u>679</u>

The total amount of the fundraising expenses was higher than the amount that was budgeted due to investments in new fundraising programs, temporary replacement of staff and higher acquisition costs. When compared to the budget, the expenses excluding the charged support costs were 57% higher. Part of these higher expenses were in fact financed outside the budget from the investment reserve, but these expenses also have to be taken in the realisation 2018.

Expenses fundraising as a percentage of raised income

The following is the ratio of fundraising costs in relation to total raised income.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Total expenses fundraising	1.190	796	679
Total raised income	11.145	9.916	20.840
Expenses fundraising as % of raised income	<u>10,7%</u>	<u>8,0%</u>	<u>3,3%</u>

In 2018 the fundraising expenses were 10.7% of the raised income (see above). The higher percentage than was budgeted (8%) is explained by the higher costs, only partly compensated by higher income. The lower percentage in 2017 was for the most part due to the high income in that year.

18. Expenses management and administration

Expenses on Management and Administration involves costs that the organisation makes in the context of the (internal) management, administration and control and that are not allocated to the objectives or fundraising. The management and administration costs are allocated in accordance with the guidelines of the Charities Netherlands Branch Organisation (In Dutch: Goede Doelen Nederland). The salary costs for the Director and management support staff, and for the Finance and Administration department are allocated to management and administration in their entirety.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Audit expenses	30	36	37
Personnel costs M&A	453	397	395
Housing expenses	23	23	22
Office and general costs	66	41	47
Depreciation and interest	4	5	5
	<u>576</u>	<u>502</u>	<u>505</u>

The total expenses on Management and Administration are 15% higher than budgeted, for the most part due to higher staff costs. Staff costs were higher due to extra finance staff and replacement during maternity leave.

The allocation of specific expenses to management and administration expenses is as follows:

<i>Audit expenses:</i>	100%
<i>Costs staff head office:</i>	
-Director	100%
-Management assistant	100%
-Finance and Administration department	100%
<i>Housing costs:</i>	Based on office area used management and finance and administration department
<i>Office- and general costs:</i>	Based on number of fte's management and finance and administration department
<i>Depreciations:</i>	Based on number of fte's management and finance and administration department

Expenses Management and Administration as a percentage of total expenses

The following is the expenses on Management and Administration in relation to the total expenses.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Total expenses management and administration	576	502	505
Total expenses	10.476	10.363	11.260
Expenses as % of total expenses	<u>5,5%</u>	<u>4,8%</u>	<u>4,5%</u>

NLR is currently using as a standard for the expenses on Management and Administration 5 percent of the total expenses. This is a percentage that makes a good functioning of the managerial and administrative processes possible, while spending on the objectives as much as possible. The higher outcome this year when compared to 2017 and the budget 2018 is partly caused by the higher staff costs (due to extra staff and replacement during maternity leave) and higher overall expenses. Also, overall expenses were less in 2018 than in 2017.

Total Expenses	<u>10.477</u>	<u>10.363</u>	<u>11.260</u>
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19. Financial income and expenses

This item includes interest and other income from bonds, as well as interest earned on the bank accounts and currency gains/losses.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Dividends, interest and rental income *	(139)	175	124
(Loss)/Gain value securities (unrealised) *	(39)	0	(34)
(Loss) on sales securities *	(8)	0	1
Interest income from cash and cash equivalents	0	0	2
Total gross income related to investments	<u>(186)</u>	<u>175</u>	<u>93</u>
Investments costs	(27)	(28)	(18)
Total net income from security investments	<u>(213)</u>	<u>147</u>	<u>75</u>

The total income from investments was lower than budgeted, and even negative. The interest income from cash and cash equivalents is the interest received from bank balances: in 2018 lower than 2017, and even close to zero, due to low interest rates. The development of the amount of interest received over the past five years is shown below. The realised interest per year is also shown.

The yield on the portfolio including investment accounts (amounts above marked with *) is -1.7% for 2018 of the average outstanding amounts (2017: 0.8%).

In line with the new guideline 650 investment income is presented after deduction of investment costs. These costs include the all-in fee for the administration and handling of securities by an external agency.

Multi-annual overview securities 2014-2018

Income from securities (x €1,000)

	2014	2015	2016	2017	2018
Interest received on bonds	152	157	121	117	(139)
Dividend	0	0	0	7	0
Realised gains or losses on value securities	(4)	(14)	(11)	1	(8)
Unrealised gains or losses on value securities	180	(124)	11	(34)	(39)
Gross income from investments	328	19	121	91	(186)
Investments costs	(21)	(18)	(16)	(18)	(27)
Net result securities	307	1	104	73	(213)

Yield on investments

5,5% 0,04% 1,80% 1,50% -1,90%

Average yield 2014-2018 %: 1.4%

Average yield 2014-2018 amount: €54.000

Net result cash and cash equivalents	32	16	3	1	0
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The current portfolio is managed by an external agency. The investment manager selects the bonds and shares. Investments are in line with the NLR investment policy which prescribes investments in sustainable, socially responsible and low risk bonds. This is screened periodically.

Overview securities sold in 2018

	Interest%	Redeemable	Appreciation x €1,000	Sale value x €1,000
<u>Redemptions</u>				
BMW Finance 2012/2019	3,25%	16-10-2018	103	101
BMW Finance 2012/2019	3,25%	14-6-2018	52	51
Danske Bank 2016/2023	0,75%	24-9-2018	203	199
Deutsche Boerse 2013/2018	1,13%	26-3-2018	100	100
European Stability Mech 2013/2018	1,25%	15-10-2018	203	200
Lloyds Banking 2010/2018	4,00%	25-6-2018	255	250
Nederland 2008/2018	4,00%	16-7-2018	256	250
Procter and Gamble 2012/2022	2,00%	14-6-2018	162	161
Siemens 2012/2020	1,50%	14-6-2018	104	103
			522	514

Realised gain/(loss) (difference between market value and valuation): (8)

Balance of income and expenses	559	(190)	9.699
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Specification and division of expenses according to type and allocation

In the summary: specification expenses to destination, all expenses are divided into various cost categories. Allocation of these expenses to the three main target groups: objectives, fundraising income and management and administration is as follows:

Direct costs are attributed directly. Information costs are costs which are aimed at promoting public support for the fight against leprosy; fundraising costs are focused on the acquisition of income. Where there is a joint information and fundraising activity the costs are divided in a ratio of 50/50.

Staff costs are allocated as follows:

-CEO	100%	Management and Administration
-Management assistant	100%	Management and Administration
-Finance and Administration department	100%	Management and Administration
-Fundraising and information & awareness raising dept.: Fundraising	100%	Fundraising
-Programme & Technical Department (including Infolep)	100%	Objective
-Fundraising and information & awareness raising dept.: Inform.& Awareness	100%	Objective

Housing costs: allocation based on office area used

-CEO and Management assistant	Management and Administration
-Finance and Administration department	Management and Administration
-Fundraising and information & awareness raising dept.: Fundraising	Fundraising
-Programme & Technical Department (including Infolep)	Objective
-Fundraising and information & awareness raising dept.: Inform.& Awareness	Objective

Office and general expenses: allocation based on number of FTEs

-CEO and Management assistant	Management and Administration
-Finance and Administration department	Management and Administration
-Fundraising and information & awareness raising dept.: Fundraising	Fundraising
-Programme & Technical Department (including Infolep)	Objective
-Fundraising and information & awareness raising dept.: Inform.& Awareness	Objective

Depreciation and interest: allocation based on number of FTEs

-CEO and management assistant	Management and Administration
-Finance and administration department	Management and Administration
-Fundraising and information & awareness raising dept.: fundraising	Fundraising
-Programme & Technical department (including Infolep)	Objective
-Fundraising and information & awareness raising dept.: inform.& awareness	Objective

Exception within this group are the investment costs, these are entirely allocated to fundraising.

Notes general costs (support costs before charging)

Specification below involves the overall cost to the specification and allocation costs to destination: personnel costs, housing, office and general expenses and depreciation and interest.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Staff costs by department			
- CEO and management assistant	189	172	163
- Finance and Administration department	263	225	232
- Fundraising and information & awareness raising dept.: Fundraising	194	154	141
- Fundraising and information & awareness raising dept.: Inform.& Awareness	157	154	141
- Programme department	423	721	503
- LRI department	159	156	128
- Technical department	238	206	217
- Infolep and infoNTD	87	85	100
- PEP++	214	0	0
- PEP4LEP	16	0	0
- NLR2020	85	0	0
	2.026	1.872	1.626

The total staff costs comprise 20% of the total expenses. The average number of staff at head office counted at 26.3 FTE (2017: 22.8 FTE), please refer to the specification of staff costs. The number of staff members at the end of the year is 33.

All staff is employed by NLR. LRI has no staff members.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Housing costs			
Rent including service charges	86	81	77
Cleaning costs	18	20	16
Other accommodation costs	2	5	9
Removal costs	0	0	0
	106	106	102
	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
General costs			
Costs Supervisory board	5	2	5
ILEP meetings	3	10	10
External advice	78	30	40
Training	0	2	1
CBF, VFI and Partos	17	23	23
Other meetings and travel costs	0	15	0
Various insurance costs	15	10	15
Legal support and advice	0	10	0
Office costs			
Office supplies	4	4	5
Telephone / telex / fax / e-mail	8	10	8
Photocopies	4	4	4
Postage	7	5	5
Maintenance inventory	4	4	0
Office ICT	118	65	82
Printed material	0	0	0
Other office expenses	57	24	50
	319	218	246
Other expenses	49	10	0
Other costs	49	10	0

The high total office- and general costs can for a large part be explained by the high office ICT costs, partly caused by the implementation costs of new financial software, and partly caused by weekly instead of a two-weekly maintenance visits. The costs for the implementation of new financial software are funded from our investment reserve. Although these costs are not part of the regular operating budget for 2018, the costs had to be taken into account in the annual account as expenditure for 2018. See also notes on the balance sheet. Also higher than budgeted are the costs for external advice, due to costs for the implementation of GDPR and ISO-certification.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Depreciation			
Depreciation inventory, installations and computers	20	25	25
	20	25	25
Total general costs	2.520	2.231	2.000

Specification staff costs

In the specification above a breakdown of personnel costs by department is given. The following is a specification of the same costs but now divided into wages and salaries, social security charges, pension and other personnel costs. NLR has its own employment regulations, salary structure and job classification. Salaries scales are generally indexed annually. NLR follows the Dutch Centraal Bureau voor Statistiek (CBS) index which resulted in a salary scale increase for 2018 of 1.6% compared to 2017.

	Realisation 2018 x €1,000	Budget 2018 x €1,000	Realisation 2017 x €1,000
Wages and salaries	1.549	1.453	1.271
Social security costs	230	189	177
Pension contributions	173	156	134
Other personnel costs	74	74	44
	2.026	1.872	1.626

The total staff costs are 8% higher than budgetted and 25% higher than in 2017. The costs for recruitment, courses and compensation for travel expenses are included in the item other personnel costs.

Average number of employees (in FTE)	Realisation 2018	Budget 2018	Realisation 2017
CEO	1,0	1,0	1,0
Managementassistant	0,5	0,5	0,5
Programme department	9,3	9,2	8,7
Technical department	3,6	2,0	1,7
LRI department	2,1	2,1	1,8
Fundraising and information & awareness raising department	5,2	5,3	4,8
Finance and Administration department	3,3	2,8	2,6
Infolep/InfoNTD	1,4	1,3	1,7
Average number of FTEs	26,3	24,2	22,9

All staff is employed by NLR. Average numbers of FTE as stated above is therefore for both the consolidated annual accounts as well as NLR. LRI has no staff members (FTE =0).

Number of international office employees on Dec. 31	33	26	27
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The total number of staff members working at international office in Amsterdam was 33 at 31 December 2018 (2017: 27). In addition to the office staff, NLR has at December 31st 2018 1 expatriate staff abroad (2017: 1). The total costs of the expatriate staff amount to €83,000 (2017: €95,000) and is included in the project expenses. The pensions of NLR's staff and expatriate staff are insured with Pensioenfonds Zorg en Welzijn.

Remuneration of the Chief Executive Officer

The amounts and composition of the remuneration is shown in the table below:

Name	J. van Berkel	J. van Berkel
Function	CEO	CEO
	2018	2017
Employment		
Duration contract	Indefinite	Indefinite
Hours/week	40	40
Part-time percentage	100	100
Period	1/1-31/12	1/1-31/12
Remuneration in EUR	Total 2018	Total 2017
	x €1.000	x €1.000
Annual income		
Gross wages/ salary	105	102
Holiday allowance	8	8
End-of-year bonus	4	4
Variable annual income	0	0
Total reward	117	114
Taxable allowances/additions	0	0
Pension charges (employer's contribution)	13	13
Pension compensation	0	0
Other remaining (future) rewards	0	0
Benefits end of service	0	0
Total other charges and compensations	13	13
Total remuneration	131	128

The Supervisory Board determines the remuneration policy, the amount of the Director's income and the amounts of other elements of remuneration. The remuneration policy is updated periodically. NLR follows the Regulation for the Remuneration of Directors of Charities, in Dutch: Regeling belonging directeuren van goede doelen. This regulation was revised in November 2018 and is part of the Qualification System Charities (in Dutch: Erkenningssystematiek Goede Doelen).

The remuneration of the CEO of NLR was therefore also revised by the Supervisory Board in November 2018 and the Board concluded that retroactive pay due to a salary payment increase was owed and effected to the CEO to perform in accordance with the revised Regulation. The Regulation weighs three criteria to define the maximum standards for annual incomes: size, complexity and organisational context. The Supervisory Board calculated a total of 430 points (BSD-scores), resulting in a maximum annual income for 2018 of €117,584. This score is reviewed every three years. The relevant actual annual income of the CEO for 2018 was €117,181 (1 FTE/12 months) for Mr. Jan van Berkel. This means that the remuneration of the CEO remains within the maximum as defined in the Regulation.

The combined total of annual income, taxable allowances/additions, pension charges and pension compensation and other (future) rewards remains below the maximum in the regulation of €189,000 per year for 2018.

Remuneration Supervisory Board

No remuneration was paid to the Supervisory Board members, and no loans, advances or guarantees were given. In 2017 and 2018 no expenses were reimbursed.

Summary: specification expenses to destination

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

Amounts x €1,000

	Realisation 2018					Total 2018	Budget 2018	Total 2017
	Spent on objectives			Fundraising Costs	Management & Administration			
	Programme activities	Coordination Medical advise	Information Awareness raising					
Grants and contributions	3.979	0	0	0	0	3.979	5.882	6.427
Payments to affiliated organisations	0	0	0	0	0	0	0	0
Purchases and acquisitions	0	0	0	0	0	0	0	0
Outsources activities	2.510	167	0	0	30	2.708	1.333	1.818
Communication costs	0	0	335	933	0	1.268	918	1.015
Staff costs *	402	819	157	194	453	2.026	1.872	1.626
Housing costs *	11	40	16	16	23	106	106	102
Office and general costs *	41	173	44	44	66	369	228	246
Depreciation *	2	9	2	2	4	20	25	25
Total	6.945	1.209	555	1.190	576	10.476	10.363	11.260

* See specification general costst as mentioned in the notes to the balance sheet and statement of income and expenses

B: Annual Accounts Netherlands Leprosy Relief 2018

B: Jaarrekening Leprastichting 2018

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Annual Accounts NLR 2018

I. Balance sheet as per December 31, 2018

Amounts x €1,000

	not	31 December 2018	31 December 2017
ASSETS			
<i>Fixed assets</i>			
Tangible fixed assets	1	63	37
<i>Current assets</i>			
Receivables	2	5.591	4.401
Securities	3	12.281	12.474
Cash and cash equivalents	4	<u>3.570</u>	<u>3.233</u>
		21.442	20.108
		<hr/>	<hr/>
Total assets		21.505	20.145
		<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
<i>Reserves and funds</i>	5		
Reserves			
-Continuity reserve		3.791	3.793
-Earmarked reserves by board		7.520	6.189
Funds			
-Earmarked fund Dutch Postcode Lottery I		0	168
-Earmarked fund Dutch Postcode Lottery II		7.948	8.837
		19.259	18.987
<i>Long-term liabilities</i>	6a	40	80
<i>Short-term liabilities</i>	6b	2.206	1.077
		<hr/>	<hr/>
Total liabilities		21.505	20.145
		<hr/> <hr/>	<hr/> <hr/>

Annual Accounts NLR 2018

II. Statement of Income and Expenses 2018

Amounts x €1,000

	notes	Realisation 2018	Budget 2018	Realisation 2017
INCOME				
- Income from individuals	9	6.735	3.860	5.866
- Income from companies	10	0	30	40
- Income from lotteries	11	1.350	1.350	10.725
- Grants from governments	12	875	0	1.890
- Income from other non-profit organisations	13	1.606	4.080	1.716
Sum of the income raised		10.565	9.320	20.236
- Income in return of goods and services	14	8	10	12
- Other income	15	96	99	31
Total income		10.670	9.429	20.280
EXPENSES				
Expenses on the objectives				
- Leprosy control and disability programme activities	16	6.653	6.355	7.726
- Coordination and medical advice	16	1.210	1.403	1.134
- Information and awareness raising	16	555	522	715
		8.418	8.278	9.575
Fundraising expenses	17	1.190	796	679
Expenses management and administration	18	576	502	505
Total Expenses		10.185	9.576	10.758
Financial income and expenses	19	(213)	147	75
Balance of income and expenses		272	0	9.597
Destination of the balance of income and expenses				
Addition / Withdrawal from				
- Continuity reserve	5	(2)		1.509
- Earmarked reserves	5	1.331		(546)
- Earmarked funds	5	(1.057)		8.634
		272		9.597

III. Notes accompanying the annual accounts for 2018

a. General and accounting policies

Activities

NLR (Netherlands Leprosy Relief, in Dutch Leprastichting, Wibautstraat 137k, 1097 DN in Amsterdam The Netherlands, registered under Chamber of Commerce Number 41199723) is committed to a world without leprosy and its consequences. The objectives of the foundation are described in detail in the annual report.

The annual accounts have been prepared on an historical cost basis of accounting.

Accounting period

The annual accounts have been drawn up by reference for an accounting period of one year. The financial year is equal to the calendar year.

Budget comparison

The budget used in these annual accounts for 2018 is the formally approved budget 2018.

Other general and accounting policies

The other general and accounting policies are equal to the ones used for the consolidated annual accounts. Please refer to part A, section III a.

b. Notes to the Balance sheet 2018

For a complete explanation of the balance sheet we refer to section b. of the consolidated annual accounts (part A) under the notes indicated on the balance sheet. In the sections below, only the differences with the consolidated annual accounts 2018 are explained. In a general sense those differences are explained by the fact that the consolidated annual accounts is the consolidation of NLR and the Leprosy Research Initiative (LRI). Amounts that fall under the LRI annual accounts are not part of the NLR annual accounts.

2. Receivables

	31-dec-18 x €1,000	Consolidated accounts 31-dec-18 x €1,000
Balances project funds and accounts	557	557
Legacies due	3.348	3.348
Interest savings accounts and investments	65	65
Paid in advance	82	161
Debtors	51	51
Other accounts receivable	1.488	1.663
	5.591	5.845

The receivables are compared with the consolidated annual accounts are €254,000 lower. This difference is explained by the fact that the amounts receivable by LRI and paid in advance by LRI are not included.

4. Cash and cash equivalents

	31-dec-18 x €1,000	Consolidated accounts 31-dec-18 x €1,000
Arrangement ING bank accounts	2.937	3.674
Other bankaccounts	633	633
Cash in hand	0	0
	3.570	4.307

The difference in the cash and cash equivalents compared with the consolidated annual accounts is explained by the fact that in NLR bank accounts the LRI bank account (balance at 31 December 2018 of €737,000) is not included.

	31-dec-18 x €1,000	Consolidated accounts 31-dec-18 x €1,000
Total assets	21.492	22.483

The total assets are in comparison with the consolidated accounts €990,000 lower.

5. Reserves and funds

	31-dec-18 x €1,000	Consolidated accounts 31-dec-18 x €1,000
<i>Reserves:</i>		
Continuity reserve	3.791	3.791
Earmarked reserves by board	7.520	8.357
<i>Funds:</i>		
Earmarked fund Dutch Postcode Lottery I	0	0
Earmarked fund Dutch Postcode Lottery II	7.948	7.948
	19.259	20.096

The total reserves are €837,000 lower than the consolidated accounts. The gain of €288,000 in 2018 of the LRI is added to the LRI reserves ultimo 2018. The total LRI reserve is deducted from the earmarked reserves.

6b. Short-term liabilities

	31-dec-18 x €1,000	Consolidated accounts 31-dec-18 x €1,000
Payable project costs	406	450
Payable office (including Fundraising and Communication) expenditure	183	183
Accounts payable/creditors	157	163
Payroll taxes en social security contributions	2	2
Staff pension costs	0	0
Liabilities projects	184	184
Taxes	1	1
Other amounts	1.272	1.376
	2.206	2.360

The total short-term liabilities are €154,000 lower when compared with the consolidated accounts. Payable costs for LRI projects are not included for an amount of €44,000. The total of accounts payable are €6,000 lower when compared with the consolidated accounts. In the other amounts the amount payable to NLR by LRI of €56,000 is not included. Also not included is the amount received in advance by the LRI of €48,000.

	31-dec-18 x €1,000	Consolidated accounts 31-dec-18 x €1,000
Total liabilities	21.505	22.496

The total liabilities are in comparison with the consolidated accounts €991,000 lower.

c. Notes to the Statement of Income and Expenses 2018

For a complete explanation of the statement of income and expenses sheet we refer to section c. of the consolidated annual accounts (part A) under the notes indicated on the statement of income and expenses. In the sections below, only the differences with the consolidated annual accounts 2018 are explained. In a general sense those differences are explained by the fact that the consolidated annual accounts is the consolidation of NLR and the Leprosy Research Initiative (LRI). Amounts that fall under the LRI annual accounts are not part of the NLR annual accounts.

13. Income from other non-profit organisations

	Realisation 2018	Consolidated accounts Realisation 2018
Contributions field activities, supporting projects and non-LRI research	1.403	1.403
Contributions LRI research	198	778
Liliane Foundation for earmarked fund These shoes are made for walking	5	5
Total income from other non-profit organisations	1.606	2.185

Contributions LRI research

The difference in income from third-party campaigns is explained by the fact that the income from contributions by others than NLR for LRI research projects, €778,000, is not part of the NLR annual accounts 2018. Added however is the reimbursement by LRI for NLR paid expenses for LRI Officer and secretariat by NLR for LRI of €198,000.

Total income	10.670	11.249
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The total of income for 2018 is in comparison with the consolidated accounts €580,000 lower.

Expenses

13. Expenses on the objectives

	Realisation 2018 x €1,000	Consolidated accounts Realisation 2018 x €1,000
<u>A: Leprosy control and disability programme activities</u>		
Field programmes excluding support costs	3.311	3.311
GFATM: Nigeria TB and MDRTB programs	0	0
Research projects	2.219	2.510
Supporting projects	667	667
Project expenditure unspecified institutional funding projects	0	0
Charged support costs (see specification expenses to destination)	456	456
	6.653	6.945

The difference with the consolidated accounts is because besides the expenses for the LPEP project, expenses on the National Postcode Lottery (NPL) Dreamfund Project: 'Stop the transmission of Leprosy' and the EDCTP financed project 'PEP4LEP' only the NLR contribution to the LRI for research projects is included, a total of €350,000. The total of LRI research expenses €641,515 is subtracted, the NLR contribution (€350,000) is added. Therefore, both the amount under research projects and the total are €292,000 lower.

Total expenses on the objectives (A+B+C)	8.418	8.710
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The total expenses on the objectives is lower by the same amount mentioned above, namely €292,000.

Total expenses	10.185	10.477
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The total expenses for 2018 are in comparison with the consolidated accounts €292,000 lower.

Result income and expenses	272	560
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The result of income and expenses for 2018 is in comparison with the consolidated accounts €288,000 lower, resulting in a total surplus of €272,000

INDEPENDENT AUDITOR'S REPORT

To: the Director and the Supervisory Board of the Netherlands Leprosy Relief
in Amsterdam, The Netherlands.

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

Our opinion

We have audited the financial statements 2018 of the Netherlands Leprosy Relief based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Netherlands Leprosy Relief as at 31 December 2018 and of its result for 2018 in accordance with the Guidelines for annual reporting 650 "Fundraising Organisations" of the Dutch Accounting Standards Board.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2018;
- the consolidated and company statement of income and expenditure 2018; and
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of the Netherlands Leprosy Relief in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

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KvK nummer 34374865



B. Report on the other information included in the annual report

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

- the Management Board's report;
- other information;
- Annex 1: Overview of countries with comparison;
- Annex 2: Budget 2019 NLR;
- Annex 3: Multi Annual Projection NLR 2019-2021;
- Annex 4: Supervisory Board and Executive Director.

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

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

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. The director is responsible for the preparation of the other information, including the director's report, in accordance with the Guidelines for annual reporting 650 "Fundraising Organisations" of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements

Responsibilities of the Director and the Supervisory Board for the financial statements

The director is responsible for the preparation and fair presentation of the financial statements, in accordance with the Guidelines for annual reporting 650 "Fundraising Organisations" of the Dutch Accounting Standards Board. Furthermore, the director is responsible for such internal control as the director determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the director is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the director should prepare the financial statements using the going concern basis of accounting unless the director either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so.

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

The Supervisory Board is responsible for monitoring the financial reporting process of the organization.



Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director;
- concluding on the appropriateness of the director's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a foundation to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

Amsterdam, 24 June 2019

Dubois & Co. Registeraccountants

Signed on original:
A.P. Buteijn RA

annex 1

Overview of countries with
budget comparison

		Budget 2018 Euro	Realisation 2018 Euro	Discrepancy Budget-realisation Euro	In % of the budget
Africa					
	Mozambique	243.000	498.353	255.353	
	Nigeria	0	155.446	155.446	
	Total Africa	243.000	653.799	410.799	169%
South-America					
	Brazil	362.000	265.345	(96.655)	
	Total South-America	362.000	265.345	(96.655)	-27%
Asia					
	Myanmar		85.804	723.856	
	Cambodia		88.451		
	Thailand		0		
	Vietnam		549.601		
	<i>Total Mekong region</i>	90.000			
	Indonesia	768.000	931.260	163.260	
	India	429.000	445.148	16.148	
	Nepal	274.000	292.033	18.033	
	Total Asia	1.561.000	2.392.297	921.297	59%
1. Total field programmes		2.166.000	3.311.441	1.235.441	57%
3. Supporting projects		589.680	1.123.168	533.488	90%
4. Research projects		1.136.000	2.510.137	1.374.137	121%
SUBTOTAL		3.891.680	6.944.746	3.143.066	81%
TOTAL		3.891.680	6.944.746	3.143.066	81%

annex 2

NLR Budget 2019

Amounts x €1,000

This is the approved 2019 NLR budget, compared to NLR's 2018 realisation and budget.

For the independent 2019 LRI budget, please refer to the 2018 LRI annual accounts.

	Budget 2019	Realisation 2018	Budget 2018
INCOME:			
- Income from individuals	4.124	6.735	3.860
- Income from companies	-	-	30
- Income from lotteries	1.350	1.350	1.350
- Grants from governments	-	875	-
- Income from other non-profit organisations	4.270	1.606	4.080
Sum of the raised income	9.744	10.565	9.320
- Income in return of goods and services	-	8	10
- Other income	552	96	99
Total income	10.296	10.670	9.429
EXPENSES:			
- Leprosy control and disability programme activities	6.801	6.653	6.355
- Coordination and medical advice	1.673	1.210	1.403
- Information and awareness raising	525	555	522
	8.999	8.418	8.278
Fundraising expenses	877	1.190	796
Management and administration expenses	596	576	502
Total Expenses	10.472	10.185	9.576
Financial income and expenses	175	(213)	147
Balance of income and expenses	0	272	0

annex 3

NLR Multi Annual Projection 2019-2021

Amounts x €1,000

	Budget 2019	Projection 2020	Projection 2021
INCOME:			
- Income from individuals	4.124	4.124	4.124
- Income from companies	0	0	0
- Income from lotteries	1.350	1.350	1.350
- Grants from governments	0	0	0
- Income from other non-profit organisations	4.270	4.319	4.393
Sum of the raised income	9.744	9.793	9.867
- Income in return of goods and services	0	0	0
- Other income	552	503	429
Total income	10.296	10.296	10.296
EXPENSES:			
Expenses on the objectives			
- Leprosy control and disability programme activities	6.801	6.801	6.801
- Coordination and medical advice	1.673	1.673	1.673
- Information and awareness raising	525	525	525
	8.999	8.999	8.999
Fundraising expenses	877	877	877
Management and administration expenses	596	596	596
Total Expenses	10.472	10.472	10.472
Financial income and expenses	175	175	175
Balance of income and expenses	0	0	0

Netherlands Leprosy Relief (NLR)

Supervisory Board and Executive Director

Supervisory Board 2018

CHAIR	From	End of term
Drs. A. van Ojik	1-1-2016	31-12-2019
FINANCES; CHAIR FINANCIAL AUDIT COMMITTEE		
R.L.J. Greveling MSc RA	1-1-2014	31-12-2021
COMMUNICATION AND FUNDRAISING; MEMBER FINANCIAL AUDIT COMMITTEE		
Drs. D.M.P.J. Go – Feij	1-4-2015	31-3-2019
HRM AND GOVERNANCE		
E.J.C. Bongers MBA	19-5-2017	18-5-2021
SCIENTIFIC RESEARCH		
Prof. Dr. P.R. Klatser	15-3-2013	14-3-2021
PROGRAMS		
Dr. M.R.A. van Cleeff	1-6-2015	31-5-2019
Executive Director		
J. van Berkel	1-4-2009	

Leprosy Research Initiative (LRI)

Management Board

Netherlands Leprosy Relief (NLR)	1-6-2015
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until **No Leprosy Remains**

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