



Annual Accounts 2019

until

No Leprosy Remains



Annual Accounts NLR 2019
Jaarrekening Leprastichting 2019

NLR Annual Accounts 2019

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A: Consolidated Annual Accounts NLR 2019

A: Geconsolideerde jaarrekening Leprastichting 2019

Consolidated annual accounts of:
NLR (until No Leprosy Remains)
LRI (Leprosy Research Initiative)

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Consolidated Annual Accounts NLR 2019

I. Balance sheet as per December 31, 2019

Amounts x €1,000

	notes	31 December 2019	31 December 2018
ASSETS			
<i>Fixed assets</i>			
Tangible fixed assets	1	135	63
<i>Current assets</i>			
Receivables	2	4.666	5.845
Securities	3	12.730	12.281
Cash and cash equivalents	4	<u>3.855</u>	<u>4.307</u>
		21.251	22.433
		<hr/>	<hr/>
Total assets		21.385	22.496
		<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
<i>Reserves and funds</i>			
	5		
Reserves			
-Continuity reserve		4.452	3.791
-Earmarked reserves		6.557	8.357
Funds			
-Earmarked fund Dutch Postcode Lottery I		0	0
-Earmarked fund Dutch Postcode Lottery II		6.599	7.948
		17.608	20.096
<i>Long-term liabilities</i>	6a	0	40
<i>Short-term liabilities</i>	6b	3.776	2.360
		<hr/>	<hr/>
Total liabilities		21.385	22.496
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Annual Accounts NLR 2019

II. Statement of Income and Expenses 2019

Amounts x €1,000

	notes	Realisation 2019	Budget 2019	Realisation 2018
INCOME:				
- Income from individuals	9	4.374	4.112	6.735
- Income from companies	10	44	0	0
- Income from lotteries	11	1.350	1.350	1.350
- Grants from governments	12	658	0	875
- Income from other non-profit organisations	13	1.841	3.298	2.185
Sum of the raised income		8.267	8.760	11.145
- Income in return of goods and services	14	5	12	8
- Other income	15	27	225	96
Total income		8.298	8.997	11.249
EXPENSES:				
Expenses on the objectives				
- Leprosy control and disability programme activities	16	7.911	8.083	6.945
- Coordination and medical advice	16	1.425	1.673	1.210
- Information and awareness raising	16	590	525	555
		9.927	10.281	8.710
Fundraising expenses	17	1.185	877	1.190
Expenses management and administration	18	717	596	576
Total Expenses		11.828	11.754	10.476
Financial income and expenses	19	1.043	175	(213)
Balance of income and expenses		(2.488)	(2.581)	560
Destination of the balance of income and expenses				
Addition / Withdrawal from				
- Continuity reserve	5	661	0	299
- Earmarked reserves	5	(1.799)	(397)	1.318
- Earmarked funds	5	(1.350)	(2.184)	(1.057)
		(2.488)	(2.581)	560

Consolidated Annual Accounts NLR 2019

III. Notes accompanying the annual accounts for 2019

a. General and accounting policies

This are the consolidated annual accounts of 2019 of NLR and LRI (Leprosy Research Initiative)

The consolidation includes the financial information of 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:

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

Activities

NLR, 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 2019 budget approved by the Supervisory Board and the Actual realisation of 2018.

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.

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) 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 2019

1. Tangible fixed assets

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

	Office Inventory x €1,000	Office installations x €1,000	Hardware & software x €1,000	Total 2019 x €1,000	Total 2018 x €1,000
Purchase value					
Balance as at 1 January	313	52	309	674	628
Purchases	40	15	48	103	46
Balance as at 31 December	353	67	356	776	674
Depreciation					
Balance as at 1 January	271	45	295	611	591
Depreciation	14	2	15	31	19
Balance as at 31 December	285	47	309	642	611
Balance sheet value as at 1 January	41	8	14	63	37
Balance sheet value as at 31 December	68	20	47	135	63
Insured value	109	100	100	309	309

The investments in 2019 involve the costs for the purchase of notebooks, computers and the set up for workplaces.

2. Receivables

	31-dec-19 x €1,000	31-dec-18 x €1,000
Balances project funds and accounts	298	557
Legacies due	2.683	3.348
Interest savings accounts and investments	58	65
Paid in advance	121	161
Debtors	7	51
Other accounts receivable	1.498	1.663
	4.666	5.845

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 are payments made at year end for activities in 2020. Other accounts receivable are the amounts due from the Dutch Postcode Lottery (1,35 million euro) for their annual contribution and from LRI partners (0,4 million euro)

All receivables are due within one year.

3. Securities

	31-dec-19 x €1,000	%	31-dec-18 x €1,000	%
Bonds	7.200	57%	7.618	62%
Shares	3.492	27%	2.582	21%
Other investments	0	0%	0	0%
Balance of investment accounts	2.037	16%	2.080	17%
	12.730	100%	12.280	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 is the direct result of the positive investment result over 2019 minus a cash withdrawal made during the year for financing project activities from designated funds.

The movement of the investments during 2019 were as follows:

	Shares x €1,000	Bonds x €1,000	Other investments x €1,000	Investment- accounts x €1,000	Total x €1,000
Balance at 1 January 2019	2.582	7.618	0	2.080	12.281
Plus: additions bought	443	0	0	0	443
Sold, redemptions and movements in balance	467	(418)	0	(42)	7
Balance sheet value at 31 December 2019	3.492	7.200	0	2.037	12.730

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 2019

	Interest %	Redeemable	Nominal value x €1,000	Market value purchase x €1,000	Market value 31-dec-19 x €1,000
Total bonds			6.600	7.589	7.200

Overview shares at 31 December 2019

	Volume of shares	Market value purchase x €1,000	Market value 31-dec-19 x €1,000
Total shares	91.563	1.551	3.492

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 €2,037,028. 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 2019 is as follows:

	31-dec-19 x €1,000	31-dec-18 x €1,000
Arrangement ING bank accounts	3.222	3.674
Other bankaccounts	632	633
Cash in hand	1	0
	<u><u>3.855</u></u>	<u><u>4.307</u></u>

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 2019 is € 224 (2018: €260) 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.

	----- Earmarked -----					TOTAL
	Continuity Reserves	Reserves Projects	Investment Reserve, Priority Reserve and transition budget	Funds NPL: These shoes are made for walking	NPL: Stop the Transmission of Leprosy	
	x €1,000	x €1,000	x €1,000	x €1,000	x €1,000	x €1,000
Balance as per 31 December 2018	3.791	4.605	3.751	0	7.948	20.096
- Withdrawals	0	(205)	(1.735)	0	(1.350)	(3.289)
- Additions	661	141	0	0	0	801
Balance as per 31 December 2019	4.452	4.541	2.016	0	6.599	17.607

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 €6,7 million. NLR aims at a continuity reserve of between 0.5 and 1 times the annual cost of the work organisation based on the budget for the coming year. At the end of 2019 the continuity reserve is now 1.0 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. The total cost of the work organisation in our 2020 budgets are €4,452,000 with a ratio of 1,0 this equals the desired maximum of the continuity reserve. Therefore, at the end of 2019 a dotation for the amount of €661,000 was made to the continuity reserve.

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 Directors 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. We aim to hold this reserve with a ratio of 1.0. In our consolidated accounts this reserve also holds the LRI earmarked reserve which withdrew €205,000 for projects in 2019. In order to maintain the 1.0 ratio for 2020 projects a dotation of €141,000 was made to this reserves based on the allocated part of budgeted projects for 2020.

	31-dec-19 x €1,000	31-dec-18 x €1,000
NLR	3.909	3.768
LRI	632	837
	<u><u>4.541</u></u>	<u><u>4.605</u></u>

Earmarked reserve for investment, priorities and transition:

Investments

This reserve is partly used in 2019 for investments in innovation and capacity building. This Investment Reserve was used to a total spent amount of €1,735,000 in 2019 (2018: €876,000). Of this amount, €685,000 was spent on the multi-annual NLR 2020 project. €284,000 was spent as an investment in our fundraising programme. Furthermore an amount of €202,000 was spent on several investments in improving our operations like GDPR compliance, investments in our IT hardware and global finance system. An additional amount of €275,000 was spent on programmatic and medical technical investments like Lep vax phase 1 trials, the development of the Skinapp and match funding for several of our externally funded programmes. As a result the remaining amount needed for the dotation to our continuity reserves was taken from this reserve.

Transition

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. In order to facilitate this transition €409,000 was spent in 2017, €271,000 in 2018 and €205,000 in 2019 totalling to €885,000 of which €73,000 was funded with the final withdrawal of this transition budget. At the end of 2019 a dotation was made for 70k for a two year extension of the Mekong transition till the end of 2021.

Research reserves (LRI)

Part of the consolidated reserves is earmarked within the LRI books for future research projects. End of 2019 this totals to the amount of €632,312 (2018: €837,357). At the end of 2019 €205,045 was taken from this earmarked reserve in order to finance projects implemented in 2019 above the received income in this year.

Earmarked fund for Dutch Postcode Lottery funded 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-19	31-dec-18
	x €1,000	x €1,000
Earmarked fund of Dutch Postcode Lottery funded project 'Stop the Transmission of Leprosy'	<u>6.599</u>	<u>7.949</u>
	<u>6.599</u>	<u>7.949</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
2019	486	248	361	254	1.350

6a. Long-term liabilities

	31-dec-19 x €1,000	31-dec-18 x €1,000
Other amounts	<u>0</u>	<u>40</u>
	<u>0</u>	<u>40</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 their short-term character.

	31-dec-19 x €1,000	31-dec-18 x €1,000
Payable project costs	371	450
Payable office (including Fundraising and Communication) expenditure	80	183
Accounts payable/creditors	405	163
Payable staff costs	131	*
Payroll taxes en social security contributions	0	2
Staff pension costs	33	0
Liabilities projects	304	184
Taxes	2	1
Other amounts	<u>2.452</u>	<u>1.376</u>
	<u>3.776</u>	<u>2.360</u>

Payable project costs are mainly amounts payable for scientific research in 2019, not yet formally invoiced by the researchers concerned.

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 2020.

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 2020. Most importantly funding from COR-NTD and EDCTP for projects well underway and also a large contribution for a new project starting in 2020: Ready4Pep.

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 €86,016 (excluding service costs) per year (2018: €67,600). Our copiers and printer are leased for a period of 5 years until September 2024, 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 (2018: €80,000).

LRI

LRI has made commitments for 2021 and beyond for running research projects for a total value of €1,068,803. 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 for € 29,000. Due to the fact that the usufructuary has the right to use, dispose of or invest the legacy, the financial benefit of the remaining 5 legacies subject to usufruct cannot be valued.

9. Events after balance date - Covid impact

At the date of publication of this Annual Report the world is struggling with the COVID-19 infection and related lockdowns. We see and expect no immediate substantial effect on our income 2020, as donors sustain in showing their strong loyalty to our mission. Expenses will go down, due to lockdowns hampering field work in almost all programme countries. Part of this budget is reallocated to COVID related expenses to protect and support our beneficiaries during this crisis and to contribute to COVID information campaigns and health system support, especially in remote areas, where we run our leprosy programmes. The projections for 2021 and 2022, linked to the Multi-Annual Strategy, are roughly in line with the 2020 budget, though long term impact of COVID-19 is uncertain. This will be reviewed by the end of 2020.

c. Notes to the Statement of Income and Expenses 2019

Income

9. Income from individuals

	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Face-to-face fundraising Regional Circles, in Dutch: <i>Kringen</i>	11	25	15
Donations and gifts	2.371	2.632	2.481
Legacies	1.901	1.400	4.133
Other income from own fundraising received	93	55	105
	<u>4.374</u>	<u>4.112</u>	<u>6.735</u>

The income from legacies totaled €1,9 million. The share of legacies in the total income from individuals in 2019 was 43% (2018: 61%). 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 € 29,000. The total income from legacies is above budget, but significantly lower than last year, yet the number of files received is similar to last year.

10. Income from companies

	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Income from companies	44	30	0
	<u>44</u>	<u>30</u>	<u>0</u>

In 2019 we received €44,000 of unearmarked income from companies.

11. Income from lotteries

	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Proceeds from Dutch Postcode Lottery, regular draw	1.350	1.350	1.350
Dream Fund from Dutch Postcode Lottery	0	0	0
Total income Dutch Postcode Lottery	<u>1.350</u>	<u>1.350</u>	<u>1.350</u>

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 2020 an amount of €1,350,000 is received from the lottery revenues of 2019. This amount is income for 2019 and has been added to amounts receivable at the end of 2019. The amount received in 2019 from the 2018 lottery revenues was recognised as income for 2018 and was taken as an amount receivable at the end of 2018.

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 spent 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 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Dutch Ministry of Foreign Affairs (LEAP)	178	199	31
EU (EDCTP)	480	0	844
	<u>658</u>	<u>199</u>	<u>875</u>

Dutch Ministry of Foreign Affairs

Between 2017 and the end of 2019 we received a total amount of €360,900 from the Accountability Fund for the Indonesian programme LEAP: Local Economic development of people with disability through active Advocacy for an inclusive Policy. The total budget for the project is €413,000 of which we spent €178,000 in 2019. The remainder of the funds received are carried over to 2020.

EDCTP

In 2018 an amount of €3,198,356 was awarded by EDCTP for an EDCTP2 project, supported by the European Union and LRI. The project is called 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, starting on 1 October 2018. In 2018, €1,575,866 was received of which €732,044 was not spent or not yet transferred to the consortium partners in that year. €480,673 is spent in 2019 or transferred to consortium partners. Therefore, €249,375 is the balance of the 2018 transfer.

13. Income from other non-profit organisations

	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Contributions field activities, supporting projects and non-LRI research	989	2.223	1.403
Contributions LRI research	852	1.075	778
Liliane Foundation for earmarked fund These shoes are made for walking	0	0	5
Total income from other non-profit organisations	<u>1.841</u>	<u>3.298</u>	<u>2.185</u>

Contributions field activities, supporting projects and non-LRI research

In 2019 income from our strategic partnerships with Novartis Foundation, Liliane Foundation and The Leprosy Mission was received. Furthermore project income was taken this year for expenditure made for our projects Pep4Lep and LEAP Indonesia.

Contributions LRI WOORD geschrap

Contributions from Other

LRI member organisations of the Leprosy Research Initiative (LRI) contributed to the Research Fund and running costs. For 2019 we received contributions for LRI from the American Leprosy Mission (ALM), Deutsche Lepra- und Tuberkulosehilfe (DAHAW), effect:hope and TLM International. Also, a contribution to the LRI research Fund was received from Damien Foundation. Turing Foundation and TLM Ireland contributed to the running costs. All is included in the total amount.

Sum of the raised income	<u>8.267</u>	<u>8.988</u>	<u>11.145</u>
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14. Income in return of goods and services

	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Sales of goods, <i>Jan Jans</i> comics	5	10	8
	<u>5</u>	<u>10</u>	<u>8</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 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Other income	27	225	96
	<u>27</u>	<u>225</u>	<u>96</u>

In 2019 we received amounts from both Goede Doelen Nederland and Partos as a contribution towards hours dedicated to the respective branche organisations by our CEO and Head of Programs. Contributions from other partners regarding INFOlep and INFOntd as well as were budgeted here yet actuals are shown under 13. Income from other non profit organisations. Furthermore contributions from other partners towards costs made on behalf of ILEP where budgeted here whereas the actual expenditure where settled through our current account.

Total income	<u>8.298</u>	<u>9.224</u>	<u>11.249</u>
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Expenses

In some places below so called charged support costs are mentioned. These costs are reported in accordance with 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 2019 see the relevant annex.

	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
<u>A: Leprosy control and disability programme activities</u>			
Field programmes excluding support costs	3.706	5.299	3.311
Research projects	2.653	1.632	2.510
Supporting projects	937	1.152	667
Charged support costs (see specification expenses to destination)	616	0	456
	<u>7.912</u>	<u>8.083</u>	<u>6.945</u>

The expenses on field programmes are lower than budgeted because we have not been able to execute all planned activities. Most activities are rolled over to 2020 as part of execution of large externally funded projects (PEP4LEP and PEP++). LRI research projects commenced at a later stage than planned, leading to lower expenditure in 2019. The charged support costs are higher, yet in line with 2018, higher costs are explained by additional investments made. For detailed overviews of expenditure per country please refer to part D IX Country Overview.

Project expenditure unspecified institutional funding projects

In the budget for 2019 a target was included of €4.3 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 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
<u>B: Coordination and medical advice</u>			
ILEP, contribution in costs coordination	50	50	56
Leprosy consultants	107	102	112
Charged support costs (see specification expenses to destination)	1.268	1.521	1.042
	<u>1.425</u>	<u>1.673</u>	<u>1.210</u>

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

	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
<u>C: Information and awareness raising</u>			
Media costs	62	104	68
Information campaigns	0	0	0
Promotion, Public Relations	151	127	154
Information costs newsletter: in Dutch: <i>De Klepper</i>	93	104	113
Charged support costs (see specification expenses to destination)	284	190	220
	<u>590</u>	<u>525</u>	<u>555</u>

The total amount of the information and awareness raising expenditure excluding charged support costs was 19% higher than 2018 mainly due to higher support costs made. This was a direct result of additional investments made in 2019.

Total expenses on the objectives (A+B+C)	<u>9.926</u>	<u>10.281</u>	<u>8.709</u>
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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 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Total expenses on the objectives	9.926	10.281	8.710
Total income	8.298	8.997	11.249
Expenses as % of total income	<u>119,6%</u>	<u>114,3%</u>	<u>77,4%</u>

	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Total expenses on the objectives	9.926	10.281	8.710
Total expenses	11.828	11.754	10.476
Expenses as % of total expenses	<u>83,9%</u>	<u>87,5%</u>	<u>83,1%</u>

The expenses on the objectives expressed as a percentage of total income is lower than budgeted but similar to last year. Main reason for this lower expenditure against budget is delay in projects executed and financed from earmarked funds and reserves.

17. Fundraising expenses

The composition of our fundraising expenditure is shown below.

	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Costs newsletter (in Dutch: <i>De Klepper</i>) and CRM	146	121	180
Media costs	0	0	0
Fundraising direct costs	754	520	754
Charged support costs (see specification expenses to destination)	284	231	258
	<u>1.185</u>	<u>873</u>	<u>1.190</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.

Expenses fundraising as a percentage of raised income

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

	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Total expenses fundraising	1.185	873	1.190
Total raised income	8.267	8.760	10.017
Expenses fundraising as % of raised income	<u>14,3%</u>	<u>10,0%</u>	<u>11,9%</u>

In 2019 the fundraising expenses were 14.3% of the total raised income (see above). The higher percentage against last year (11.9%) and 2019 budget (10.0%) is explained by the higher costs made for planned activities as investments from earmarked reserves.

18. Expenses Management and Administration

Expenses on Management and Administration involve 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 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Audit expenses	38	33	30
Personnel costs M&A	575	494	453
Housing expenses	26	24	23
Office and general costs	73	40	66
Depreciation and interest	6	0	4
	<u>717</u>	<u>590</u>	<u>576</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 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Total expenses management and administration	717	590	576
Total expenses	11.828	11.754	10.476
Expenses as % of total expenses	<u>6,1%</u>	<u>5,0%</u>	<u>5,5%</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 2018 and the budget is partly caused by the higher staff costs (due to extra staff and replacement during maternity leave) and higher overall expenses due to investments in office automation (IT) from earmarked reserves.

Total Expenses	<u>11.829</u>	<u>11.744</u>	<u>10.476</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 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Dividends, interest and rental income *	1.042	195	(139)
(Loss)/Gain value securities (unrealised) *	40	0	(39)
(Loss) on sales securities *	(7)	0	(8)
Interest income from cash and cash equivalents	0	0	0
Total gross income related to investments	1.075	195	(186)
Investments costs	(32)	(20)	(27)
Total net income from security investments	1.043	175	(213)

A strong growth in valuation of shares and bonds was realised in 2019 which was one of the best years for investments in a long time. This resulted in a higher income performance than budgeted.

The yield on the portfolio including investment accounts (amounts above marked with *) is 8.0% for 2019 of the average outstanding amounts (2018: -1.7%). The gain was nearly €1 million.

The interest income from cash and cash equivalents is the interest received from bank balances. The development of the amount of interest received over the past five years is shown below. The realised interest per year is also shown.

Multi-annual overview securities 2015-2019

Income from securities (x €1,000)

	2015	2016	2017	2018	2019
Interest received on bonds	157	121	117	-139	943
Dividend	0	0	7	0	99
Realised gains or losses on value securities	(14)	(11)	1	(8)	(7)
Unrealised gains or losses on value securities	(124)	11	(34)	(39)	40
Gross income from investments	19	121	91	-186	1.075
Investments costs	(18)	(16)	(18)	(27)	(32)
Net result securities	1	104	73	(213)	1.043

Yield on investments

	2015	2016	2017	2018	2019
	0,0%	1,8%	1,5%	-1,9%	8,0%

Average yield 2015-2019 %: 1.9%

Average yield 2015-2019 amount: €202.000

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 2019

	Interest%	Redeemable	Appreciation x €1,000	Sale value x €1,000
Redemptions				
European Union 2010/2019	3,38%	10-5-2019	304	300
IBM Senior 2012/2019	1,38%	19-11-2019	253	250
			<u>557</u>	<u>550</u>
Realised gain/(loss) (difference between market value and valuation):			(7)	
Balance of income and expenses		<u>(2.488)</u>	<u>(2.344)</u>	<u>560</u>

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 categories: 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 awareness and 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 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Staff costs by department			
- CEO and management assistant	200	170	189
- Finance and Administration department	375	325	263
- Fundraising and information & awareness raising dept.: Fundraising	214	189	194
- Fundraising and information & awareness raising dept.: Inform.& Awareness	214	189	157
- Programme department	784	729	722
- Technical department	718	747	500
	2.506	2.348	2.026

The staff cost presentation per department is changed compared to 2018. The above table shows the staff costs by department before recharge. The 2018 staff costs are adjusted accordingly. NLR employs staff for own activities and staff for LRI, ILEP, InfoLEP/InfoNTD. The cost of the latter staff is fully recharged. Next, costs of staff that work directly on externally funded projects are recharged to these projects based on time spent. In 2019 an amount of staff costs of €650,514 is recharged. The total staff costs after recharge amounts to € 1,855,540 (2018: €1,550,000).

The total staff costs comprise 21% of the total expenses. The average number of staff at head office counted at 29.1 FTE (2018: 26.3 FTE), refer to the specification of staff costs. The number of staff members at the end of the year is 34 (2018: 33).

	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Housing costs			
Rent including service charges	90	84	86
Cleaning costs	17	20	18
Other accommodation costs	10	3	2
Removal costs	0	0	0
	<u>116</u>	<u>107</u>	<u>106</u>
	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
General costs			
Costs Supervisory board	6	2	5
ILEP meetings	1	10	3
External advice	116	45	78
Training	7	2	0
CBF, Goede Doelen Nederland and Partos	30	23	17
Other meetings and travel costs	0	10	0
Various insurance costs	29	10	15
Legal support and advice	0	5	0
Office costs			
Office supplies	5	4	4
Telephone / telex / fax / e-mail	9	10	8
Photocopies	4	4	4
Postage	7	5	7
Maintenance inventory	7	4	4
Office ICT	256	60	118
Printed material	0	0	0
Other office expenses	37	22	57
	<u>512</u>	<u>216</u>	<u>319</u>
Investment reserves expenses	<u>0</u>	<u>0</u>	<u>0</u>
General costs from Investment Fund	0	0	0
Other expenses	<u>1</u>	<u>4</u>	<u>49</u>
Other costs	1	4	49

The high total office- and general costs can for a large part be explained by the high office ICT costs, partly caused by the support and further implementation costs of new financial software, but mostly caused by our investment in office automation, moving our total hardware environment from onsite servers to cloudbased operations.

	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Depreciation			
Depreciation inventory, installations and computers	<u>31</u>	<u>25</u>	<u>20</u>
	<u>31</u>	<u>25</u>	<u>20</u>
Total general costs	<u>3.166</u>	<u>2.700</u>	<u>2.520</u>

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 2019 of 2.2% compared to 2018.

	Realisation 2019 x €1,000	Budget 2019 x €1,000	Realisation 2018 x €1,000
Wages and salaries	1.832	1.816	1.549
Social security costs	288	257	230
Pension contributions	214	190	173
Other personnel costs	173	84	74
	<u>2.506</u>	<u>2.347</u>	<u>2.026</u>

The total staff costs are 7% higher than budgetted and 24% higher than in 2018. 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 2019	Budget 2019	Realisation 2018
- CEO and management assistant	1,8	1,8	1,8
- Finance and Administration department	3,7	3,8	3,3
- Fundraising and information & awareness raising dept.: Fundraising	2,7	2,5	2,6
- Fundraising and information & awareness raising dept.: Inform.& Awareness	2,7	2,5	2,6
- Programme department	9,5	9,5	9,3
- Technical department	8,7	8,6	6,7
Average number of FTEs	<u>29,1</u>	<u>28,7</u>	<u>26,3</u>

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

The total number of staff members working at international office in Amsterdam was 34 at 31 December 2019 (2018: 33). Other than last year, at year end NLR has no expatriate staff abroad (2018: 1). 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
	2019	2018
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 2019	Total 2018
	x €1.000	x €1.000
Annual income		
Gross wages/ salary	108	105
Holiday allowance	8	8
End-of-year bonus	4	4
Variable annual income	0	0
Total reward	<u>120</u>	<u>117</u>
Taxable allowances/additions	0	0
Pension charges (employer's contribution)	14	13
Pension compensation	0	0
Other remaining (future) rewards	0	0
Benefits end of service	0	0
Total other charges and compensations	<u>14</u>	<u>13</u>
Total remuneration	<u><u>134</u></u>	<u><u>131</u></u>

The Supervisory Board is responsible for NLR's remuneration policy and determines the salary of our CEO. NLR complies with the requirements of The Netherlands Fundraising Regulator (CBF). Compared to positions of similar complexity and responsibility, the Supervisory Board considers the CEO's current remuneration fair and reasonable.

Furthermore, the Supervisory Board regards the position of NLR's CEO as more than a fulltime job. It is a role with great responsibility that requires a high profile and professional performance. The CEO is in charge of an international organisation that raises about €10,000,000 per year, employs 34 people in Amsterdam and 189 in the Country Offices, receives the support of approximately 43,116 donors and 350 volunteers, and cooperates with many international partners, including health ministries, scientists, companies and other NGOs.

Every three years the Supervisory Board reviews the remuneration of the CEO, with the most recent review taking place in 2019. The Board approved the updated job description of the CEO and concluded that the remuneration as per 2020 should be adjusted in accordance with the regulations. The Regulation weighs three criteria to define the maximum standards for annual incomes: size, complexity and organisational context. The Supervisory Board calculated for 2019 a total of 420 points (BSD-scores), resulting in a maximum average annual income for 2019 of €120,515. The 2019 salary of Jan van Berkel is 120,189. Van Berkel donated his remuneration of €7.500 as chair of Goede Doelen Nederland to NLR.

The combined total of annual income, taxable allowances/additions, pension charges and pension compensation and other (future) rewards, amounted € 134.000, which remains below the maximum in the regulation of €194,000 per year for 2019.

Remuneration Supervisory Board

No remuneration was paid to the Supervisory Board members, and no loans, advances or guarantees were given. In 2019 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 2019						Total 2019	Total 2018
	Spent on objectives			Fundraising Costs	Management & Administration			
	Programme activities	Coordination Medical advice	Information Awareness raising					
Grants and contributions	4.642	0	0	0	0	0	4.642	3.979
Payments to affiliated organisations	0	0	0	0	0	0	0	0
Purchases and acquisitions	0	0	0	0	0	0	0	0
Outsourced activities	2.652	231	0	0	38	2.921	2.708	
Communication costs	0	0	306	900	0	1.206	1.268	
Staff costs *	556	945	214	214	575	2.506	2.026	
Housing costs *	11	44	17	17	26	116	106	
Office and general costs *	44	190	48	48	73	404	369	
Depreciation *	3	15	4	4	6	32	20	
Total	7.911	1.425	590	1.184	717	11.828	10.476	

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

B: Annual Accounts NLR 2019

B: Jaarrekening Leprastichting 2019

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Annual Accounts NLR 2019

I. Balance sheet as per December 31, 2019

Amounts x €1,000

	notes	31 December 2019	31 December 2018
ASSETS			
<i>Fixed assets</i>			
Tangible fixed assets		135	63
<i>Current assets</i>			
Receivables	1	4.666	5.591
Securities		12.730	12.281
Cash and cash equivalents	2	<u>2.788</u>	<u>3.570</u>
		20.184	21.442
Total assets		<u>20.319</u>	<u>21.505</u>
LIABILITIES			
<i>Reserves and funds</i>			
	3		
Reserves			
-Continuity reserve		4.452	3.791
-Earmarked reserves		5.925	7.520
Funds			
-Earmarked fund Dutch Postcode Lottery I		0	0
-Earmarked fund Dutch Postcode Lottery II		6.599	7.948
		16.976	19.259
<i>Long-term liabilities</i>		0	40
<i>Short-term liabilities</i>	4	3.344	2.206
Total liabilities		<u>20.319</u>	<u>21.505</u>

Annual Accounts NLR 2019

II. Statement of Income and Expenses 2019

Amounts x €1,000

	notes	Realisation 2019	Budget 2019	Realisation 2018
INCOME				
- Income from individuals		4.374	4.124	6.735
- Income from companies		44	0	0
- Income from lotteries		1.350	1.350	1.350
- Grants from governments		658	0	875
- Income from other non-profit organisations	7	1.198	4.270	1.606
Sum of the income raised		7.623	9.744	10.565
- Income in return of goods and services		5	0	8
- Other income		27	552	96
Total income		7.655	10.296	10.670
EXPENSES				
Expenses on the objectives				
- Leprosy control and disability programme activities	8	7.063	6.801	6.653
- Coordination and medical advice	8	1.425	1.673	1.210
- Information and awareness raising	8	590	525	555
		9.078	8.999	8.418
Fundraising expenses		1.185	877	1.190
Expenses management and administration		717	596	576
Total Expenses		10.980	10.472	10.185
Financial income and expenses		1.043	175	(213)
Balance of income and expenses		(2.283)	0	272
Destination of the balance of income and expenses				
Addition / Withdrawal from				
- Continuity reserve		661	0	(2)
- Earmarked reserves	5	(1.594)	(497)	1.331
- Earmarked funds		(1.350)	(2.184)	(1.057)
		(2.283)	(2.681)	272

NLR Annual Accounts 2019

III. Notes accompanying the annual accounts for 2019

a. General and accounting policies

Activities

NLR (until No Leprosy Remains), 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 2019 is the formally approved budget 2019.

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 2019

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 2019 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.

1. Receivables

	31-dec-19 x €1,000	Consolidated accounts 31-dec-19 x €1,000
Balances project funds and accounts	298	298
Legacies due	2.683	2.683
Interest savings accounts and investments	58	58
Paid in advance	76	121
Debtors	2	7
Receivable from LRI	135	0
Other accounts receivable	1.412	1.498
	<u>4.666</u>	<u>4.666</u>

The total receivables include the intercompany position NLR holds with LRI for the amount of €135,000.

2. Cash and cash equivalents

	31-dec-19 x €1,000	Consolidated accounts 31-dec-19 x €1,000
Arrangement ING bank accounts	2.155	3.222
Other bankaccounts	632	632
Cash in hand	1	1
	<u>2.788</u>	<u>3.857</u>

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 2019 of €1,068,588) is not included.

	31-dec-19 x €1,000	Consolidated accounts 31-dec-19 x €1,000
Total assets	<u>20.319</u>	<u>21.385</u>

The total assets are in comparison with the consolidated accounts €1,202,000 lower, which equals the total assets of LRI.

3. Reserves and funds

	31-dec-19 x €1,000	Consolidated accounts 31-dec-19 x €1,000
<i>Reserves:</i>		
Continuity reserve	4.452	4.452
Earmarked reserves by board	5.925	6.557
<i>Funds:</i>		
Earmarked fund Dutch Postcode Lottery I	0	0
Earmarked fund Dutch Postcode Lottery II	6.599	6.599
	<u>16.976</u>	<u>17.608</u>

The total reserves are €632k lower than the consolidated accounts. The total LRI reserve is deducted from the earmarked reserves.

4. Short-term liabilities

	31-dec-19 x €1,000	Consolidated accounts 31-dec-19 x €1,000
Payable project costs	212	371
Payable office (including Fundraising and Communication) expenditure	80	80
Accounts payable/creditors	144	405
Payroll taxes en social security contributions	131	131
Staff pension costs	33	33
Liabilities projects	304	304
Taxes	2	2
Other amounts	2.440	2.452
	<u>3.344</u>	<u>3.777</u>

The total short-term liabilities are €396,000 lower when compared with the consolidated accounts.

	31-dec-19 x €1,000	Consolidated accounts 31-dec-19 x €1,000
Total liabilities	<u>20.321</u>	<u>21.385</u>

The total liabilities are in comparison with the consolidated accounts €1,068,000 lower.

c. Notes to the Statement of Income and Expenses 2019

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 2019 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.

7. Income from other non-profit organisations

	NLR Realisation 2019	Consolidated accounts Realisation 2019
Contributions field activities, supporting projects and non-LRI research	892	989
Contributions LRI research	306	852
Total income from other non-profit organisations	1.198	1.841

The variance in income with the consolidated accounts is €644,000.

Total income	7.655	8.298
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The total of income for 2019 is in comparison with the consolidated accounts €644,000 lower.

Expenses

8. Expenses on the objectives

	Realisation 2019 x €1,000	Consolidated accounts Realisation 2019 x €1,000
<u>A: Leprosy control and disability programme activities</u>		
Field programmes excluding support costs	3.706	3.706
GFATM: Nigeria TB and MDRTB programs	0	0
Research projects	1.805	2.653
Supporting projects	937	937
Project expenditure unspecified institutional funding projects	0	0
Charged support costs (see specification expenses to destination)	616	616
	7.063	7.912

The difference with the consolidated accounts is that the total of LRI research expenses €1,407,000 is subtracted, the NLR contribution towards LRI projects for €366,000 is added. Therefore, both the amount under research projects and the total are €849,000 lower.

	Realisation 2019	Consolidated accounts Realisation 2019
<u>B: Coordination and medical advice</u>		
ILEP, contribution in costs coordination	50	50
Leprosy consultants	107	107
Charged support costs (see specification expenses to destination)	1.268	1.268
	1.425	1.425

	Realisation 2019	Consolidated accounts Realisation 2019
<u>C: Information and awareness raising</u>		
Media costs	62	62
Information campaigns	0	0
Promotion, Public Relations	151	151
Information costs newsletter: in Dutch: <i>De Klepper</i>	93	93
Charged support costs (see specification expenses to destination)	284	284
	590	590

Total expenses on the objectives (A+B+C)	9.078	9.926
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The total expenses on the objectives is lower by the same amount mentioned above, namely €849,000.

Total expenses	10.980	11.829
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The total expenses for 2019 are in comparison with the consolidated accounts €849,000 lower.

Result income and expenses	(2.283)	(2.488)
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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 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 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 2019 and of its result for 2019 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 2019;
- the consolidated and company statement of income and expenditure 2019; 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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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 2019-2022;
- 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, 6 October 2020

Dubois & Co. Registeraccountants

Valid  Signed door A.P. Buteijn RA
op 06-10-2020
A.P. Buteijn RA

annex 1 **Overview of countries with
budget comparison**

	Actual 2019 Euro	Budget 2019** Euro	Realisation 2018 Euro
Africa			
Mozambique	656.578	817.512	498.353
Nigeria	66.993		155.446
Total Africa	723.571	817.512	653.799
South-America			
Brazil	424.367	772.548	265.345
Total South-America	424.367	772.548	265.345
Asia			
Cambodia	0		88.451
Vietnam	264.415		549.601
<i>Total Mekong region</i>		41.000	0
Indonesia	1.393.223	2.196.647	931.260
India	543.135	1.039.682	445.148
Nepal	339.532	431.442	292.033
Total Asia	2.540.305	3.708.771	2.392.297
KPP Activities Country Offices	17.647		
1. Total field programmes	3.705.890	5.298.831	3.311.441
2. Supporting projects	936.605	1.152.169	1.123.168
3. Research projects	2.653.408	1.632.000	2.510.137
SUBTOTAL	7.295.903	8.083.000	6.944.746
TOTAL	7.295.903	8.083.000	6.944.746

** budget 2019 contains all assigned budgets for 2019 including budgeted expenditure from designated reserves

annex 2

NLR Budget 2020

Amounts x €1,000

*This is the approved 2020 NLR budget, compared to NLR's 2019 realisation and budget.
For the independent 2020 LRI budget, please refer to the 2019 LRI annual accounts.*

	Budget 2020	Budget 2019	Realisation 2019
INCOME:			
- Income from individuals	4.151	4.112	4.374
- Income from companies	-	-	44
- Income from lotteries	1.350	1.350	1.350
- Grants from governments	523	-	1.841
- Income from other non-profit organisations	1.629	3.298	1.841
Sum of the raised income	7.653	8.760	9.450
- Income in return of goods and services	10	12	5
- Other income	440	225	27
Total income	8.103	8.997	9.481
EXPENSES:			
- Leprosy control and disability programme activities	6.837	8.083	7.911
- Coordination and medical advice	2.085	1.673	1.425
- Information and awareness raising	803	525	590
	9.725	10.281	9.926
Fundraising expenses	1.152	877	1.185
Management and administration expenses	902	596	717
Total Expenses	11.779	11.754	11.826
Financial income and expenses	200	175	1.043
Balance of income and expenses	(3.476)	(2.582)	(1.301)
Destination of the balance of income and expenses			
Addition / Withdrawal from			
- Continuity reserve	-	-	661
- Earmarked reserves	(1.429)	(397)	(1.799)
- Earmarked funds	(2.047)	(2.184)	(1.350)
Total	(3.476)	(2.581)	(2.488)

annex 3

NLR Multi Annual Projection 2019-2021

Amounts x €1,000

	Budget 2020	Projection 2021	Projection 2022
INCOME:			
- Income from individuals	4.151	4.124	4.124
- Income from companies	-	-	-
- Income from lotteries	1.350	1.350	1.350
- Grants from governments	523	-	523
- Income from other non-profit organisations	1.629	841	1.493
Sum of the raised income	7.653	6.315	7.490
- Income in return of goods and services	10	-	-
- Other income	440	429	429
Total income	8.103	6.744	7.919
EXPENSES:			
Expenses on the objectives			
- Leprosy control and disability programme activities	6.837	6.801	6.801
- Coordination and medical advice	2.085	1.673	1.673
- Information and awareness raising	803	525	525
	9.725	8.999	8.999
Fundraising expenses	1.152	877	877
Management and administration expenses	902	596	596
Total Expenses	11.779	10.472	10.472
Financial income and expenses	200	175	175
Balance of income and expenses	(3.476)	(3.553)	(2.378)
Destination of the balance of income and expenses			
Addition to / Withdrawal from			
- Continuity reserve	-	-	-
- Earmarked reserves	(1.429)	(1.450)	(1.450)
- Earmarked funds	(2.047)	(2.102)	(1.450)
Total	(3.476)	(3.552)	(2.900)

annex 4

NLR

Supervisory Board and Executive Director

Supervisory Board 2019

CHAIR	From	End of term
Drs. A. van Ojik	1-1-2020	1-1-2024
FINANCES; CHAIR FINANCIAL AUDIT COMMITTEE		
R.L.J. Greveling MSc RA	1-1-2018	1-1-2022
COMMUNICATION AND FUNDRAISING; MEMBER FINANCIAL AUDIT COMMITTEE		
Drs. D.M.P.J. Go – Feij	1-4-2019	1-4-2023
HRM AND GOVERNANCE		
E.J.C. Bongers MBA	19-5-2017	19-5-2021
SCIENTIFIC RESEARCH		
Prof. Dr. P.R. Klatser	15-3-2013	15-3-2021
PROGRAMS: CHAIR TECHNICAL COMMITTEE		
Dr. M.R.A. van Cleeff	1-6-2019	1-6-2023
Executive Director		
J. van Berkel	1-4-2009	

Leprosy Research Initiative (LRI)

Management Board

until No Leprosy Remains (NLR)	1-6-2015
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until
No Leprosy Remains

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GOED DOEL

Algemeen Nut
Beogende Instelling
ANBI