

# 2009

Financial Statements





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# 1 Financial Statements 2009

## MSF-Holland Association

### MSF-HOLLAND ASSOCIATION

The 2009 Annual Financial Statements include the financial information of the association MSF-Holland in Amsterdam.

The association MSF-Holland was founded September 7, 1984. The objective of the organisation is: “The organizing of practical medical aid to people in disaster areas and crises worldwide, in accordance with the principles expressed in the Charter. Based on its medical work, the association will also make every effort towards effective advocacy on behalf of the section of the population that it aids.”

MSF-Holland is part of the network organisation of Médecins Sans Frontières, in which nineteen national organisations (MSF-sections) are active. Apart from MSF-Holland four other MSF-sections carry out projects independently. Every MSF-section is an independent economic and legal entity. The MSF-sections are united in the Swiss based association *Association Bureau Médecins sans Frontières International*. In view of the fact that the MSF-sections become increasingly interdependent, this financial report includes a chapter called ‘Associated parties’, that focuses on the mutual agreements resulting in the related financial flows and related management and risks. Effort has been made to make the related financial cash flows within the MSF-network as transparent as possible in this financial statements.

The Charter and more comprehensive information about the organisation is published on the website of MSF-Holland ([www.artsenzondergrenzen.nl](http://www.artsenzondergrenzen.nl)) and in the Annual Report of MSF-Holland. In the Annual Report a summary explanation of the financial statements is included. The Annual Report is published on the website.

The association MSF-Holland is registered with the Amsterdam Chamber of Commerce under number 41215974. The association MSF-Holland is a member of the Association of

Fundraising Institutions (VFI) and is certified by the Central Bureau for Fundraising (CBF). The conditions for CBF certification can be consulted on [www.cbf.nl](http://www.cbf.nl).

### GUIDELINES

This report has been prepared in accordance with Guideline 650 for the Reporting of Fundraising Institutions, as published by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving). The purpose of the Guideline is to provide insight in fundraising and the realised expenditure of funds on the objectives for which the funds were raised.

In various parts of the financial report, reference is made to the guidelines and recommendations of the Association of Fundraising Institutions (VFI). These certifications can be consulted on [www.vfi.nl](http://www.vfi.nl).

### CHANGES IN ACCOUNTING PRINCIPLES

There have been no changes in accounting principles in 2009.

### PRESENTATION

In view of the fact that the association MSF-Holland considers the expenditures on the Association's goals to be its principle objective, it has been decided to deviate from the prescribed model for the presentation of income and expenditure. This financial report shows the expenditures before the income. The statement of expenditure and income is shown before the balance sheet.

The basis used for the valuation of the expenditure, the assets and the accounting principles are explained in chapter 4 of the financial report. It is recommended this be read before viewing the statement of expenditure and income and the balance sheet.



<b>EXPENDITURE</b>	Explanatory notes	<b>2009</b>	Budget 2009	2008
<b>Spent on association goals</b>				
Direct aid	2.1	<b>88,423</b>	104,000	94,735
Preparation and coordination in the Netherlands	2.2	<b>9,589</b>	10,648	10,354
Information and awareness raising	2.3	<b>1,807</b>	2,430	2,077
Commissioned to third-parties	2.4	<b>253</b>	252	3,860
<b>Total spent on association goals</b>		<b>100,072</b>	117,330	111,026
<b>Fundraising expenses</b>				
Costs own fundraising	2.5	<b>6,531</b>	6,356	6,265
Costs aquisition institutional donor grants	2.6	<b>130</b>	136	125
<b>Total fundraising expenses</b>		<b>6,661</b>	6,492	6,390
<b>Management and administration</b>	2.7	<b>3,633</b>	4,099	3,527
<b>Total expenditures</b>	2.8	<b>110,366</b>	127,921	120,943
<b>INCOME</b>				
Income from own fundraising	2.9	<b>37,680</b>	36,800	38,080
<b>Income from third-party activities</b>	2.10			
Proceeds from the <b>National Postcode Lottery</b>		<b>15,000</b>	15,000	18,883
Grants from within the MSF-network	2.11	<b>48,584</b>	49,250	55,811
Grants from institutional donors	2.12	<b>18,728</b>	20,000	16,271
Other income	2.13	<b>1,495</b>	1,200	1,390
<b>Total receipts</b>		<b>121,487</b>	122,250	130,435
<b>RESULTS OPERATIONAL ACTIVITIES</b>		<b>11,121</b>	-5,671	9,492
<b>Exchange rate results</b>	2.14	<b>75</b>	0	-1,683
<b>SURPLUS</b>		<b>11,196</b>	-5,671	7,809

	Explanatory notes	2009	Budget 2009	2008
<b>Allocation of surplus / deficit</b>				
Continuity reserves	3.8.a	0	0	0
Appropriation reserve	3.8.b	-225	0	-656
Other free reserves	3.8.c	11,983	-5,671	7,582
Appropriated funds	3.8.d	-562	0	883
		<b>11,196</b>	<b>-5,671</b>	<b>7,809</b>

## Explanation of the year end result

The result from operational activities is explained by an unexpected decrease in expenditures on association goals and a related decrease in head office expenditure. The total income slightly decreased in line with expectations. As at the end of 2008, in December 2009 more grants were received that were allocated to the year. The uncertainty in the level of grants from institutional donors and the grants from within the MSF-network, combined with the conservative planning for the start of the year and the forced withdrawal from Darfur, Sudan in March 2009 all contributed to the result. The result has been added to the other free reserves. The other free reserves will be spend on emergency aid in 2010 and 2011.



<b>ASSETS</b>	Explanatory notes	<b>31 december 2009</b>	31 december 2008
<b>Tangible fixed assets</b>			
Operating assets	3.1	<b>106</b>	241
<b>Stocks</b>			
Stocks for direct aid	3.2	<b>1,839</b>	1,929
<b>Receivables and accrued income</b>			
Third-party appeals	3.3	<b>1,182</b>	5,437
Médecins Sans Frontières network	3.4	<b>6,056</b>	6,744
Institutional donors	3.5	<b>5,338</b>	5,935
Other receivables and accrued income	3.6	<b>4,846</b>	4,561
		<b>17,422</b>	22,677
<b>Cash at bank and in hand</b>	3.7	<b>71,525</b>	60,410
<b>Total assets</b>		<b>90,892</b>	85,257
<b>LIABILITIES</b>			
<b>Reserves and funds</b>			
<b>Reserves</b>	3.8		
Continuity reserve		<b>59,000</b>	59,000
Appropriation reserve		<b>1,945</b>	2,170
Other free reserves		<b>18,377</b>	6,394
		<b>79,322</b>	67,564
<b>Funds</b>			
Appropriated funds	3.8.d	<b>533</b>	1,095
<b>Short-term liabilities</b>	3.9	<b>11,037</b>	16,598
<b>Total liabilities</b>		<b>90,892</b>	85,257

**CASH FLOW FROM OPERATING ACTIVITIES****Receipts:**

Contributions, (charitable) donations and gifts

**27,968**

28,698

Legacies and bequests (inheritances)

**9,780**

7,821

Grants from private organisations

**100**

1,148

**Total receivables from own fundraising****37,848**

37,667

**Receipts from the National Postcode Lottery****19,255**

16,069

Received from MSF-Germany

**19,280**

16,331

Received from MSF-United Kingdom

**8,476**

12,815

Received from MSF-Canada

**5,785**

5,605

Received from MSF-USA

**4,863**

6,741

Received from other MSF-sections

**11,196**

12,129

**Total received from MSF-sections****49,600**

53,621

**(concerning project grants)**

Received from institutional donors

**17,650**

15,334

Interest received

**1,335**

1,168

Received tax net and VAT

**166**

110

Received from MSF-sections from monies advanced

**1,523**

1,381

Received grants on behalf of other MSF-sections

**916**

0

Other receipts

**270**

0

**Total other receipts****4,210**

2,659

**Total receipts****128,563**

125,350

**continued on page 11**

brought forward from page 10

**Transport: Total receipts**

**Payments:**

Payments made in project countries

Commissioned to third parties

Payments to MSF-International (contributions)

Payments to MSF-Germany

Payments to MSF-United Kingdom

Payments to MSF-Canada

Payments to other MSF-sections

Payments to MSF-Supply and MSF-Logistique

Payments of grants on behalf of other MSF-Sections

**Total payments to MSF-sections**

Payments to suppliers of goods and services

Payments concerning (field) personnel

Other payments

**Total payments at headquarters**

**Total payments**

**Cash flow from operating activities**

**Cash flow from investment activities**

Payments concerning investments in tangible fixed assets

Receipts from disinvestments

**Cash flow from financing activities**

*Not applicable*

**Total cash flow**

continued on page 12

31 december 2009

31 december 2008

128,563

125,350

50,950

48,167

0

442

1,207

1,255

1,578

1,282

1,307

1,321

1,036

777

3,840

3,937

3,748

2,993

449

0

13,165

11,565

32,358

37,842

17,995

17,697

2,955

2,068

53,308

57,607

117,423

117,781

11,140

7,569

-25

-176

0

0

-25

-176

0

0

11,115

7,393

Cash flow statement for 2009  
IN EURO THOUSANDS

brought forward from page 11

	31 december 2009	31 december 2008
<b>Transport: Total cash flow</b>	<b>11,115</b>	7,393
<b>Movement in liquidity position</b>		
Liquidity position at the end of the financial year	<b>71,525</b>	60,410
Liquidity position at the beginning of the financial year	<b>-60,410</b>	-53,017
<b>Movement in liquidity position</b>	<b>11,115</b>	7,393

## THE CASH FLOW

The cash flow statement has been prepared according to the direct method in order to provide a clearer view of the different flows of funds in the organisation. The cash flow between MSF-Holland and the MSF-sections can be distinguished. The cash flow statement also clearly shows which part of the expenditure has been made in the countries where projects are being carried out. The cash flow statement shows the liquidity needs of MSF-Holland but does not show the variations in the cash flow. Normally, a large part of the income is received at the end of the financial year whereas the payments are reasonably spread over the months. This means that during the year, MSF-Holland must be able to cover a large part of its costs from available funds. In 2009 a great deal of the project grants were received in December while the expenses were spread evenly over the year.

The increase in the liquidity position at year-end can be attributed to the decrease in expenditures. The payables and receivables developed evenly and decreased proportional.

## RECEIPTS

Receipts from the Médecins Sans Frontières sections concern project grants. Receipts from project grants (from MSF-sections and institutional donors) are explained in more detail in note (3.4) and note (3.5) of this financial report.

The item 'Received from MSF-sections for monies advanced' consists of receivables referring to employees posted abroad not by MSF-Holland but one of the other MSF sections, and to employees at the Amsterdam office that actually carry out work for one of the other MSF-sections. These employees are not counted as part of the MSF-Holland staff.

## PAYMENTS

The majority of payments made in the project countries are to local personnel. Transport and storage costs and the local costs of expatriate staff are the next biggest items. Given the current structure of the projects, approximately half of the expenses

for the projects are incurred in the countries or the regions where these are being carried out. Viewed over several years, the growth in activities has meant increased expenditure in the project countries while the volume of payments made at headquarters decreased. In 2009 there is also a relative decrease.

The payments to MSF-International concern contributions to office and international coordinated activities and projects such as the campaign *Access to Essential Medicines* and the MSF-International fund for (medical) innovation in aid projects.

The payments to the MSF-Network concern remuneration for hired-in employees posted to and working in the project countries. From 2006 onwards, employees posted abroad receive a contract of employment in the country where they were recruited. The payments in 2009 remained according to the planning almost the same with € 9.0 million (2008: € 8.6 million). Payments concerning (field) personnel followed the same trend. The 'payments concerning (posted) staff' through the Amsterdam office have decreased with a comparable amount. Pension contributions, social security payments, income tax, and salaries have been included in the payments concerning the (posted) staff.

The payments to the purchasing organisations 'MSF-Supply' (Belgium) and 'MSF Logistique' (France) are included as payments within the MSF-network. Through the procurement centres/depots of MSF-Belgium and MSF-France, it is mainly vehicles, medicines and specialised supplies that are purchased. Major advantages of scale are obtained through joint procurement and stocks of aid supplies are more efficiently maintained within the international organisation. In 2009, a total of € 3.7 million (2008: € 3.0 million) was ordered from these purchasing organisations.

For a full overview of the related flow of funds and financial relationships within the Médecins Sans Frontières network, please refer to the combined financial statements 2009 to be published mid 2010. Chapter 5, on 'Associated Parties' of the financial report of MSF-Holland shows the core figures for the year 2008.

## 2 Explanation of the statement of expenditure and income in 2009

This chapter explains the expenditure and income in the sequence of the statement of expenditure and income. Note 2.8 shows the total of all costs with the relevant explanations. Note 2.9 onwards gives an explanation of income.

### 2.1 Emergency Aid

IN EURO THOUSANDS

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

In the annex to this financial report an explanation is given successively of the costs, per country, per category, the costs per project activity and the financing per donor.

The direct costs for emergency aid decreased by € 6.3 million from € 94.7 million in 2008 to € 88.4 million in 2009. More than half of this decrease can be explained by the forced expulsion from Darfur, Sudan. In Sri Lanka the conflict escalated; in Zimbabwe the population was confronted with a continuing cholera epidemic and the HIV/Aids programmes were expanded; in Nigeria and in Democratic Republic of Congo we responded to outbreaks on infectious diseases; emergency aid response after cyclones hit India and Bangladesh. The lasting insecurity in Somalia restricts the possibilities for working in the country for MSF OCA.

<b>COSTS EMERGENCY AID</b>	Medical and logistical personnel posted	National personnel	Medical materials	Building materials and sanitation facilities	Operational costs	Transport, storage and vehicles	Training and support for local institutions	Auditing, advising and support of projects	Other general costs	<b>Project costs 2009</b>	Budgeted Project costs 2009	Project costs 2008
Afghanistan	0	18	0	0	7	0	0	0	0	<b>25</b>	65	56
Bangladesh	613	463	236	225	96	161	0	8	34	<b>1,836</b>	361	1,473
Central African Republic	1,182	966	491	166	154	518	3	6	4	<b>3,490</b>	4,028	4,439
Chad	1,061	804	329	114	231	812	17	6	4	<b>3,378</b>	3,339	4,902
Colombia	859	1,382	211	19	177	182	1	3	-28	<b>2,806</b>	2,777	2,768
Democratic Republic of the Congo	2,910	3,263	1,623	649	690	1,055	831	24	124	<b>11,169</b>	11,364	11,769
Ethiopia	989	1,024	640	323	252	699	89	17	78	<b>4,111</b>	3,532	4,279
Haiti	703	2,585	714	167	100	168	2	9	-5	<b>4,443</b>	4,774	3,951
India	1,024	1,140	492	111	240	264	1	12	15	<b>3,299</b>	3,338	3,097
Iraq	379	248	117	2	91	137	197	125	12	<b>1,308</b>	1,339	2,224
Moldova	55	72	3	1	22	-8	0	5	1	<b>151</b>	129	697
Myanmar (Burma)	1,000	2,266	2,697	175	162	544	56	16	-24	<b>6,892</b>	8,000	11,023
Nepal	495	379	116	11	63	128	9	2	-2	<b>1,201</b>	1,664	1,781
Nigeria	1,118	689	742	66	143	573	116	10	50	<b>3,507</b>	1,569	2,527
Pakistan	759	744	236	121	118	197	43	1	15	<b>2,234</b>	2,705	2,154
Papua New Guinea	996	408	276	210	211	343	48	13	12	<b>2,517</b>	1,739	1,160
Philippines	133	7	19	393	12	37	0	0	5	<b>606</b>	500	8
Russia (Caucasus)	313	1,888	608	39	298	209	91	20	12	<b>3,478</b>	4,144	3,840
Somalia	568	1,325	1,188	89	234	1,045	430	18	60	<b>4,957</b>	4,819	5,793
Somaliland	149	13	48	0	21	33	-1	0	-2	<b>261</b>	0	0
Sri Lanka	809	584	684	326	82	286	1	12	2	<b>2,786</b>	487	787
Sudan - North / Darfur	376	1,879	39	21	71	76	0	2	174	<b>2,638</b>	6,000	5,464
Sudan - South	2,065	1,888	1,264	357	348	1,601	1	31	13	<b>7,568</b>	7,757	7,125
Swaziland	78	2	0	0	12	12	0	0	-1	<b>103</b>	0	0
<b>Subtotal costs emergency aid</b>	<b>18,634</b>	<b>24,037</b>	<b>12,773</b>	<b>3,585</b>	<b>3,835</b>	<b>9,072</b>	<b>1,935</b>	<b>340</b>	<b>553</b>	<b>74,764</b>	<b>74,430</b>	<b>81,317</b>

continued on page 15

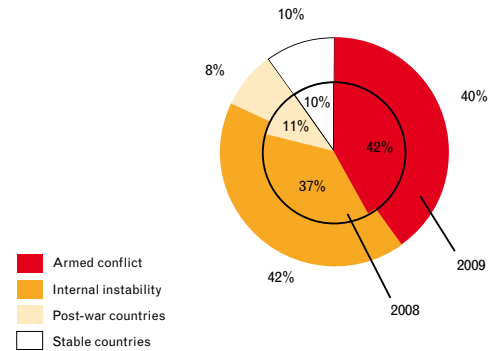
brought forward from page 14	Medical and logistical personnel posted	National personnel	Medical materials	Building materials and sanitation facilities	Operational costs	Transport, storage and vehicles	Training and support for local institutions	Auditing, advising and support of projects	Other general costs	Project costs 2009	Budgeted Project costs 2009	Project costs 2008
<b>Transport: Subtotal costs emergency aid</b>	<b>18,634</b>	<b>24,037</b>	<b>12,773</b>	<b>3,585</b>	<b>3,835</b>	<b>9,072</b>	<b>1,935</b>	<b>340</b>	<b>553</b>	<b>74,764</b>	<b>74,430</b>	<b>81,317</b>
Turkmenistan	316	351	30	2	59	-6	1	1	11	765	1,984	920
Uganda	547	604	183	100	80	77	2	7	4	1,604	1,751	2,230
Uzbekistan	536	488	454	34	112	138	97	8	2	1,869	2,338	2,046
Zimbabwe	1,497	3,650	2,530	456	380	834	49	56	62	9,514	6,574	5,423
Projects closed in 2008: Burundi, Republic of Congo, Ivory Coast and Mexico.	4	0	0	0	8	0	0	11	3	26	0	2,189
Reserved in the budget for unplanned emergency aid projects											16,923	
	21,534	29,130	15,970	4,177	4,474	10,115	2,084	423	635	88,542	104,000	94,125
Other costs and movements in provisions for emergency aid costs	-14		19		1	31		17	-173	-119		610
<b>Total emergency aid</b>	<b>21,520</b>	<b>29,130</b>	<b>15,989</b>	<b>4,177</b>	<b>4,475</b>	<b>10,146</b>	<b>2,084</b>	<b>440</b>	<b>462</b>	<b>88,423</b>	<b>104,000</b>	<b>94,735</b>

The *Strategic Plan* established by the Board indicates the objectives for the type of projects. These objectives can be translated in the costs of emergency aid. The graphics below show two objectives that are the most indicative for MSF-Holland's work. MSF-Holland works in the first place in conflict areas. In 2009 this was 82%. At least 30% of its emergency aid is carried out in conflict areas. MSF-Holland wants above all to reach the **victims of conflicts** so that at least 50% of its costs go to emergency aid and benefiting this group.

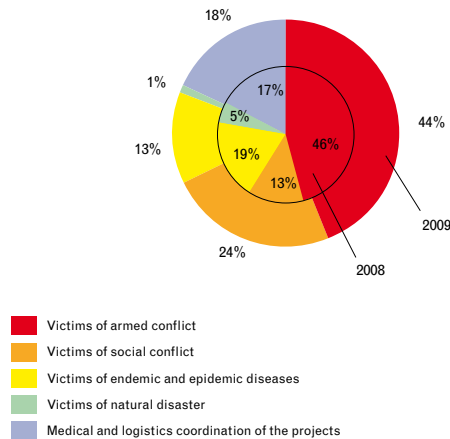
The proportion of the costs for medical, logistic and administrative coordination is approximately 18% (2008: 17%) of the total emergency aid costs. This proportionate increase is mainly caused by the overall decrease of spending on Emergency Aid.

Finally, the financing of the emergency aid is shown. The long-term objective that no more than 10% of the expenditure on emergency aid would be financed by institutional donors was abandoned by the Board in 2008. In 2009 the percentage was 21% (2007: 17%). In the next years a comparable share of institutional funding is anticipated.

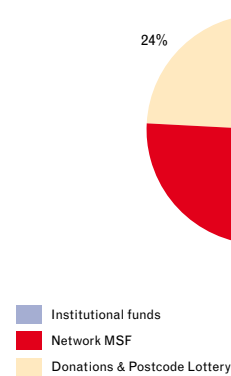
## EMERGENCY AID IN CONFLICT AREAS



## EMERGENCY AID FOR VICTIMS



## EMERGENCY AID IN FUNDING





## 2.2 Preparation and coordination

IN EURO THOUSANDS

	Explanatory notes	2009	Budget 2009	2008
Direct costs	note 2.8	1,023	1,322	1,378
Costs staff head office	note 2.8	5,737	6,435	5,916
Share in overhead costs	note 2.8	2,829	2,891	3,060
<b>Total</b>		<b>9,589</b>	<b>10,648</b>	<b>10,354</b>

The decrease of costs for 'Preparation and coordination' is explained by the temporary reduction of FTE with minus 7 employed in this category. (See note 2.8.c. as well).

## 2.3 Information and awareness-raising

IN EURO THOUSANDS

	Explanatory notes	2009	Budget 2009	2008
<b>Direct costs</b>				
Periodical <i>Hulp</i> post (25%; see also chapter 4, 'Accounting principles')		332	402	361
Contributions to the international campaign <i>Access to Essential Medicines</i>		204	247	259
Information activities in television broadcasts of the <b>National Postcode Lottery</b>		257	257	235
Other		478	889	722
		<b>1,271</b>	<b>1,795</b>	<b>1,577</b>
<b>Attributable costs</b>				
Costs personnel head office	note 2.8	490	582	454
Attributed overhead costs	note 2.8	46	53	46
<b>Total</b>		<b>1,807</b>	<b>2,430</b>	<b>2,077</b>

## 2.4 Commissioned to third-parties

IN EURO THOUSANDS

	Explanatory notes	2009	Budget 2009	2008
Contributions to <i>Drugs for Neglected Diseases Initiative</i> in Geneva, Switzerland		0	0	442
Contributions to the international MSF fund for innovative projects; MSF-International		253	252	218
Project grant to MSF-France, Earthquake China		0	0	200
Extraordinary activities	note 2.4.a	0	0	3,000
<b>Total commissioned to third parties</b>		<b>253</b>	<b>252</b>	<b>3,860</b>

The contribution to the *Drugs for Neglected Diseases Initiative* was ended by MSF-Holland in July 2008.

The contribution to the international fund for innovation in projects is determined in the MSF-network at 1% of income raised out own fundraising activities in the preceding year.

### 2.4 a Extraordinary activities

IN EURO THOUSANDS

	2009	2008
Production film <i>First Mission</i>	0	3,000
<b>Total extraordinary activities</b>	<b>0</b>	<b>3,000</b>

MSF-Holland received an exceptional contribution of € 3,000,000 of the Dutch **National Postcode Lottery** specifically earmarked for the production of a film about the work of MSF. The production of the film has been commissioned in 2008.

## 2.5 Costs own fundraising

IN EURO THOUSANDS

	Explanatory notes	2009	Budget 2009	2008
<b>Direct costs</b>				
Face-to-face fundraising		2,541	1,939	1,901
Telemarketing activities		1,379	1,369	1,696
Periodical <i>Hulp</i> post (75%; see also chapter 4, 'Principles')		998	1,206	1,082
Direct mail		481	755	658
Other and general costs of fundraising		300	268	147
Legacies and inheritances		66	50	0
Internet fundraising		65	0	63
Corporate fundraising		11	120	113
		<b>5,841</b>	<b>5,707</b>	<b>5,660</b>
<b>Attributable costs</b>				
Costs personnel head office	note 2.8	631	595	550
Attributed overhead costs	note 2.8	59	54	55
		<b>6,531</b>	<b>6,356</b>	<b>6,265</b>

Face-to-face and canvassing marketing methods were used more in 2009. Because activities planned for 2010 started already in 2009 the costs for these categories are higher than budgeted and higher than in the previous year.

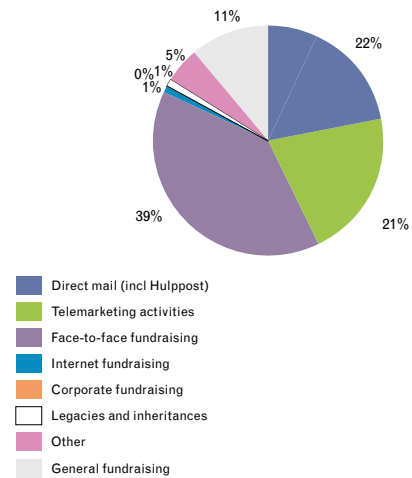
In these financial statements the composition of the income (see note 2.9.c) is presented in the same categories as the expenses to allow for a better comparison of costs versus income.

In 2009, 10 full-time staff members worked on fundraising activities (2008: 10 full-time staff).

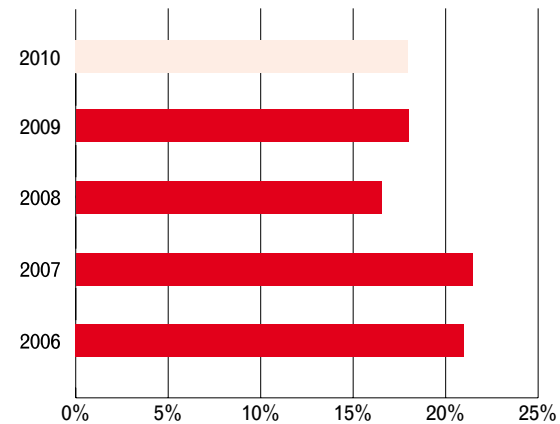
Compared with the previous year, the total fundraising costs increased from 16.5% to 17.2% of the funds raised. In the period 2007-2009, the costs of fundraising averaged 18.4% of the funds raised. This puts MSF-Holland well under the maximum of 25% set by the CBF. MSF-Holland is striving to keep the costs of its own fundraising under 20% of the income out of own fundraising.

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

## FUNDRAISING EXPENSES IN 2009



## COSTS OWN FUNDRAISING AS % OF INCOME OWN FUNDRAISING



## 2.6 Costs from acquiring government grants

IN EURO THOUSANDS

	Explanatory notes	2009	Budget 2009	2008
Direct costs	<i>note 2.8</i>	<b>6</b>	7	6
Costs head office personnel	<i>note 2.8</i>	<b>113</b>	118	108
Attributed overhead costs	<i>note 2.8</i>	<b>11</b>	11	11
<b>Total</b>		<b>130</b>	136	125

The costs from acquiring government grants particularly concern the costs for submitting requests for a grant and for reports justifying the expenditures. The costs from acquiring government grants are included here when incurred at head office. The costs incurred in project countries are included in the coordination costs of direct aid. The income from institutional donor grants increased with € 2.4 million to € 18.7 million in 2009.

## 2.7 Costs Management and administration

IN EURO THOUSANDS

	Explanatory notes	2009	Budget 2009	2008
Direct costs	<i>note 2.8</i>	<b>1,176</b>	1,428	1,072
Contributions to the MSF-International office	<i>chapter 5</i>	<b>455</b>	517	474
Costs personnel head office	<i>note 2.8</i>	<b>1,830</b>	1,973	1,800
Attributed overhead costs	<i>note 2.8</i>	<b>172</b>	181	181
<b>Total</b>		<b>3,633</b>	4,099	3,527

The costs for 'Management and administration' in 2009 amounted to 3.2% of the total expenditures (2008: 3.0%) and are explained in more detail below.

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

IN EURO THOUSANDS

The summary on the page opposite shows a total of all costs. The costs of headquarters' personnel and the 'Overhead' costs are divided in proportion to the attributed number full-time equivalents (FTE) employed at headquarters during the year. The costs of the 'Overhead' are shown in full in the summary of total costs. MSF-Holland wants to show the size and the type of these costs and also indicate their attribution to its main activities.

The attribution of costs to the different activities is explained in more detail in chapter 4; 'Accounting principles'.

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

	Spent on Association goals				Fundraising		Management and Administration	To be attributed			
	Emergency Aid	Commissioned to third-party	Preparation and coordination	Information and awareness raising	Own fundraising	Acquiring government grants	Management and Administration	Overhead	2009 Total	Budget 2009 Total	2008 Total
<b>Number of full-time units working during the year</b>	445	0	96	9	10	2	32	12	<b>606</b>	661	635
<b>Direct costs direct aid</b>											
Medical and logistical staff posted	21,520								<b>21,520</b>	23,818	23,250
National staff	29,130								<b>29,130</b>	33,135	28,837
Medical materials	15,989								<b>15,989</b>	5,460	20,229
Building materials and sanitation facilities	4,177								<b>4,177</b>	22,097	4,716
Operational costs	4,475								<b>4,475</b>	4,069	4,516
Transport, storage and vehicles	10,146								<b>10,146</b>	3,464	11,780
Training and support of local institutions	2,084								<b>2,084</b>	11,145	527
Auditing, advising and support projects	440								<b>440</b>	770	362
Other general costs	462								<b>462</b>	42	518
<b>Subtotal direct costs emergency aid</b>	<b>88,423</b>								<b>88,423</b>	<b>104,000</b>	<b>94,735</b>

continued on page 23

	Spent on Association goals				Fundraising		Management and Administration	To be attributed			
	Emergency Aid	Commissioned to third-party	Preparation and coordination	Information and awareness raising	Own fundraising	Acquiring government grants	Management and Administration	Overhead	2009 Total	Budget 2009 Total	2008 Total
brought forward from page 22											
<b>Transport: Subtotal direct costs emergency aid</b>	<b>88,423</b>								<b>88,423</b>	<b>104,000</b>	<b>94,735</b>
<b>Commissioned to third-parties</b>		-	-	-	-	-	-	-	<b>0</b>	0	642
<b>Contributions</b>		253	-	204	-	-	455	-	<b>912</b>	764	951
<b>Publicity and communications</b>		-	-	571	4,636	-	-	-	<b>5,207</b>	5,470	8,176
<b>Housing costs</b>		-	-	-	-	-	-	1,032	<b>1,032</b>	1,038	1,006
<b>Office and general costs</b>		-	60	439	1,080	-	442	1,053	<b>3,074</b>	3,529	3,460
<b>Cost supplies and stocks</b>		-	208	-	-	-	-	-	<b>208</b>	272	242
<b>Travel and accommodation costs</b>		-	496	27	35	6	100	40	<b>704</b>	900	870
<b>Advice costs</b>		-	259	-	-	-	549	173	<b>981</b>	763	756
<b>Costs board</b>		-	-	-	-	-	85	-	<b>85</b>	146	132
<b>Depreciation and interest</b>		-	-	30	90	-	-	90	<b>210</b>	282	378
	88,423	253	1,023	1,271	5,841	6	1,631	2,388	<b>100,836</b>	117,164	111,348
<b>Costs to be divided for head office personnel</b>											
Salaries and social security			4,627	395	509	91	1,476	588	<b>7,686</b>	8,873	8,002
Pension contributions			549	47	60	11	175	70	<b>912</b>	1,027	870
Other personnel costs			561	48	62	11	179	71	<b>932</b>	603	723
<b>Subtotal all costs</b>	88,423	253	6,760	1,761	6,472	119	3,461	3,117	<b>110,366</b>	127,667	120,943
<b>Breakdown of overhead costs</b>			2,829	46	59	11	172	-3,117			
<b>Total all costs</b>	88,423	253	9,589	1,807	6,531	130	3,633	0	<b>110,366</b>	127,667	120,943

## 2.8 a Composition of the expenditures

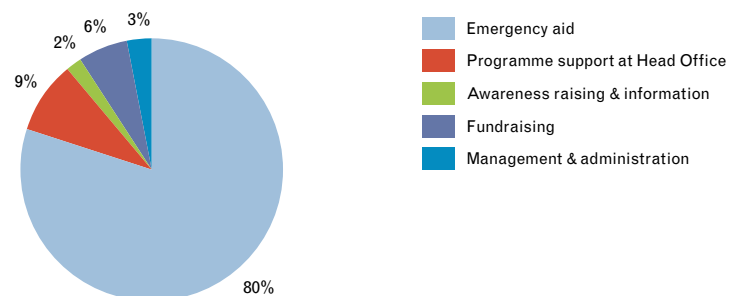
In 2009, the total expenditures amounted to 91% of the total of the incomes (2008: 93%). The expenditures on association goals amounted to € 100.1 million or 91% of the total expenditures (2008: 92%) and 83% of the total of incomes (2008: 85%).

The percentage spent on Association goals compared to total income ended with 82% (2008: 85%) lower due to the decrease in expenditure of Emergency Aid. Through the free reserves and earmarked funds these incomes are allocated to 2010 and 2011 project activities.

MSF-Holland has adopted the standard whereby a minimum of 80% of the expenditures are to be spent on the Associations goals. These goals have been amply reached. In the MSF-network this measure is also employed for the combined year figures. (see also note 2.8.b and chapter 5 of this financial report).

The Board is committed to increase the spending on Emergency Aid in the next years. In the multi-year budget that will drafted in 2010 this commitment will be taken into account.

### COMPOSITION OF EXPENDITURE IN 2009



## 2.8 b Costs of Management and Administration

The costs for 'Management and administration', before attribution of the overhead, in 2009 amounted to 3.2% of the total expenditures (2008: 2.8%). The graph shows the course of the costs of 'Management and Administration' during the period 2006 – 2010.

MSF-Holland has two standards for the relationship between the different costs. On the one hand it considers the expenditures of the Associations' goals, see note 2.8.a. At the same time MSF-Holland feels that no more than 20% of its activities expenditures should be spent on activities that take place in its head office. In 2009 total expenses at head office were 19.7% of the total expenses (2008: 18.5%).

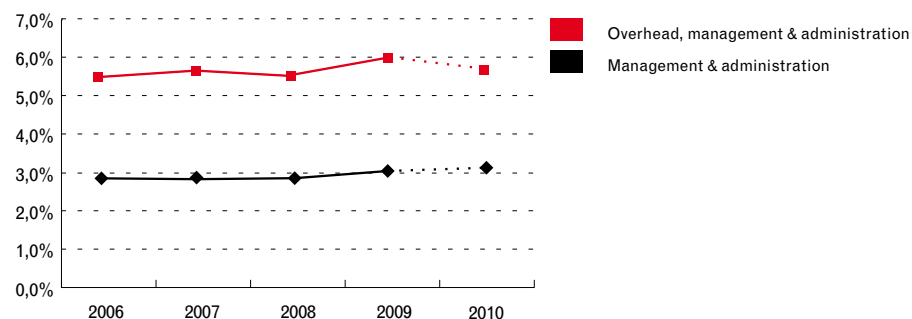
The following guidelines are used in relation to the total expenditures at head office:

- **Preparation and coordination**  
8% - 10% of the total expenditures      2009: 8.7% (2008: 8.8%)
- **Fundraising**  
5% - 8% of the total expenditures      2009: 6.0% (2008: 5.4%)
- **Management and administration + Overhead**  
6% of the total expenditures      2009: 6.0% (2008: 5.5%)

The indicated percentages fit-in with the present composition of the aid projects and the present scale of the organisation. If the character or complexity of the direct aid projects changes, these standards can be adapted accordingly.

In the past years MSF-Holland has been able to maintain the costs of 'Management and administration' and the costs of the 'Overhead' at the same level.

### OVERHEAD, MANAGEMENT & ADMINISTRATION AS % OF THE TOTAL EXPENSES





## 2.8 c Personnel

In the course of 2009, MSF-Holland posted 783 members of staff to its projects (2008: 821) corresponding to 445 full-time equivalents (2008: 467). In 2009, MSF employed approximately 5,432 national staff (2008: 5,420).

At head office there were 161 FTEs employed in 2009 (2008: 168). This number diminished more than planned. The number of FTEs involved in preparation and coordination at head office decreased as vacancies remained open (minus 7 FTE), whilst the number of FTE in the other categories remained about the same.

## 2.8 d Salaries, social security and personnel costs

The salaries, € 7,768,826 (2008: € 8,548,366), social security costs, € 346,193 (2008: € 397,510) and pension contributions, € 727,792 (2008: € 893,102) are shown in the item 'Medical and logistical staff posted' (direct costs emergency aid). Costs of staff that is hired-in from another MSF-section are also included here, € 6,190,531 in 2009 (2008: € 5,759,612).

Other general costs include personnel costs regarding housing, international transport, training en preparation for departure and posting. The decrease in MSF-Holland's salary costs and the related expenses is due to the fact that less expatriate personnel full time equivalents were spent in emergency aid projects in 2009.

The item 'Salaries and social security' of head office personnel costs exclusively consists of the gross salaries, taxed reimbursement of expenses and associated social security costs, € 947,223 (2008: € 1,084,983). Non-taxable reimbursements, canteen costs and the costs of temporary and free-lance staff employed are included in the item 'Other personnel costs'. In 2009 item 'Other personnel costs' slightly increased because some specific positions, for which recruitment appeared to be difficult, were filled by temporary personnel.

In 2009, the average costs for head office personnel increased in line with expectations with about 3%. The increase was due to the planned adaptation of the function grid and the awarded inflation correction on salaries. It is expected that the average costs of personnel will increase slightly in 2010 because of inflation correction.

The office costs decreased due to cost reductions (copying costs for example) and because IT investments were further postponed. Savings were also realised on travel expenses. These saving can be explained by the reduced volume of emergency aid projects and by enhanced travel policies taking effect. The advice costs increased as extraordinary auditors costs were incurred as is further explained in note 2.8.d.

## 2.8 e Auditors costs

€ 74,768 (2008: € 74,197) is included as the fee for our external auditor KPMG Accountants N.V. for auditing the financial report. An amount of € 21,744 for other advisory services by KPMG is included as well.

In the costs for 'Auditing, advising and supporting projects' € 78,921 (2008: € 104,759) is included for auditing project expenses, mainly for the benefit of institutional donors. Of this amount € 53,931 concerns the auditing costs for contracts that have ended in 2009. In addition KPMG conducted in 2009 an extended forensic investigation and also checked the quality of our donor database. The total costs for these investigations were € 193,484. The amounts shown include VAT.

## 2.8 f Board and Association costs and expenses paid to board members

The 'Board and Association costs' cover the costs made by board members when carrying out their task of supervision, the costs of the General Assembly and the costs for the representation of the association in the network Médecins Sans Frontières. With the exception of the president, members of the Board receive no remuneration. By decision of the board of the Association, the president is granted compensation for the time that he devotes to his work. The total compensations paid in 2009 amounted to € 62,700 (2008: € 65,268):

	2009	Budget 2009	2008
IN EUROTHOUSANDS			
Compensation paid to president: P. de Graaf	63	73	38
Compensation paid to president: A. van der Veen (until May 24, 2008)	0	0	27
<b>Total</b>	<b>63</b>	<b>73</b>	<b>65</b>

In 2009 the other board members have not received any remuneration from the association MSF-Holland. No loans, advances or guarantees were provided to board members. At December 31, 2009, the number of board members of the association MSF-Holland comprised: 9 (2008: 8). According to the statutes of the Association, the minimum number of board members required is 10.

## 2.8 g Remuneration of the directors

IN EURO THOUSANDS

MSF-Holland has a titular director. In 2009 this position was occupied by Mr. H. van de Weerd. In 2009 1 FTE was used for the position of General Director (2008: 1.3 FTE). The General Director is supported by a management team of 3 directors. In 2009, the remuneration of the directors as defined in Article 2:383, par.1 Dutch Civil Code amounted

to € 111,765 (2008: € 167,281). As was planned the costs arrived at the level of 2007 after an one time increase in 2008 due to periods of overlap and hand-over between directors. Total remuneration of the directors was as follows:

	2009	2008
Remuneration General Director, H van de Weerd	112	29
Remuneration Director Operations, A. Hehenkamp	105	98
Remuneration Director Resources, M. Farkas	105	96
Remuneration Medical Director, L. Shanks	90	18
Remuneration General Director, W. Kok (from 1/3/2008 until 30/11/2008)	0	89
Remuneration Medical Director, C. Mills (until 31/10/2008)	0	81
Remuneration General Director, G. Prescott (until 31/3/2008)	0	49
<b>Total</b>	<b>412</b>	<b>460</b>

Specification remuneration of the Directors:

### Remuneration

	General Director H. van de Weerd	Management Team A. Hehen- kamp      L. Shanks      M. Farkas		
Gross per year including holiday allowance	87	84	75	84
Other taxable allowances	0	0	0	0
Allowance for health insurance	2	2	2	2
<b>Subtotal (salary according to advisory scheme)</b>	<b>89</b>	<b>86</b>	<b>77</b>	<b>86</b>

### Other costs

Pension contributions	18	14	8	14
Social security costs	5	5	5	5
<b>Total (total salary costs directors)</b>	<b>112</b>	<b>105</b>	<b>90</b>	<b>105</b>

In 2008, MSF-Holland reassessed the classification of the directors positions according to the guideline *Advisory scheme for the remuneration of directors of charity organisations*. This advisory scheme was adopted by the members of the VFI sector organisation in December 2005. Based on this scheme, MSF-Holland has classified the director to job grade I, which provides for a maximum of € 121,135 (2009 table). In accordance with this advisory scheme, the maximum yearly income for the other directors who are part of the management team has been classified as job grade H with a maximum of € 106,818 (2009 table). According to the scheme, pension and employer's costs are not included in these payments. The reassessment as done by the Board has been reviewed by an external advisor.

The directors Mr. M. Farkas and Ms. L. Shanks have secondary occupations. Mr. M. Farkas is board member of MSF-Sweden (from May 2008), member of the Supervisory Board of the foundation Integrand Nederland (from April 2008), advisor to the Foundation Veritas Beheer and board member of Foundation Veritas Eigen huis. Ms. L. Shanks is board member of MSF-Norway (from May 2008). These occupations are not remunerated and in accordance with the policies of MSF-Holland. No loans, advances or guarantees were provided to any of the directors.

## 2.9 Income from own fundraising

IN EURO THOUSANDS

	Explanatory note	2009	Budget 2009	2008
Donations from mailings, including <i>Hulp</i> post		11,686	12,948	14,560
Inheritances		9,669	6,500	8,171
Donations from telemarketing		9,500	8,700	8,063
Donations from face-to-face fundraising		2,819	2,708	1,688
Donations from corporate fundraising		2,397	2,930	2,517
Other donations received		1,118	2,604	1,542
Internet donations	note 2.9 b	365	300	377
Grants from private organisations and provincial governments		117	100	1,148
Contributions from Association members		9	10	14
Sales of goods		0	0	0
<b>Total</b>		<b>37,680</b>	<b>36,800</b>	<b>38,080</b>

### 2.9 a Earmarked income from own fundraising

(SEE ALSO NOTE 3.8.D.; THE APPROPRIATION FUND)

	Receipts in 2009	Expenditures in 2009	Not spent in 2009
Donations and gifts for various countries	91	-91	0
Grants from private organisations and provincial governments	117	-117	0
<b>Balance as at 31 December to allocation funds</b>	<b>208</b>	<b>-208</b>	<b>0</b>

All income received in 2009 earmarked by donors has been spent in 2009. No additions were made to the appropriation fund in 2009.

## 2.9 b Grants from private organisations are as follows:

IN EURO THOUSANDS

	Allocation	2009	2008
Achmea Foundation	Myanmar, Yangon	100	100
MARCCH	Russia (Caucasus)	17	0
Medicor Foundation	Uganda	0	548
Province of Zeeland, The Netherlands	China earthquake	0	200
Province of Zeeland, The Netherlands	Myanmar, cyclone	0	300
		<b>117</b>	<b>1,148</b>

## 2.9 c Composition of income from own fundraising

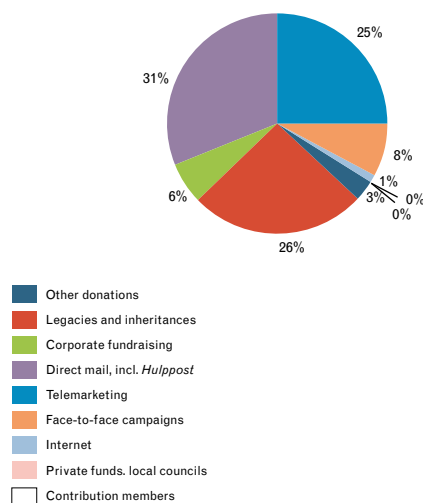
In 2009, the income from own fundraising decreased by € 0.4 million from € 38.1 million in 2008 to € 37.7 million in 2009. However the income from own fundraising was higher then budgeted. Due to the economic recession a slowdown of the growth in income was expected. The income from legacies and inheritances increased with € 1.5 million which contributed to maintaining the levels of total income for the year.

From the end of 2006 until mid 2008 MSF-Holland made more investments in own

fundraising. Measuring over the period 2006-2009 the income form own fundraising increased by on average 10% a year as intended in the strategic plan 2007-2010.

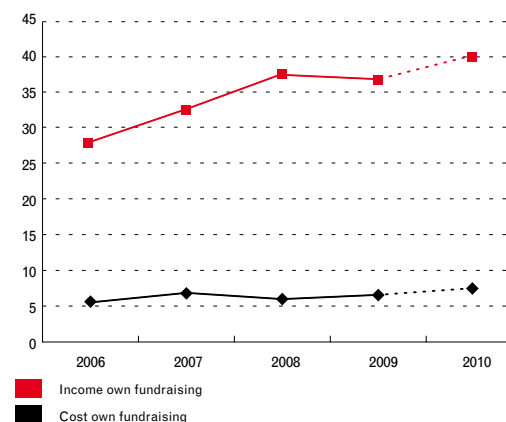
In these financial statements the composition of the income is presented in the same categories as the expenses (see note 2.5) to allow for a better comparison of costs versus income.

### INCOME FROM OWN FUNDRAISING 2009



### INCOME AND COSTS FROM OWN FUNDRAISING 2006 – 2010

IN MILLION EURO



## 2.10 Income from third-parties

IN EURO THOUSANDS

	2009	Budget 2009	2008
Proceeds <b>National Postcode Lottery</b> , regular draw	15,000	15,000	15,000
Proceeds <b>National Postcode Lottery</b> , extra draw	0	0	883
Proceeds <b>National Postcode Lottery</b> , extra draw	0	0	3,000
	15,000	15,000	18,883

In 2009 MSF-Holland was awarded a contribution of € 15,000,000 from the regular draw of the National Postcode Lottery. This is according the contract the maximum annual contribution to MSF-Holland. From 2010 onwards the maximum amount will be € 13.5 million.

In 2008 MSF-Holland was awarded an additional amount earmarked for the project in Baraka, DR Congo and represents the MSF-Holland part of a joint proposal with Oxfam-

Novib. Part of this amount was spend in 2009 (see note 3.8.d appropriation fund).

In addition MSF-Holland was awarded an extraordinary contribution of € 3.0 million specifically for the production of a film about the work of MSF. The production of the was contracted to a third party in 2008. The film can be seen in film theaters in the spring of 2010.

## 2.11 Grants from within the MSF-network

IN EURO THOUSANDS

### Grants from within the MSF-network

	2009	Budget 2009	2008
MSF-Germany	19,321	16,730	18,811
MSF-United Kingdom	9,947	10,000	10,253
MSF-Canada	5,756	5,887	5,950
MSF-USA	4,896	7,395	6,233
MSF-Hong Kong	3,898	3,855	3,720
MSF-Sweden	2,618	2,900	3,870
MSF-Austria	2,283	2,483	2,393
MSF-Switzerland	42	0	0
MSF-Denmark	34	0	0
MSF-Belgium	1	0	4,000
MSF-Italy	0	0	369
MSF-Spain	0	0	209
MSF-Luxembourg	0	0	3
MSF-Supply	-212	0	0
<b>Total grants from the MSF-network</b>	<b>48,584</b>	<b>49,250</b>	<b>55,811</b>

The income from grants of MSF-USA decreased. This was caused by a significant decrease in income from their own fundraising as a result of the financial crises. At the same time, the income of MSF-Germany recovered in 2009. In 2009 the exchange rate of British Pound stabilized.

## 2.12 Grants from institutional donors

IN EURO THOUSANDS

Grants from institutional donors come from:	2009	Budget 2009	2008
European Union (ECHO and EU)	7,996	6,650	5,254
Swedish government (Sida)	2,392	2,000	1,729
United Nations (UNAIDS, UNHCR, UNICEF)	2,037	2,000	286
British government (DFID)	1,860	1,000	1,310
Norwegian government (NORAD, NRMFA)	1,089	1,000	1,089
German government (AA)	1,055	1,500	1,983
Canadian government (CIDA)	953	1,500	1,662
Irish government (Ireland Aid)	445	1,500	837
Danish government (DANIDA)	363	350	828
Forum Syd (Sweden)	281	0	0
Swiss government (SDC)	157	0	262
3-Diseases Fund	0	0	816
Dutch government (BuZa)	0	0	215
Other institutional donors	100	2,500	0
<b>Total</b>	<b>18,728</b>	<b>20,000</b>	<b>16,271</b>

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

## 2.13 Other income

IN EURO THOUSANDS

	2009	Budget 2009	2008
Income from interest	1,495	1,200	1,390
<b>Total</b>	<b>1,495</b>	<b>1,200</b>	<b>1,390</b>

Income from interest rose in 2009 due to an higher average balance on the accounts for short-term savings-deposits.

## 2.14 Exchange results from transactions in non-euro currency

IN EUROTHOUSANDS

	2009	Budget 2009	2008
Realised exchange results from transactions in non-euro currencies	93	0	-848
Unrealised exchange results from transactions in non-euro currencies	-18	0	-835
<b>Total</b>	<b>75</b>	<b>0</b>	<b>-1,683</b>

The unrealised exchange results concern the value of the foreign currency bank balances, the contract obligations and still to be received monies from institutional donors and MSF-sections. Realised exchange results arise in the year of purchasing the goods for projects and from receivables from grant contracts. In 2009 the exchange rates stabilized and a moderate positive result was realized on the American Dollar. In 2009 MSF-Holland used financial instruments to control currency risk on the British Pound. This instrument was used two times. On 31st of December all current currency contracts have been settled.

## 2.15 Donations in kind

Besides receiving financial support, MSF-Holland also receives donations in kind. In addition, MSF-Holland enters into contracts which do not involve payment but goods in kind. In particular, these contracts concern the delivery of food and are undertaken in project countries to support MSF-Holland's nutrition and health programmes. These donations in kind are not registered in the bookkeeping and are also not reflected in the results. For internal purposes, MSF-Holland has registered the exchange of materials within the MSF-network, but this is not included in this explanatory statement.

MSF-Holland registers the use of goods made available by third parties if these are essentially important to execute aid projects and these would be purchased if they were not made available to the organisation. The total value of the goods received in 2009 was approximately € 1,450,000 (2008: € 2,545,000). The majority of donations in kind were received in Bangladesh, Central African Republic, Myanmar, Nigeria, Sri Lanka and Sudan.



<b>European Commission</b>	Office equipment	p.m.		Communication equipment	p.m.	
<b>United Nations (WFP)</b>	Cereals	220,30	Metric Tons	Corn flour, CSB	491,77	Metric Tons
	Lentils/pulses	60,94	Metric Tons	Rice	298,70	Metric Tons
	Vegetable oil	100,84	Metric Tons	Sugar	116,04	Metric Tons
	Salt	10,79	Metric Tons	Vegetables	19,21	Metric Tons
<b>United Nations (UNHCR)</b>	Blankets	2,000	Unit	Bed nets	5,000	Unit
	Clean delivery kit	7,000	Kit	Injectable fluids	36,300	Doses
<b>United Nations (UNICEF)</b>	Plumpy-nut, Milk powder F-75,			Various Vaccines	133,450	Doses
	F-100, BP-5 biscuits	1,660	Box	Vaccination materials	p.m.	
	Watertank, 100 ltr	5	Unit	Medical material	p.m.	
	Tap stands	5	Unit	Waterpurification	50,000	Unit
	Travel & blue bags	11,000	Pce	Various medicins	p.m.	
	Bed sheets	11,000	Pce			
<b>United Nations (UNFPA)</b>	Contraceptives	1,333,500	Unit	Medroxyprogesterone	21,600	Vial
	Various medicins	p.m.				
<b>Ministry of Health, India</b>	Various Vaccines	274	Doses			
<b>ICG meningitis</b>	Meningitis vaccines	694,000	Doses			

In addition, MSF-Holland uses airplane seats and cargo-capacity made available by the United Nations (WFP/UNHCR) in amongst others, Chad. In 2009, the value of these flights was approximately € 150,000 (2008: € 250,000). The value of these has been estimated on the basis of current prices. This amount has been included in the above-mentioned total estimated value of donations in kind received. MSF-Holland head office also receives gifts in kind for its activities. Primarily, these concern adverts in

the media and on websites and all sorts of advisory services. In 2008 the pro-bono contract with the International Bureau of Fiscal Documentation (IBFD), Amsterdam was continued. The IBFD provides MSF-Holland with essential information on tax legislation and practice applicable in the countries where MSF-Holland implements projects. (Charity) discounts given to MSF-Holland for purchases of goods and services are not registered.



# 3 Explanation of the Balance Sheet

## 3.1 Tangible fixed assets

IN EURO THOUSANDS

<b>OPERATING ASSETS</b>	Leasehold improvements	Inventory	Hardware/software	<b>Total 2009</b>
<b>Purchase value</b>				
Balance as at 1 January 2009	175	499	1,277	<b>1,951</b>
Purchases	0	0	25	<b>25</b>
Disinvestments	0	0	0	<b>0</b>
Balance as at 31 December 2009	175	499	1,302	<b>1,976</b>
<b>Depreciation</b>				
Balance as at 1 January 2009	175	499	1,036	<b>1,710</b>
Depreciation	0	0	160	<b>160</b>
Disinvestments	0	0	0	<b>0</b>
Balance as at 31 December 2009	175	499	1,196	<b>1,870</b>
<b>Balance Sheet value as at 31 December 2009</b>	<b>0</b>	<b>0</b>	<b>106</b>	<b>106</b>

In 2009 the video conferencing system was expanded. No disinvestments were made.  
The planned investment in new computer equipment is postponed to 2010.  
For 2010 we have planned investments in the upgrade of administrative and document sharing software.

## 3.2 Stocks

IN EURO THOUSANDS

<b>STOCK FOR ASSOCIATION GOALS - DIRECT AID</b>	<b>2009</b>	2008
Medical materials	<b>909</b>	935
Transport equipment	<b>372</b>	352
Other materials	<b>602</b>	695
<b>Stocks as at 31 December</b>	<b>1,883</b>	1,982
Provision for obsolescence	<b>-44</b>	-53
<b>Balance as at 31 December</b>	<b>1,839</b>	1,929

Included in this item are stocks for direct aid that are kept in the Netherlands (see also chapter 4). The value of the project-related stocks taken into stock as at 31 December amounts to € 637,967 (2008: € 742,879). The other stocks have not yet been allocated to aid projects and concern free stocks and so-called emergency stocks.

The item 'Other materials' consists mainly of emergency housing materials (tents, tools, etc.), water and sanitation equipment, communication equipment and computers for the projects. The provision for obsolescence concerns medical materials for which the shelf life is about to expire. In 2009 the actual write-off was € 43,963.

## 3.3 Receivables from Third-Party Appeals

IN EURO THOUSANDS

	<b>2009</b>	2008
Receivables from the <b>National Postcode Lottery</b> , regular draw	<b>1,182</b>	1,554
Receivables from the <b>National Postcode Lottery</b> , extra draw 2008	<b>0</b>	3,883
	<b>1,182</b>	5,437

Receivables from the **National Postcode Lottery** are short-term.

### 3.4 Receivables from within the Médecins Sans Frontières network

IN EURO THOUSANDS

The receivables from Médecins Sans Frontières sections throughout the year developed as follows:

	2009	2008
Balance as at 1 January	6,744	4,983
Project grants awarded	48,976	55,811
Exchange rate differences	167	-429
Project grants received	-49,439	-53,621
Unspent project grants	-392	0
<b>Balance as at 31 December</b>	<b>6,056</b>	<b>6,744</b>

The receivables from Médecins Sans Frontières sections concern project grant contracts that have ended. The receivables are short-term.

### 3.5 Receivables from institutional donors

IN EURO THOUSANDS

Receivables for institutional grants comprise receivables from both awarded project grants and those that have already ended. Developments of these in the financial year were as follows:

	2009	2008
Balance as at 1 January	5,935	3,596
Project grants awarded	17,224	19,112
Exchange rate differences	169	-444
Project grants received	-17,895	-15,882
Non-allocated project grants	-95	-447
<b>Balance as at 31 December</b>	<b>5,338</b>	<b>5,935</b>
The receivables are as follows:		
Receivables from terminated project grant contracts	1,549	1,568
Receivables from current project grant contracts	3,789	4,367
	<b>5,338</b>	<b>5,935</b>

Receivables from institutional grants have a term shorter than one year. The 'project grants received' include receipts from grants from private organisations. In 2009, this amounted to € 117,000 (2008: € 548,031). In the cash flow statement the division is shown.

### 3.6 Other receivables and accrued income

IN EURO THOUSANDS

	2009	2008
Debtors	6	19
Taxes and social security contributions to be received.	21	24
Pre-paid pension scheme contributions	239	172
Debtors from settled inheritances	811	931
Receivable from other MSF-sections	1,250	1,254
Prepayments and accrued income	2,519	2,161
<b>Balance as at 31 December</b>	<b>4,846</b>	<b>4,561</b>

All other receivables and accrued income are short-term.

The amounts receivable under 'Receivable from other MSF-sections' refer to prefinancing of joint projects, advance payments and secondment of personnel working for other MSF-sections.

### 3.7 Cash at bank and in hand

IN EURO THOUSANDS

	2009	2008
Balance of cash at bank and in hand at headquarters	66,863	55,460
Balance of cash at bank and in hand at projects	4,662	4,950
<b>Balance as at 31 December</b>	<b>71,525</b>	<b>60,410</b>

The headquarters' balance of cash at bank includes immediately accessible savings accounts to the sum of € 58,980,676 (2008: € 48,908,863). These savings accounts are 1 monthly to 12 monthly bank deposits at the Fortis Bank (NL), ABN AMRO Bank and van Lanschot Bankiers. MSF-Holland holds its main operating cash management accounts at Fortis bank (NL). In 2009 MSF-Holland used financial instruments to control currency risk on the British Pound. On 31st of December all current currency contracts have been settled.

### 3.8 Reserves and funds

IN EURO THOUSANDS

	Continuity reserve	Appropriation reserve	Other free reserve	Appropriation fund	<b>Total 2009</b>	Total 2008
Balance as at 1 January	59,000	2,170	6,394	1,095	<b>68,659</b>	60,850
Allocation of the result	0	-225	11,983	-562	<b>11,196</b>	7,809
<b>Stand per 31 december</b>	<b>59,000</b>	<b>1,945</b>	<b>18,377</b>	<b>533</b>	<b>79,855</b>	<b>68,659</b>

#### 3.8 a Continuity reserve

In accordance with the Board's resolution, a continuity reserve has been formed. The amount of the reserve has been set at the average amount (over three years) of expenditures needed to ensure the unimpeded progress of the projects and the related supporting activities for a six-month period. In 2009, no additions or withdrawals to the continuity reserves have been made. MSF-Holland's continuity reserve satisfies the various guidelines and complies with the standard set by the Board.

Within the network Médecins Sans Frontières, a reserve for at least three and, at the most twelve months has been agreed. The lower limit of three months must also be available in cash at bank and in hand. According to the conditions of the CBF certification, the continuity reserve should not exceed a maximum of one and half times the yearly costs for the operational activities. MSF-Holland considers the expenses on the project and the related supporting activities and the costs of fundraising as costs of the operational activities. Depreciation costs, contributions and one-off items are not included here. Payable grants to third parties are short term liabilities and are also not included.

The extent of the continuity reserve is calculated as follows:

	Expenditure 2008	Expenditure 2009	Budget 2010	6-month average
Emergency Aid	94,735	88,423	105,000	48,026
Preparation and coordination	10,354	9,589	10,485	5,071
Information and awareness raising	2,077	1,807	3,149	1,172
Own fundraising	6,265	6,531	6,916	3,285
Acquisition grants institutional donors	125	130	142	66
Management and administration	3,527	3,633	4,310	1,912
	117,083	110,113	130,002	59,533
<b>Deduct:</b>				
Depreciation costs	378	210	150	123
One-off expenses (fundraising)	0	0	1,000	167
Contributions	733	776	931	407
<b>Target continuity reserves (6 months) as at 31 December</b>	115,972	109,127	127,921	58,838
<b>Actual continuity reserves as at 31 December</b>				59,000
<b>Target lower limit (3 months) continuity reserves as at 31 December</b>				29,419

At the end of 2009, 90% of the reserves were retained in cash at hand and in bank (2008: 93%). MSF-Holland needs a solid liquidity position to be able to guarantee the unhindered progress of its aid projects and to come into action quickly if need be.



### 3.8 b Appropriation reserves

IN EURO THOUSANDS

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

	Tangible fixed assets	Stocks	Total 2009
Balance as at 1 January	241	1,929	2,170
Allocation of the result	-135	-90	-225
<b>Stand per 31 december</b>	<b>106</b>	<b>1,839</b>	<b>1,945</b>

Planned investments for 2009 were cancelled or postponed into 2010. Next to that the amount of stock decreased slightly. The decrease in the appropriation reserves has been added to the other free reserves. As in 2010 new investments are planned an addition to the appropriation reserves has been budgeted.

### 3.8 c Other free reserves

In 2009 through the allocation of the result the amount of € 786,541 was withdrawn from the appropriation reserve and appropriation funds and added to the other free reserves. The total result of € 11,196,181 has been added to the other free reserves. The other free reserves originating from 2008 were not spend in 2009. This was due to the unforeseen decrease in expenditures including in Darfur, Sudan. The other free reserves will be used as much as possible for emergency aid projects in 2010 and 2011. In the budgets for those years this will be taken into account (see also chapter 6).

### 3.8 d Appropriation funds

IN EURO THOUSANDS

The appropriated funds contains the funds that have been earmarked by donors for a specific purpose and which have not yet been spent. Note 2.9.a. gives an indication of the volume of earmarked monies that are received and spent during the year.

The balance of the appropriated funds is calculated as follows:

	Unused at year end 2008	Receipts in 2009	Expenditure in 2009	Unused at year end 2009
Earmarked income from own fundraising:				
Earmarked for various countries	0	91	-91	0
Subsidies of private foundations	0	1170	-117	0
Other earmarked funds:				
MSF-Supply: meningitis vaccines	212	0	-212	0
Earmarked income <b>National Postcode Lottery:</b>	883	0	-350	533
Baraka, DR Congo				
<b>Balance as at 31 December</b>	1,095	208	-770	533

The earmarked funds for the meningitis vaccines concern a stock of semi-finished vaccines. This stock was used in February 2009 and the funds have been spent. The earmarked funds for Baraka, DR Congo, were only partly spend in 2009. The remainder will be spend in 2010.

### 3.9 Short-term liabilities

IN EURO THOUSANDS

	2009	2008
Budgetary commitments (see specification below)	1,860	3,356
Accounts payable/creditors	2,595	2,663
Payable to other MSF-sections	2,290	2,679
Taxes payable	1,043	349
Other liabilities	3,249	7,551
<b>Balance as at 31 December</b>	11,037	16,598

The item 'Payable to other MSF-sections' refers to liabilities to MSF-sections that concern amounts for international projects, personnel costs and training for expatriate staff. In 2009 this item increased due the receipts of grants on behalf of other MSF sections that still have to be transferred to them.

The increase in the item 'Taxes payable' can be explained by the change in the administration of tax obligations in the project countries.

Budgetary commitments are commitments arising from awarded project grants in which the commitment falls in proportion to the progress of the project. The balance concerns the portion of the project grants that have yet to be implemented by MSF-Holland.

**The item 'Budgetary commitments' developed in the year as follows:**

	2009	2008
Balance as at 1 January	3,356	1,651
Listed under long-term liabilities as at 1 January	0	0
Project grants awarded in this financial year	66,200	74,923
Exchange rate differences	103	-141
Project grants from institutional donors	-18,728	-16,819
Project grants from other MSF-sections	-48,584	-55,811
<b>Total project grants</b>	<b>-67,312</b>	<b>-72,630</b>
Non-allocated project grants	-487	-447
<b>Balance as at 31 December</b>	<b>1,860</b>	<b>3,356</b>

The budgetary commitments at the end of the 2009 financial year refer entirely to the implementation of projects in 2010 and are thus short-term commitments. There were no long-term budgetary commitments at the end of 2009.

### 3.10 Commitments and assets not included in the balance sheet

Commitments not included in the balance sheet refer to the contract for office rental (including service costs). The total amount of these commitments is € 3.0 million for 2010 up to and including 2013. € 0.9 million refers to 2010, € 1.7 million to the years 2011 and 2012 and € 0.4 million to 2013.

Bank guarantees for the benefit of third parties were granted for the rental contract of the office in Amsterdam (€ 189,326).

In a number of countries where MSF-Holland implements projects, taxation and litigation procedures are pending. MSF-Holland maintains a register of these. In these financial statements provisions are made to a total of € 571,170 (2008: € 804,336). Based on legal advice obtained and the provisions made we don't expect that out of the procedures any further significant financial liabilities may arise.

MSF-Holland has requested the Amsterdam Tax Office to assess the possible implications for VAT being due for posted staff with a contract in a national MSF organisations (in particular MSF-Germany). At present, it is not known whether there is indeed an obligation to declare VAT for this and financial liability may arise. MSF-Holland came to an agreement with the Amsterdam Tax Office about this possible obligation. This agreement is part of the covenant that was agreed in 2009 with the Amsterdam Tax Office.

The **assets not included in the balance sheet** refer to the real estate assets that were received from legacies and inheritances. MSF-Holland can not freely dispose of these assets. On 31 December 2009 the fair value of these assets had been estimated at € 618,000.



# 4 Accounting Principles

## GENERAL

The accounting principles used for the valuation of assets and liabilities are based on historical costs. If not stated differently, assets and liabilities are shown at their nominal value. Revenues and costs are allocated to the period they relate to.

## FOREIGN CURRENCY

The reporting currency is the euro. Assets and liabilities denominated in foreign currencies are valued at the exchange rates prevailing at the balance sheet date. Transactions denominated in foreign currencies are translated at the exchange rates prevailing at the transaction date. Exchange rate differences are accounted for after determination of the result out of the operational activities. The exchange results have been incorporated in the financial statements according to *Guideline 122 of Dutch Accounting Standards* as the Guideline 650 does not provide for this.

## CASH FLOW STATEMENT

The cash flow statement has been prepared according to the direct method. Cash flows denominated in foreign currencies have been translated into euro at the exchange rate prevailing at the transaction date. The cash flow statement has been prepared according to the direct method in order to provide a clearer view of the different flows of funds in the organisation, and the flows of funds within the Médecins Sans Frontières network. This also clearly shows which part of the expenditure has been devoted to countries where projects are being carried out. The cash flow statement shows the liquidity needs of MSF-Holland.

## TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated according to the straight-line method based on expected economic life. The following percentages are used:

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

Purchase costs of fixed assets used in the project countries are charged to project costs. After completion of the projects these assets are generally transferred to the beneficiaries.

## STOCKS

Stocks are stated at cost price less a provision for obsolescence where necessary. In 2009, as in 2008, a small provision has been made for obsolescence and mentioned in the explanation. The costs of the stocks are charged on to the projects at the time they are sent to the project countries. Costs of the stocks are calculated based on average costing while the movement of physical stock is according to the First-In-First-Out principle.

## ACCOUNTS RECEIVABLE

Accounts receivable are stated less a provision for doubtful debtors. In 2009, there was no provision for doubtful debtors included.

## CASH AT BANK AND IN HAND

Cash at bank and in hand concern the balances of cash and bank accounts held for the head office and all countries where MSF-Holland holds accounts for project funds. Cash and bank balances denominated in foreign currencies are valued at the exchange rates prevailing at the balance sheet date.

## EVENTS AFTER THE REPORTING PERIOD

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

## INCOME FROM OWN FUNDRAISING

### • Donations and gifts

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

### • Contributions

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

### • Inheritances

Inheritances are accounted for in the financial year in which the amount can be estimated with a fair degree of accuracy. However, any advances paid out before that date will be accounted for in the year in which the actual payment has been received. The size of the inheritance can be established as reliable if a fair assessment of the proceeds can be made based on the stage of settlement of the inheritance. For example, this is in the case of the

receipt of final account-justification. Assets for sale, acquired from inheritances, are included under income from own fundraising against fair value at the 31st of December.

- **Foundations, associations and private funds**

Grants from private organisations are shown under income from own fundraising. These grants are included as income in the statement of expenditure and income in proportion to the progress of the project.

#### **INCOME FROM THIRD-PARTY APPEALS**

Income from third party appeals only concerns amounts from the proceeds of the **National Postcode Lottery**. Income allocated by the National Postcode Lottery to MSF-Holland has been included as income at the time of the allocation. The proceeds from the National Postcode Lottery are based on a contract and on a contractually valid financial regulation. As of 1 January 2008, the contract with the National Postcode Lottery has been renewed for a period of five years.

#### **INCOME FROM WITHIN THE MÉDECINS SANS FRONTIÈRES NETWORK**

Project grants allocated to MSF-Holland and the subsequent budgetary obligations arising from grants from within the network Médecins Sans Frontières are shown in the balance sheet from the allocation (contract) date. These grants are accounted for as income in the statement of expenditure and income in proportion to the progress of the project. According to Guideline 650 this income should be shown under 'Income from third-party appeals'. In view of the volume and the importance of income from within the network Médecins Sans Frontières, it has been decided to show this as a separate category.

#### **GRANTS FROM INSTITUTIONAL DONORS**

Project grants awarded to MSF-Holland and the related budgetary obligations are shown in the balance sheet from the awarding date. These grants are accounted for as income in the statement of expenditure and income in proportion to the progress of the project.

#### **DONATIONS IN KIND**

Donations in kind are not financially registered and as such have not been included in the balance sheet. Donations in kind are shown in the explanatory notes in the state of expenditure and income as far as they concern goods that are essentially important to MSF to be able to execute its aid projects and, had they not be made available to MSF, they would be purchased. An explanation is given regarding received donations in kind where a reporting obligation is required. An estimated total of the current purchase rate of the received goods is shown in this financial statement.

#### **PENSIONS**

The pension schemes set up for the employees are based on a career-average plan with conditional indexation. All schemes have been placed with a life assurance company and, in view of the nature of the insurance contract, may be classified as so-called defined contribution schemes. This means that MSF's commitment towards its employees, under the insurance contract concluded with the life assurance company, is limited to payment of the agreed contributions to the life assurance company. These contributions are accounted for as expenses in the year they relate to. The explanation of the division of costs (note 2.8) shows the amount included as pension contributions from the relevant pension scheme. The pension insurance contract has been concluded for a period of five years ending 31 December 2012.

#### **EMERGENCY AID COSTS**

Costs of emergency aid relate to the costs of the aid projects undertaken by MSF-Holland. This concerns any on-site costs incurred by the projects, including the costs of medical and logistic personnel posted and the costs of relief supplies bought via headquarters and transported to the projects.

Relief supplies that have been purchased through headquarters are charged on to the projects at the time they are sent to the project country. Supplies that have been delivered at the warehouse and are in transit are accounted for as project-related stocks and included in the balance sheet. Outstanding orders are not included in the accounts of MSF-Holland. Outstanding orders are internally reported as budget commitment and included in the three-way matching procedure.

#### **PREPARATION AND COORDINATION COSTS**

Costs of preparation and coordination relate to the costs incurred by headquarters for the direct support of aid projects carried out by MSF-Holland. Relevant costs include costs of departments handling the provision of medical advice, the purchase of project supplies and the recruitment and posting of staff. The costs of the Operations Director and the Medical Director are included in this category. For aid projects in a number of countries, preparation and coordination activities has been (partly) outsourced to the sections with which MSF-Holland works intensively. The costs of the activities outsourced to support the projects directly in other MSF-sections (2008: Canada and Germany) are explained in more detail in chapter 5, 'Associated parties'.

#### **INFORMATION AND AWARENESS RAISING COSTS**

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

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

- 50% of the costs of the website go to 'Information and awareness raising' and 50% to 'Management and administration';
- 25% of the costs of the periodical *Hulp*post go to 'Information and awareness raising' and 75% to 'Costs own fundraising';
- 50% of the costs of publishing the Annual Report go to 'Information and awareness raising' and 50% to 'Management and administration'.

#### **ACTIVITIES CARRIED OUT BY THIRD PARTIES**

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

#### **COSTS OWN FUNDRAISING**

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

#### **COSTS ACQUISITION INSTITUTIONAL DONOR GRANTS**

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

#### **MANAGEMENT AND ADMINISTRATION COSTS**

Management and administration costs relate to the costs made for directing and managing the organisation. 50% of the costs of the website have been allocated to the 'Management and administration' costs. In addition, 50% of the costs of the annual report have been allocated to the 'Management and administration' costs. The costs of recruiting personnel to work at the head office and also the costs of performing general financial administration, planning and control, the (majority of) legal expenses, as well as the costs of the Board and the Association have been included in this category.

#### **OVERHEAD COSTS**

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

#### **DIVISION OF PERSONNEL COSTS AND OVERHEAD COSTS**

Personnel costs at head office have not been accounted for by MSF-Holland as direct costs but in proportion to the number of allotted full-time equivalents of personnel at head office working for certain activities. The overhead costs have been attributed in the same way to different activities. Note 2.8 in this financial statement explains the divisions of these costs. The divisions of overhead costs is based on the *Recommendation Application of Guideline 650 for Management & Administration costs* (January 2008) as published by the Dutch Association of Fundraising Institutions VFI.





# 5 Associated parties: Médecins Sans Frontières

In the *Guideline 650 for the Reporting of Fundraising Institutions* attention is given to the financial reporting of organisations that structurally work together. Strictly speaking, these definitions are not applicable to MSF-Holland. MSF-Holland works, of course, closely in the international network Médecins Sans Frontières. However, the association MSF-Holland is legally and financially strictly independent. More and more the MSF-sections in the international network become interdependent. In addition to the necessary coordination regarding medical and operational policy, mutual policies are also determined regarding organisation development, finances and personnel management.

## 5.1 Médecins Sans Frontières partnership

MSF-Holland is part of the international network of Médecins Sans Frontières, in which nineteen national organisations (MSF-sections) and a number of associated institutions are active. Besides MSF-Holland, the following four MSF-sections also carry out projects independently; Belgium, France, Spain and Switzerland. Médecins Sans Frontières also has registered MSF-sections in Austria, Australia, Canada, Denmark, Germany, Greece, Hong Kong, Italy, Japan, Luxembourg, Norway, Sweden, the United Kingdom and the USA. These MSF-sections, provide a significant contribution to achieve the objectives which constitute the ideas of Médecins Sans Frontières, the recruitment of expatriate staff and fundraising for projects. Every MSF-section is an independent economic and legal entity.

All of the MSF-sections have agreed to abide by the principles of the International Charter of Médecins Sans Frontières. All MSF-sections are united in the 'Association Bureau Médecins sans Frontières International' in Switzerland. All presidents of the MSF-sections are represented in the General Assembly of Members of MSF-International, the International Council. They meet at least twice a year. The International Council can make decisions that, in practice, are binding for the individual organisations. Primarily, the International Council is involved in monitoring of the objectives and the organisation's identity and the promotion of mutual cooperation and policy coordination. One of the core items of its policy is the improvement of mutual responsibility and supervision. The principles of this cooperation are determined in a number of basic documents to which all MSF-sections have agreed.

The presidents of the associations of the five operational MSF-sections, one of whom is the president of MSF-Holland, form together with the international president and the international secretary the daily management of the association 'Association Bureau Médecins sans Frontières International'. An independent treasurer has been appointed to support the International Council Board.

Intensive international cooperation and coordination of policy and execution are important because the activities of individual organisations have a great influence and are dependent on each other. There is a real chain of risks in many areas. For example, there are risks of reputation, security risks and financial risks. The Board of MSF-Holland's management recognises these risks and together with the management team, uses all its efforts to promote and strengthen international collaboration.

## 5.2 Governance and governance related risks

MSF-Holland works in particular together with the MSF-sections in Canada, Germany and the United Kingdom. These MSF-sections are involved in the supervisory function, policy determination and at the executive level in the Association. As can be seen from the financial statements these three MSF-sections also provide an important financial contribution to aid projects; € 35.0 million in 2009 (2008: € 35.0 million). A large part of the staff posted to MSF-Holland aid projects were recruited by these MSF-sections; 254 staff posted in 2009 (2008: 273 staff posted). The four MSF-sections work together in the 'Operations Centre Amsterdam' (OCA). This collaboration only concerns the execution of aid projects and there is no formal private corporate organisation constituted. As a result, the Board of the association MSF-Holland remains legally and financially responsible for the execution of aid projects in this financial statements. The Boards of MSF-sections in Canada, Germany and the United Kingdom jointly established an umbrella organ; the OCA-Council. Besides the four presidents there are four delegated members who represent their Board at the OCA-Council meetings. The OCA-Council oversees the implementation of medical and operational policy according to the jointly agreed 'Strategic Plan 2007-2010'. The OCA-Council has no statutory status or authorization. It has been mutually agreed that the OCA-Council approves of the operations' annual plan and the interim progress reports. In 2009 the status of the OCA-Council has been formalised by a mutual agreement. This agreement has no statutory effect.

At executive level the general directors of the MSF-sections in Canada, Germany and the United Kingdom actively participate in the daily management and execution of projects. They constitute for the part of operations, together with four directors of the MSF-Holland, the OCA-management team. Management of office organisations is run by the individual MSF-sections.

## 5.3 Financial cooperation and financial risks

### 5.3 a Preparation and coordination costs

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

	in currency 2009	2009	2008	FTE	2009	2008
MSF-Holland preparation and coordination costs		<b>9,589</b>	10,354		<b>97</b>	102
Costs outsourced activities MSF-Canada	CAD 546,682	<b>364</b>	307		<b>5</b>	5
Costs outsourced activities MSF-Germany		<b>798</b>	791		<b>9</b>	8
<b>Total preparation and coordination costs</b>		<b>10,751</b>	11,452		<b>111</b>	115

MSF-Holland can only influence the management of costs and outsourcing of activities to a certain degree. There were no direct activities assigned to MSF-United Kingdom. MSF-United Kingdom employs a pool of medical specialists who support aid projects with specialist advice, data collection and research. The actual costs of the provided advice is invoiced and reflected in the financial statement under the costs of 'Audit, advice and projects support'.

### 5.3 b Payments and receipts

The payments and receipts from within the Médecins Sans Frontières network have been included in this financial statements and are specifically mentioned, where possible. Payments within the MSF-network concern payments for hired-in staff who are posted and employed in project countries. A mutually agreed framework agreement was drawn up for all hired-in staff which includes agreements on mutual liability. The compensations are based on average real cost in which no increments or overhead have been calculated. The other payments concern the purchase of project goods from the

procurement organisations 'MSF-Supply' (Belgium), and 'MSF Logistique' (France) and the epidemiological research and data registration of 'Epicentre', which is part of MSF-France.

The receipts from other MSF-sections mainly concern part of the project grants. Project grants are based on mutual contracts all of which must be shown in a report. In addition, MSF-Holland receives compensation for staff hired-in by other sections. In 2009 this was € 939,715 (2008: € 748,986).

### 5.3 c International financial agreements

Within the network Médecins Sans Frontières agreements have been made regarding the division of fundraising revenue that is available for aid projects after the deduction of costs for offices and the contributions to MSF-International. As of the financial year 2008 MSF-Holland can rely on a share of the net income from the following MSF-sections. This share is expressed as a percentage and concerns for Canada, Sweden, the United Kingdom and the United States commitments in foreign currency for which a currency risks exist.

	Share	Currency
MSF- Canada	70%	CAD
MSF- Germany	70%	EUR
MSF- United Kingdom	70%	GBP
MSF- Hong Kong	30%	EUR
MSF- Austria	30%	EUR
MSF- United States	75%	USD
MSF- Sweden	20%	SEK

These agreements enable the risk of disappointment of income from public donor appeals to be spread more evenly and thus obtain better guarantees for the continuity of the aid projects implementation.

The agreements regarding contributions to the MSF international office are based on the income from own fundraising from the previous year. In 2009, MSF-Holland's share was

9.36% of the total MSF-international costs. This share is set for 9.68% in 2010. The budgets and thus the contributions are determined yearly by the International Council. The International Council can decide to start and to finance coordinated projects. National organisations are not automatically obliged to make a financial contribution. MSF-Holland contributes to the *MSF International campaign Access to Essential Medicines*. Starting 2008 1% of the income out of own fundraising is contributed to the international fund for innovation in projects that is managed by MSF-International. MSF-Holland's payments are shown as contribution costs in this financial statements. MSF-Holland did not apply for innovation funds in 2009.

Agreements have been made regarding the amount and location of the total reserves in all MSF organisations. Internal, combined budget and cash flow reports are made each month. Within the network-MSF 'General Accepted Accounting Principles' guidelines have been agreed and are used, and also include the principles for costs attribution.

As of 2006 agreements have been made regarding the employment of expatriate personnel. In principal, all expatriate personnel receive a contract in the country they reside in if an MSF-section has an office in that country. The terms of employment and the remuneration structure have been fully aligned to both the ratio of the local cost of living as well as the social security standards. All posted staff have been insured and are covered by a worldwide insurance policy. Starting 2009 a worldwide medical malpractice liability cover has been arranged to cover the organisation worldwide. In a number of countries where MSF has emergency aid projects insurance coverage is limited. For these further agreements have been made in the MSF-network.

## 5.4 2008 Combined financial statements

Since 2003 the MSF network publishes a combined financial statements. The combined financial statements 2009 will be published mid-2010 after the publication of the Dutch financial statements. The combined financial statements for 2008 has been accompanied with an unqualified opinion issued by KPMG S.A. and Ernst & Young et autres, Paris,

France. The balance sheet and the statement of income and expenditure are included below. The combined 2008 financial statements can be found on MSF-Holland's' website [www.artsenzongrenzen.nl](http://www.artsenzongrenzen.nl) or [www.msf.org](http://www.msf.org).

### Médecins Sans Frontières combined income and expenditure for 2008

IN EURO THOUSANDS

<b>INCOME</b>	<b>2008</b>	<b>2007</b>
Donations public appeals	<b>510,118</b>	438,906
Grants from private organisations	<b>77,307</b>	79,827
<b>Subtotal own fundraising</b>	<b>587,425</b>	518,733
Grants from institutional donors	<b>67,714</b>	54,204
Other income	<b>20,319</b>	19,788
<b>Total Income</b>	<b>675,459</b>	592,725
<b>EXPENDITURES</b>		
<b>Expenditures for Association goals</b>		
Direct costs emergency aid	<b>-429,233</b>	-375,439
Preparation and coordination	<b>-65,620</b>	-63,622
Information and awareness raising	<b>-24,667</b>	-19,420
Third-party activities	<b>-7,244</b>	-9,088
<b>Subtotal expenditures for Association goals</b>	<b>-526,764</b>	-467,568
<b>OTHER EXPENDITURES</b>		
Fundraising	<b>-81,218</b>	-76,866
Management and administration	<b>-40,170</b>	-32,843
Income tax	<b>-89</b>	-97
<b>Subtotal other expenditures</b>	<b>-121,477</b>	-109,806
<b>Total Expenditures</b>	<b>-648,241</b>	-557,374
Exchange rate results	<b>-4,749</b>	-3,241
<b>Surplus (deficit)</b>	<b>22,468</b>	12,110

<b>INCOME AND EXPENDITURE INDICATORS</b>	<b>2008</b>	<b>2007</b>
Spent on Association goals / total expenses	81.3%	81.0%
Spent on Association goals / total income	78.0%	78.9%
Costs fundraising / Income own fundraising	13.8%	14.8%
Management and Administration / total expenses	6.2%	5.7%

## Médecins Sans Frontières combined balance sheet 2008

IN EURO THOUSANDS

<b>TOTAL</b>	<b>2008</b>	<b>2007</b>
Intangible fixed asset	2,650	2,838
Tangible fixed assets	28,601	28,668
Financial assets	5,789	5,639
<b>Fixed assets</b>	<b>37,040</b>	<b>37,145</b>
Stocks	22,310	20,046
Grants from institutional donors to be received	21,520	16,822
Contributions to be received	18,329	14,991
Debtors	3,939	4,820
Other amounts to be received	7,183	4,357
Cash at bank and in hand	375,599	350,171
<b>Current assets</b>	<b>448,881</b>	<b>411,207</b>
<b>Total Assets</b>	<b>485,921</b>	<b>448,352</b>
Appropriation reserves	2,478	2,478
Free reserves	423,842	402,175
Other reserves	-13,943	-14,578
<b>Subtotal reserves</b>	<b>412,377</b>	<b>390,075</b>
VProvision and contingent liabilities	4,610	3,387
Financial debts	2,288	2,569
Accounts payable and accrued liabilities	54,774	42,654
Deferred income	11,872	9,662
Overdrafts	-	5
<b>Subtotal Liabilities</b>	<b>73,544</b>	<b>58,277</b>
<b>Total liability</b>	<b>485,921</b>	<b>448,352</b>

<b>BALANCE SHEET INDICATORS</b>	<b>2008</b>	<b>2007</b>
Reserves as % of total expenditures	64%	68%
in a number of months	7.6	8.1
Current Ratio	6.1	7.1
Solvability	85%	87%



## 6 Long-term forecast

The long-term forecast is the financial translation of the *Strategic Plan 2007-2010* that was approved by the Board in 2006. In this period of the strategic plan continuation of the projects is foreseen which translates into steady growth of the organisation. In the reality the costs of emergency aid vary because the organisation is partly dependent on need for medical emergency help in the event of conflicts or natural disasters. In 2009, the planned budget for emergency aid was not achieved. In 2009, less expenditure on planned projects was realised while more was spent on upcoming emergency aid projects. Examples are the cholera outbreak in Zimbabwe; several outbreaks of infectious diseases in Nigeria: emergency aid in India and Bangladesh after a typhoon and the escalating conflict in Sri Lanka. The initial budget for emergency aid in 2010 has been maintained as planned. Through the other free reserves the 2008 and 2009 surplus will be allocated to the 2010 project activities and makes it possible to budget for a deficit. In 2010 a new long-term forecast for 2011-2014 will be approved by the Board and will be included in the annual accounts 2010.

## 6.1 Forecast of income and expenditure

IN EURO THOUSANDS

	Actual	Actual	Actual	Actual	Actual	Budget
	2005	2006	2007	2008	2009	2010
<b>INCOMES</b>						
<b>Income from own fundraising</b>	25,979	28,034	33,070	38,080	37,680	40,000
Share in joint appeals	7	0	0	0	0	0
Share in third-party appeals:						
Proceeds from <b>National Postcode Lottery</b>	14,662	14,996	15,461	18,883	15,000	13,500
<b>Income from MSF-network activities</b>	53,383	57,462	58,790	55,811	48,584	50,831
<b>Grants from institutional donors</b>	27,745	18,823	12,140	16,271	18,728	20,000
(as a % of the emergency aid expenses)	30%	19%	13%	17%	21%	19%
<b>Other income and expenditure</b>	2,099	875	1,062	1,390	1,495	900
<b>Total available for Association goals</b>	123,875	120,190	120,523	130,435	121,487	125,231
<b>EXPENDITURES</b>						
<b>Spent on Association goals</b>						
Emergency aid	93,952	99,714	92,113	94,735	88,423	105,000
Preparation and coordination in the Netherlands	9,523	10,430	11,258	10,354	9,589	10,485
Information and awareness raising	2,498	2,161	2,092	2,077	1,800	3,149
Activities carried out by third-parties	645	542	449	3,860	253	325
<b>Total spent on Association goals</b>	106,618	112,847	105,912	111,026	100,072	118,959
(as a % of the total available for Association goals - <b>policy standard is &gt; 80%</b> )	86%	94%	88%	85%	82%	95%
<b>Fundraising income</b>						
Costs from own fundraising	3,566	5,873	7,055	6,265	6,531	6,916
(as a % of the income own fundraising - target <b>is &lt; 20%</b> )	14%	21%	21%	16%	17%	17%
Costs from institutional grants	120	142	146	125	130	142
<b>Management and administration</b>	3,215	3,372	3,345	3,527	3,633	4,310
<b>Total expenditures</b>	113,519	122,234	116,458	120,943	110,366	130,327
(as a % of the total of income)	92%	102%	97%	93%	91%	104%
<b>Result from operational activities</b>	10,356	-2,044	4,065	9,492	11,121	-5,096



## 6.2 Development of the costs and indicators

IN EURO THOUSANDS

MSF-Holland applies a number of indicators to steer its financial policy and to prepare the budget. These indicators are used to determine whether the organisation is effectively managed and whether the majority of the expenditures are in fact spent on aid projects. In accordance with the standards in the MSF network, MSF strives to devote at least 80% of its expenditure to the Association goals. This means that the expenditures on 'Management and Administration' plus the costs of fundraising may not amount to more than 20% of the expenditure. In reality, these expenditures are with the current scale of

the aid activities much lower. MSF-Holland imposes its own stricter policy in which the expenditures at headquarters may not amount to more than 20% of the total expenditure. In 2009 this standard was met for the Amsterdam office with 19.7%. Due to the decrease of costs for emergency aid the total including the costs of preparation and coordination in the other MSF OCA offices was not entirely met and arrived at 21%. For 2010 is expected this indicator will improve again.

	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Budget 2010
<b>PREPARATION AND COORDINATION</b>						
Preparation and coordination costs Amsterdam	9,523	10,430	11,258	10,354	9,589	10,485
Costs outsourced work MSF-Canada + MSF-Germany	0	442	1,240	1,098	1,162	1,250
<b>Total preparation and coordination costs</b> (as a % of the total spent on Association goals – policy standard is 8-10%)	9,523	10,872	12,498	11,452	10,751	11,735
	9%	10%	12%	10%	11%	10%
Information and awareness raising	2,498	2,161	2,093	2,077	1,807	3,149
Management and administration <b>plus</b> costs fundraising expenditures (as a % of the total expenditures – policy standard 10- 12%)	6,901	9,387	10,546	9,917	10,2945	11,368
	6%	7%	9%	8%	9%	8%
<b>Total expenditures at Amsterdam office</b> (as a % of the total expenditures – policy standard is < 20%)	18,922	22,420	25,137	23,446	22,852	26,252
	17%	18%	22%	19%	21%	20%

Part of the management of the projects carried out by MSF-Holland is being outsourced to MSF-Germany and MSF-Canada, see also chapter 5 'Associated parties'. In the short term this resulted in higher costs (2006 and 2007). In 2008, for the first time a decrease in costs of the office in Amsterdam is visible. In the budget for 2009 a further decrease was planned and also realised. For 2010 a modest increase is planned.

In 2009 the investments in own fundraising remained at the desired level.

In 2009 the percentage decreased according to plan to an average of 18.4% when measured over a period of three years, which is well within the standard of 25 % set by the CBF.

## 6.3 Development of staffing

IN FULLTIME EQUIVALENTS

	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Budget 2010
Number of posted staff	590	592	535	467	445	490
Number of staff office Amsterdam	167	179	179	168	161	171
Number of national staff in projects	7,800	6,450	5,602	5,420	5,432	5,400

In 2005 and 2006 the number of national staff working for MSF-Holland was counted as per 31 December.

From the financial year 2007 the number of staff has been changed to show full time equivalents. The national staff FTE measurement and reporting is still to be improved.

# 7 Other information

## 7.1 Signing and auditors report

The financial statements are prepared by the management. On the condition of obtaining an unqualified opinion of the auditor the financial statements were unanimously adopted by the Board of the association MSF-Holland in its meeting of 20 March 2010. The annual financial statements will be presented for approval to the General Assembly to be held May 29, 2010.

Amsterdam, 20 March 2010,

The Association Board and the Director

## AUDITORS' REPORT

To: the Board of vereniging Artsen zonder Grenzen

We have audited the 2009 financial statements of vereniging Artsen zonder Grenzen, as included on pages 5 to 47 of this annual report and comprising the balance sheet as at 31 December 2009 and the balance of income and expenditure for 2009 with the notes.

### **Management's responsibility**

The management of the Vereniging is responsible for the preparation and fair presentation of the financial statements, as well as for the preparation of the annual report, both in accordance with the Fundraising Institutions Accounting Guideline (RJ 650). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair representation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance on whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

representation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of vereniging Artsen zonder Grenzen as at 31 December 2009 and for the result for the year 2008 in accordance with the Fundraising Institutions Accounting Guideline (RJ650).

We report that, as far as we could determine, the annual report is consistent with the financial statements.

Amstelveen, 19 April 2010

KPMG ACCOUNTANTS N.V.

W. Tjoelker RA

## ABBREVIATIONS

AA	Auswärtiges Amt (Germany)
BuZa	Dutch Ministry of Foreign Affairs
CIDA	Canadian International Development Agency
DANIDA	Danish International Development Assistance
DFID	Department for International Development (Great Britain)
ECHO	European Commission Humanitarian Aid Office
EU	European Union
Ireland Aid (DCI)	Development Cooperation Ireland - Ireland Aid
NORAD	Norwegian Agency for Development Cooperation
NRMFA	Royal Norwegian Ministry of Foreign Affairs
PSI	Population Services International
SDC	Swiss Agency for Development and Cooperation
SHO	Cooperative Aid Organisations
Sida	Swedish International Development Cooperation Agency
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WFP	United Nations World Food Program

MSF-A	Médecins Sans Frontières Austria
MSF-B	Médecins Sans Frontières Belgium
MSF-C	Médecins Sans Frontières Canada
MSF-G	Médecins Sans Frontières Germany
MSF-HK	Médecins Sans Frontières Hong Kong
MSF-I	Médecins Sans Frontières Italy
MSF-IO	Médecins Sans Frontières International Office
MSF-J	Médecins Sans Frontières Japan
MSF-Lux	Médecins Sans Frontières Luxembourg
MSF-S	Médecins Sans Frontières Sweden
MSF-SP	Médecins Sans Frontières Spain
MSF-N	Médecins Sans Frontières Norway
MSF-UK	Médecins Sans Frontières United Kingdom
MSF-USA	Médecins Sans Frontières United States of America
CBF	Central Bureau Fundraising (Centraal Bureau Fondsenwerving)
MSF	Médecins Sans Frontières
MSF-section	National Médecins Sans Frontières organisation
NPL	National Postcode Lottery
VFI	The Association of Fundraising Institutions

# Colophon

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@ MSF-Holland,  
March 2010

Artsen zonder Grenzen  
supported by:

