

Annual Accounts 2014



Advancing health
and ability



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Supervisory Board and Executive Director

Supervisory Board 2014

| | From | End of term |
|--|------------|-----------------------|
| CHAIR | | |
| Drs. M.J. van den Berg | 14-12-2007 | 31-12-2015 |
| FINANCES; CHAIR FINANCIAL AUDIT COMMITTEE | | |
| R.L.J. Greveling RA | 1-1-2014 | 31-12-2017 |
| INFORMATION AND FUNDRAISING; MEMBER FINANCIAL AUDIT COMMITTEE | | |
| C. van Dijk | 1-3-2006 | 23-5-2014 (prolonged) |
| PERSONNEL & ORGANISATION | | |
| Drs. G.C. Anbeek | 1-1-2013 | 31-12-2016 |
| SCIENTIFIC RESEARCH | | |
| Prof. Dr. P.R. Klatser | 15-3-2013 | 14-3-2017 |
| PROJECTS AND HEALTH-CARE | | |
| Prof. Dr. J. van der Velden | 1-5-2007 | 30-4-2015 |
| EXECUTIVE DIRECTOR | | |
| J. van Berkel | 1-4-2009 | |

Annual Account NLR 2014

I. Balance sheet as per December 31, 2014

Amounts x €1,000

| ASSETS | Notes | 31 december 2014 | 31 december 2013 |
|---|-------|------------------|------------------|
| <i>Fixed assets</i> | | | |
| Tangible fixed assets | 1 | 71 | 84 |
| <i>Current assets</i> | | | |
| Receivables | 2 | 2,524 | 2,956 |
| Securities | 3 | 6,079 | 4,790 |
| Cash and cash equivalents | 4 | 3,622 | 4,561 |
| | | 12,225 | 12,307 |
| Total assets | | 12,296 | 12,391 |
| <i>LIABILITIES</i> | | | |
| <i>Reserves and funds</i> | | | |
| Reserves | 5 | | |
| - Continuity reserve | | 3,298 | 3,298 |
| - Earmarked reserves by board | | 6,380 | 6,430 |
| Funds | | | |
| - Earmarked fund Dutch Postcode Lottery | | 871 | 1,010 |
| | | 10,549 | 10,738 |
| <i>Short-term liabilities</i> | 6 | 1,747 | 1,653 |
| Total liabilities | | 12,296 | 12,391 |

Annual Account NLR 2014

II. Statement of Income and Expenses 2014

Amounts x €1,000

| INCOME | Notes | Realisation 2014 | Budget 2014 | Realisation 2013 |
|---|-------|------------------|---------------|------------------|
| Income from own fundraising | 8 | 4,956 | 5,300 | 5,836 |
| Income from third-party campaigns | 9 | 2,865 | 2,573 | 4,131 |
| Grants from governments and institutional donors | 10 | 2,001 | 3,289 | 1,894 |
| Interest income and income from investments | 11 | 360 | 50 | 70 |
| Other income | 12 | 4 | 0 | 0 |
| Total income | | 10,186 | 11,212 | 11,931 |
| <i>EXPENSES</i> | | | | |
| <i>Expenses on the objectives</i> | | | | |
| - Leprosy control and disability programme activities | 13 | 7,547 | 8,598 | 7,916 |
| - Coordination and medical advice | 13 | 847 | 764 | 713 |
| - Information and awareness raising | 13 | 439 | 416 | 532 |
| | | 8,833 | 9,778 | 9,161 |
| <i>Expenses fundraising</i> | | | | |
| - Expenses own fundraising | 14 | 1,003 | 913 | 934 |
| - Expenses on investments | 15 | 21 | 20 | 17 |
| | | 1,024 | 933 | 951 |
| <i>Management and administration</i> | | | | |
| - Expenses management and administration | 16 | 519 | 501 | 513 |
| | | 519 | 501 | 513 |
| Total expenses | | 10,376 | 11,212 | 10,624 |
| Result income and expenses | | (189) | 0 | 1.307 |
| <i>END BALANCE</i> | | | | |
| <i>Addition / Withdrawal from</i> | | | | |
| - Continuity reserve | | 0 | | (200) |
| - Earmarked reserves | | (50) | | 497 |
| - Earmarked fund Dutch Postcode Lottery | | (139) | | 1,010 |
| | | (189) | | 1,307 |

NLR Annual Account 2014

III. Accounting policies for the Annual Accounts

a. General

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

Activities

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

Accounting period

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

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

The annual accounts have been prepared in accordance with Guideline 650 (Dutch: Richtlijn 650) for the Reporting of Fundraising Institutions (revised 2011), as published by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving) in January 2012. All amounts in the annual accounts are in Euros or a multiple of 1,000 Euro, and are compared with the 2014 budget approved by the Supervisory Board and the actual realisation of 2013.

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

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

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

Comparison with prior year

The principles of valuation and determination of result remain unchanged compared to prior year.

Estimates

In the application of the principles and guidelines for preparation of the annual account NLR Management uses different judgements and estimates that may be essential for the amounts in the financial statements.

If for the needed insight according to Section 2:362 (1) of the Dutch Civil Code necessary, the type of these opinions and estimates, including the associated assumptions are mentioned in the notes to the relevant financial statements.

Foreign currency

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

Fixed assets

Fixed assets and prepayments on tangible fixed assets in the Netherlands are valued at purchase price minus cumulative depreciation. Fixed assets in programme countries are expensed. Depreciation is on a straight-line basis, and based on the expected economic life, taking account of the residual value.

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

Investments

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

Balances project funds and accounts

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

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

Cash and cash equivalents

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

Continuity reserve

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

Earmarked reserves

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

Earmarked fund

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

Retirement system

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

Accounting principles for determination of results

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

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

Donations and gifts in kind

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

Legacies

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

Employee benefits

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

Interest paid and received

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

Related parties

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

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

b. Notes to the Balance sheet 2014

1. Tangible fixed assets

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

| | Inventory/ systems x €1,000 | Hardware/ software x €1,000 | Total 2014 x €1,000 | Total 2013 x €1,000 |
|---------------------------------------|--------------------------------|--------------------------------|------------------------|------------------------|
| PURCHASE VALUE | | | | |
| Balance as at 1 January 2014 | 189 | 96 | 285 | 210 |
| Purchases | 7 | 6 | 13 | 75 |
| Balance as at 31 December 2014 | 196 | 102 | 298 | 285 |

| | Inventory/ systems x €1,000 | Hardware/ software x €1,000 | Total 2014 x €1,000 | Total 2013 x €1,000 |
|---|--------------------------------|--------------------------------|------------------------|------------------------|
| DEPRECIATION | | | | |
| Balance as at 1 January 2014 | 112 | 88 | 200 | 170 |
| Depreciation | 20 | 7 | 27 | 30 |
| Balance as at 31 December 2014 | 132 | 95 | 227 | 200 |
| Balance sheet value as at 31 December 2014 | 64 | 7 | 71 | 85 |
| Insured value | 197 | 105 | 302 | 298 |

The purchase of inventory concerns the investment in the Amsterdam office. The investments involve the costs for replacement of the airconditioning in the server room, adjustment and renovation costs of office space and the purchase of notebooks for staff.

2. Receivables

| | 31-dec-14 x €1,000 | 31-dec-13 x €1,000 |
|--|-----------------------|-----------------------|
| Balances project funds and accounts | 1,017 | 752 |
| Legacies due | 1,183 | 1,649 |
| Interest savings accounts and investments | 111 | 88 |
| Paid in advance | 71 | 93 |
| Fundraising regional circles (in Dutch: Kringen) | 0 | 9 |
| Debtors | 9 | 154 |
| Other accounts receivable | 134 | 422 |
| | 2,524 | 3,166 |
| Provision for outstanding debts Nigeria | 0 | (210) |
| | 2,524 | 2,956 |

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

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

In 2014 the average balance on the deposit accounts was higher than in 2013 leading to a higher amount of interest received in 2014. The development of the amount of interest from securities, received over the past 5 years is shown in note 11.

The difference the balance of accounts receivables at year end can be explained for the larger part by the payment of an outstanding invoice in 2013 amounting €150,000 which has been paid in February 2014.

The remaining other receivables concern reimbursements which are short term, and received in 2014. This leads to a lower receivable at the end of the year compared to 2013.

In 2012, a provision was made for amounts (as part of the other accounts receivable) that are owned to NLR by a number of states in Nigeria from years before 2012. An action plan was made to retrieve as much of the outstanding debt as possible. Actual execution of that plan however proved to be very difficult because necessary visits to the States were not possible due to the security situation in North Nigeria. We therefore decided to write off the total amount. In 2014 no provision for doubtful debtors was included.

All receivables are due within one year.

3. Securities

| | 31-dec-14 x €1,000 | % | 31-dec-13 x €1,000 | % |
|--------------------------------|-----------------------|-------------|-----------------------|-------------|
| Bonds | 5,638 | 93% | 4,393 | 92% |
| Other investments | 381 | 6% | 379 | 8% |
| Balance of investment accounts | 61 | 1% | 18 | 0% |
| | 6,079 | 100% | 4,790 | 100% |

The total security portfolio consists mainly fixed rate bonds with the exception of one share in a low risk stock fund. The portfolio is valued at year end at market value. The difference in the result of bonds can be explained by the increase of investments in bonds. The increase in the balance of the investment account can be explained by interest received in the last three months of 2014.

| | Stocks x €1,000 | Bonds x €1,000 | Other investments x €1,000 | Investment- accounts x €1,000 | Total x €1,000 |
|--|--------------------|-------------------|----------------------------------|-------------------------------------|-------------------|
| Balance at 1 January 2014 | 0 | 4,393 | 379 | 18 | 4,790 |
| Plus: additions bought | 0 | 1,479 | 0 | 0 | 1,479 |
| Sold, redemptions and movements in balance | 0 | (234) | 2 | 43 | (190) |
| Balance sheet value at 31 December 2014 | 0 | 5,638 | 381 | 61 | 6,079 |

| OVERVIEW BONDS AT 31 DECEMBER 2014 | Interest % | Redeemable | Nominal value x €1,000 | Market value purchase x €1,000 | Market value 31-dec-14 x €1,000 |
|---|------------|------------|---------------------------|--------------------------------------|---------------------------------------|
| NOVARTIS MTN 2009-2016 | 4,25 | 11-01-16 | 200 | 222 | 212 |
| NEDERLAND 2008-18 | 4,00 | 04-03-18 | 250 | 264 | 285 |
| FRANKRIJK 2006-2016 | 3,25 | 31-03-16 | 500 | 518 | 521 |
| FINLAND 2004-2015 | 4,25 | 04-03-15 | 400 | 437 | 409 |
| FINLAND 2006-2017 | 3,88 | 31-03-17 | 200 | 213 | 221 |
| RABOBANK MTN 2009-2019 | 5,88 | 15-03-19 | 250 | 283 | 300 |
| EUROPEAN UNION 2010-2019 | 3,38 | 10-05-15 | 300 | 299 | 343 |
| LLOYDS TSB MTN 2010-2018 | 4,00 | 25-06-15 | 250 | 251 | 283 |
| STATOIL MTN 2009-2021 | 5,63 | 22-05-21 | 300 | 382 | 387 |
| EFSF MTN 2011-2016 | 2,75 | 05-04-16 | 100 | 102 | 104 |
| DEUTSCHE BAHN FIN.2006-17 | 4,00 | 25-07-17 | 100 | 111 | 108 |
| DAIMLER 2012-2020 | 1,75 | 02-12-20 | 150 | 150 | 159 |
| GERMANY INFL.LINK.2012-23 | 0,10 | 18-12-23 | 150 | 154 | 162 |
| SIEMENS FIN.MIJ.2012-2020 | 1,50 | 02-05-20 | 100 | 102 | 105 |
| IBM 2012-2019 | 1,38 | 11-01-19 | 250 | 245 | 261 |
| PROCTER & GAMBLE 2012-22 | 2,00 | 02-12-22 | 150 | 147 | 164 |
| BMW FINANCE 2012-2019 | 3,25 | 17-12-19 | 150 | 163 | 167 |
| DEUTSCHE BOERSE 2013-2018 | 1,13 | 24-06-18 | 50 | 51 | 51 |
| 3M CO 2013-2021 | 1,88 | 02-12-21 | 150 | 148 | 162 |
| MCDONALD'S 2013-2023 | 2,00 | 17-12-23 | 100 | 95 | 108 |
| VOLKSWAGEN INTL.FIN.13-16 | 1,00 | 02-05-16 | 50 | 50 | 51 |
| ABN AMRO 2013-2023 | 2,50 | 30-04-23 | 200 | 199 | 225 |
| ESM 2013-2018 | 1,25 | 30-04-18 | 200 | 203 | 209 |
| TOYOTA MOTOR 2013-2023 | 2,38 | 30-04-23 | 200 | 206 | 224 |
| MICROSOFT 2013-2033 | 2,63 | 30-04-33 | 150 | 147 | 172 |
| TENNET 2011-2023 | 4,63 | 06-05-23 | 100 | 119 | 126 |
| ORACLE 2013-2025 | 3,13 | 13-06-25 | 100 | 109 | 118 |
| | | | 5,100 | 5,371 | 5,638 |
| GUARANTEE STRUCTURE (STOCKS WITH LOW RISK) | | | | | |
| RABO Eurostoxx 50 2010-17 | | 10-3-2017 | 350 | 350 | 381 |
| | | | 5,450 | 5,721 | 6,019 |

All securities are administrated by an external agency since 2010. The mandate is in line with the NLR investment policy. NLR has a conservative and sustainable investment policy which emphasises on risk minimisation. All securities are freely available to NLR.

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

4. Cash and cash equivalents

Cash and cash equivalents are cash and bank balances in the Netherlands held by the NLR office in Amsterdam. NLR holds its main current accounts at ING Bank. The cash and cash equivalents balance for the year ended 31 December 2013 is as follows:

| | 2014 x €1,000 | 2013 x €1,000 |
|-------------------------------|------------------|------------------|
| Arrangement ING bank accounts | 2,012 | 2,954 |
| Other bankaccounts | 1,610 | 1,607 |
| Cash in hand | 0 | 1 |
| | 3,622 | 4,561 |

Compared to previous year the composition of cash and cash equivalents has been changed. In 2014 we decided to invest a large part of the cash and cash equivalents into our capital savings account at ING Bank. The transposition of our former investment account into a capital savings account at Rabobank leads to an increase in the cash and cash equivalents. Currently about 55% of our cash in bank accounts are held at ING Bank and about 44% at Rabobank. Other cash in bank are spread over Robeco and ABN AMRO. Interest income of cash and cash equivalents in 2014 is €32,000 (2013: €45,000) and is received on the cash balances, based on the market rates. Due to the uncertain economic situation we decided to postpone the decision to invest part of those cash and cash equivalents in securities. The bank balances are immediately claimable and can be quickly converted to cash as needed. For an overview of the investments income we refer to section 11 of the notes to the statement of income and expenditure.

5. Reserves and funds

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

| | CONTINUITY | EARMARKED RESERVES | | EARMARKED FUND | TOTAL |
|--|---------------------|----------------------|--|--|---------------|
| | Reserve x €1,000 | Projects x €1,000 | Reorganisation and investment x €1,000 | NPL These shoes are made for walking x €1,000 | |
| Balance as per 31 December 2013 | 3,298 | 5,497 | 933 | 1,010 | 10,738 |
| - Movements | 0 | 0 | 0 | 0 | 0 |
| - Withdrawals and additions | 0 | 15 | (65) | (139) | (189) |
| Balance as per 31 December 2014 | 3,298 | 5,512 | 868 | 871 | 10,549 |

General notes on reserves

Continuity reserve

A continuity reserve has been formed to cover risks in the continuity of the organisation and to ensure that the organisation can meet its obligations in the future. Therefore, this reserve is meant to guarantee the organisation's continuity. According to the guidelines of the Dutch Central Bureau for Fundraising (CBF) there is a maximum to this reserve of 1.5 times the yearly costs of the work organisation, which translates in a maximum continuity reserve of €3.6 million. The continuity reserve is now 1.35 times the yearly costs of the work organisation. NLR defines as costs of the work organisation: the personnel costs, rent of the Amsterdam office, other office and administration costs and fundraising costs. The continuity reserve is considered the resultant after calculation of the earmarked reserves.

Earmarked reserves

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

Earmarked reserve for projects

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

| | 31-12-2014 x €1,000 | 31-12-2013 x €1,000 |
|--|------------------------|------------------------|
| Allocated part of projects budget 2015 (31-dec-12: 2014) | 5,512 | 5,497 |
| | 5,512 | 5,497 |

Earmarked reserve for reorganisation and investment

In December 2014 the adjusted financial policy framework has been approved by the Supervisory Board. Reserves should in principle only be used for investment in innovations and dealing with unexpected, incidental setbacks. In appropriate cases it can be decided to use a designated part of the reserves for necessary investments and/or financing phasing out scenarios.

When making the decision to start working with a balanced budget from 2013 onwards, a reorganisation and investment reserve of €1 million was agreed upon by the Supervisory Board in July 2012. This amount was set aside for reorganisation and investment costs. The balance of this reserve in 2013 was €933,000 at year-end. The remaining part of this reserve is partly used in 2014 for investments in innovation and capacity building in Representative Offices, all in line with the acceleration of decentralisation within NLR. This includes investment in capacity building for local institutional and non-institutional fundraising in programme countries. All in order to secure continuity of programmes in the coming years. This Investment Fund was used to a total spent amount of €238,000 in 2014 (2013: €269,000). Although these costs are not part of the regular operating budget for 2014, the costs had to be taken into account in the annual account as expenditure for 2014.

Of the negative result of €189,000 in 2014, after withdrawals and additions to the earmarked fund and earmarked reserves, a surplus of €173,000 remained. The NLR Multi Annual Strategy states that investments in innovation will be financed outside the annual balanced budgets, from NLR Reserves. This amount is therefore added to the existing Investment Reserve to make future investments in innovation possible.

Earmarked fund for project NPL These shoes are made for walking

In 2013 an amount from an extra drawing was awarded by the Dutch Postcode Lottery (NPL) for a special project in Southeast Asia: 'These shoes are made for walking', a combined three year project together with Liliane Foundation. The total amount received was €2,016,016. About half of this amount was transferred to Liliane Foundation for the execution of their part of the project. The NLR part that was not spend in 2013 has been formed into an earmarked fund. In 2014, an amount of €200,000 was received from Liliane Foundation from their earmarked fund. This amount was added to the NLR earmarked fund. From the earmarked fund, programme activities were financed for a total amount of €339,000. In total, the earmarked fund was decreased by €139,000.

The balance of the earmarked fund for These shoes project is as follows:

| | 31-12-2014 x €1,000 | 31-12-2013 x €1,000 |
|--|------------------------|------------------------|
| Earmarked fund of project These shoes are made for walking | 871 | 1,010 |
| | 871 | 1,010 |

6. Short-term liabilities

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

| | 31-12-2014 x €1,000 | 31-12-2013 x €1,000 |
|--|------------------------|------------------------|
| Payable project costs | 959 | 673 |
| Payable office expenditure | 121 | 133 |
| Accounts payable/creditors | 155 | 136 |
| Payroll taxes en social security contributions | 0 | 3 |
| Staff pension costs | 6 | 15 |
| Liabilities projects | 161 | 185 |
| Other amounts | 345 | 507 |
| | 1,747 | 1,652 |

Payable project costs are mainly amounts payable for scientific research in 2014, not yet formally invoiced by the researchers concerned.

The item payable office expenditure primarily concerns turnover taxes, bank charges and audit fees. Also included are payable holiday days and holiday allowance for Amsterdam staff. Disbursement of the holiday allowance will occur in May 2015. The item staff pension costs concern the monthly employer costs for pensions at Pensioenfonds Zorg en Welzijn for the amount of €5,700. These invoices have been paid in the first quarter of 2015. The liabilities projects concern part of the outstanding amounts in our field offices and projects at the end of the financial year. This part consists of liabilities like amounts to be paid to suppliers. Other amounts are for the largest part amounts that we have received in advance from several organisations for projects in 2015.

7. Commitments not included in the balance sheet

Head office in Amsterdam

The head office of NLR is housed in the office building at Wibautstraat 135-137 in Amsterdam. The contract for a long term commitment is agreed until July 1, 2018, with an option for continuation for 5 years. The yearly rental amount, indexed each year, is currently €57,000 (excluding service costs) per year (2013: €65,000). Our copiers and printer are leased for a period of 5 years until September 2019, with a yearly rent of €4,000.

Rent in NLR Offices

The total yearly rent in NLR Representative Offices, all with a rental contract longer than one year, is €67,700 (2013: €67,700).

c. Notes to the Statement of Income and Expenses 2014 Income

8. Income from own fundraising

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|---|------------------------------|-------------------------|------------------------------|
| Face-to-face fundraising regional circles (in Dutch: Kringen) | 36 | 50 | 40 |
| Contributions, (charitable) donations and gifts | 2,416 | 2,695 | 2,483 |
| Legacies | 2,430 | 2,500 | 3,203 |
| Sales of goods, Jan Jans comics | 2 | 10 | 7 |
| Other income from own fundraising received | 72 | 45 | 103 |
| | 4,956 | 5,300 | 5,836 |

The total income from own fundraising was 6% lower than budgeted. Compared to 2013, the total income from own fundraising was 15% lower mainly due to lower income from legacies. The income from face-to-face fundraising slightly decreased compared to 2013 and the budgeted amount due to the illness of volunteers and therefore a decline in door-to-door fundraising. Although an increase was budgeted, the income from contributions, (charitable) donations and gifts in 2014 remained closer to the 2013 realisation level. A lower outcome was expected during the year, but a data analysis of our database resulted in an additional boost in the funds. The income from sale of goods concerns the revenues of two Dutch comic books specially written for NLR by famous Dutch cartoonist Jan Kruis, named: Jan Jans en de kinderen in Mozambique and Jan Jans en de kinderen in Suriname, a signed poster, and a birthday calendar.

The income from legacies totaled €2.4 million, which is 24% lower than in the previous year however only 3% lower than budgeted. To some extent the lower income compared to 2013 is due to the high valuation of receivable legacies at year end in 2013. The share of legacies in the total income from own fundraising in 2013 was 49% (2013: 55%). The average duration for the settlement of legacies is approximately 9 months. There are 9 legacies subject to usufruct. These legacies are not valued.

9. Income from third-party campaigns

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|--|------------------------------|-------------------------|------------------------------|
| Proceeds Dutch Postcode Lottery, regular draw | 1,350 | 1,350 | 1,350 |
| Extra project Dutch Postcode Lottery | 0 | 0 | 2,016 |
| Total income Dutch Postcode Lottery | 1,350 | 1,350 | 3,366 |
| Contributions ILEP-members | 844 | 595 | 453 |
| Contributions by other organisations | 672 | 628 | 312 |
| Total income from third-party campaigns | 2,865 | 2,573 | 4,131 |

Income from the Dutch Postcode Lottery

According to the contract 2011-2015 between NLR and the Dutch Postcode Lottery (in Dutch: Nationale Postcode Loterij), in the first quarter of 2014 an amount of €1,350,000 was received from the lottery revenues of 2013. In 2013 an extra amount to finance a three year project in Southeast Asia: 'These shoes are made for walking', for the total of €2,016,016. In 2014 no additional extra amount was granted.

Contributions research and supporting projects

Mainly contributions from other organisations within the ILEP (the International Federation of Anti-Leprosy Associations) to several research and supporting projects of NLR. These are agreed as per each year. For 2014 we received contributions from the American Leprosy Mission (ALM), Deutsche Lepra- und Tuberkulosehilfe (DAHW), The Leprosy Mission Canada/Effect Hope, The Leprosy Mission Ireland, LEPR Health in action (UK), Fondation Raoul Follereau, FAIRMED Switzerland, Fontilles Spain, Secours aux Lépreux - Leprosy Relief Canada and Damien Foundation Belgium. Also, the contribution from Novartis Foundation for the LPEP project was included.

Contributions field activities

The contributions for field activities include donations from the Peerke Donders Stichting for projects in the Mekong Region (€34,416), Stichting Light for the World (€77,250) for a project in Nigeria, Stichting Eureko Achmea Foundation (€22,920) for projects in Vietnam, Dutch Mennonite Mission (Doopsgezinde Zending) (€9,993) for projects in Indonesia, ALM (€ 30,610) for projects in Indonesia, Christian Blind Mission (€12,000) for DCID Journal and Sasakawa Memorial Health Foundation for projects in Vietnam (€42,685). Also included is the amount from Liliane Foundation of €200,000 for the NPL funded project 'These shoes are made for walking' (added to the earmarked fund for this project), and € 86,053 from Liliane Foundation for activities by the Mekong Regional Coordination Team, for which the NLR Representative Office in Hanoi functions as a legal host and facilitator. Finally the contributions made to RCT projects outside Vietnam (€95,286) are included; the expenses financed from these contributions are for the same amount included in the project expenditures for 2014.

The subdivision in contributions was different in 2013; then, a distinction was made between contributions from ILEP members and contributions from other organisations. Therefore, only the total amounts in the budget 2014 (€1,5 million), realisation 2014 (€ 1,2 million) and realisation 2013 (€765,000) can be directly compared.

10. Grants from governments and global organisations

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

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|--|------------------------------|-------------------------|------------------------------|
| GFATM | 1,483 | 1,800 | 1,527 |
| KNCV/USAID | 518 | 242 | 367 |
| Unspecified income Institutional Funding | 0 | 1,247 | 0 |
| | 2,001 | 3,289 | 1,894 |

GFATM

Contributions from GFATM (The Global Fund To Fight AIDS, Tuberculosis and Malaria) for tuberculosis activities and program in Nigeria. The expenses financed from these contributions are for the same amount included in the project expenditures for 2014.

USAID

Involves contributions from USAID (U.S. Agency for International Development) for tuberculosis activities in Nigeria (via KNCV Tuberculosis Foundation). The expenses financed from these contributions are for the same amount included in the project expenditures for 2014.

Unspecified income Institutional Funding

In the budget for 2014 a target was included of €1 million income from Institutional Funding. The same amount was included in the expenses on the objectives. In the realisation this income is however specified under contributions for research or field projects, mainly the contribution from Novartis Foundation for the LPEP research project (€444,451).

Excluding the unspecified income from Institutional Funding, the total revenue from government grants and grants from similar organisations are 5% higher than 2013 and 2% lower than budgeted.

11. Interest income and income from investments

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

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|---|------------------------------|-------------------------|------------------------------|
| Dividends, interest and rental income* | 152 | 50 | 149 |
| Gain/(loss) value securities (unrealised)* | 180 | 0 | (96) |
| Gain/(loss) on sales securities* | (4) | 0 | (28) |
| Interest income from cash and cash equivalents | 32 | 0 | 46 |
| Total gross income related to investments | 360 | 50 | 70 |
| Investments costs | (21) | (20) | (17) |
| Total net income from security investments | 339 | 30 | 53 |

The total income from investments were far higher than estimated and compared to 2013 due to the increase in market value at year-end. The interest income from cash and cash equivalents concern the interest received from bank balances at year-end and were higher than 2013 due to more cash and cash equivalents. The development of the amount of interest received over the past five years is shown below. The realised interest per year is also shown.

The yield on the portfolio including investment accounts (amounts above marked with *) is 5.5% for 2014 of the average outstanding amounts (2013: 0.2%).

Multi-annual overview securities 2008-2014

| INCOME FROM SECURITIES (x €1,000) | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------------|------------|------------|----------|------------|
| Interest received on bonds | 288 | 287 | 207 | 149 | 152 |
| Dividend | 11 | 0 | 0 | 0 | 0 |
| Realized gains or losses on value securities | (4) | 66 | (2) | (28) | (4) |
| Unrealized gains or losses on value securities | (14) | (3) | 161 | (96) | 180 |
| Gross income from investments | 281 | 350 | 366 | 24 | 328 |
| Investments costs | 26 | 23 | 20 | (17) | (21) |
| Net result securities | 255 | 327 | 346 | 7 | 307 |
| Yield on investments | 2.9% | 4.1% | 5.7% | 0.2% | 5.5% |
| Average yield 2010-2014 %: 5.5% | | | | | |
| Average yield 2010-2014 amount: (259) | | | | | |
| Net result cash and cash equivalents | 16 | 4 | 4 | 46 | 32 |

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

Overview securities sold in 2014

| REDEMPTIONS | Interest% | Redeemable | Appreciation x €1,000 | Sale value x €1,000 |
|------------------------|-----------|------------|--------------------------|------------------------|
| SWEDBANK MTN 2009-2014 | 3,375 | 27-05-14 | 253 | 250 |
| FINLAND 2004-2015 | 4,250 | 20-02-14 | 159 | 158 |
| | | | 412 | 408 |

Realised gain/(loss) (difference between market value and valuation): (4)

12. Other income

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|--------------|------------------------------|-------------------------|------------------------------|
| Other income | 4 | 0 | 0 |
| | 4 | 0 | 0 |

In the budget 2014 a total amount of €1,17 million was taken as other income. In this annual report this amount is reclassified under income from thirdparty campaigns (contributions research and supporting projects and contributions field activities). Please refer to note 9 of the income from third-party campaigns.

Expenses

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

13. Expenses on the objectives

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

For the country overview with budget comparison of carried out leprosy projects in 2014 see the relevant annex.

| A: LEPROSY CONTROL AND DISABILITY PROGRAMME ACTIVITIES | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|---|------------------------------|-------------------------|------------------------------|
| Field programmes excluding support costs | 4,361 | 4,434 | 5,130 |
| GFATM: Nigeria TB program | 1,483 | 1,800 | 1,527 |
| KNCV/ USAID: Nigeria TB CARE and TB REACH | 518 | 242 | 367 |
| Research projects | 877 | 903 | 571 |
| Supporting projects | 193 | 78 | 244 |
| Project expenditure unspecified institutional funding projects | 0 | 1,034 | 0 |
| Budgetary margins | 0 | 25 | 0 |
| Charged support costs (see specification expenses to destination) | 115 | 83 | 77 |
| | 7,547 | 8,598 | 7,916 |

The expenses on field programmes are slightly (1,6%) lower than budgeted and 15% lower than 2013. GFATM is lower, but KNCV/USAID higher than budgeted and in combination on target. Research projects are 3% below budget but 54% higher than 2013, mainly due to the LPEP project. Expenses on supporting projects are higher than budgeted, because some costs that were in fact financed outside the budget from the investment reserve have to be taken into the realisation 2014. For more information see the Country Overview.

Project expenditure unspecified institutional funding projects

In the budget for 2014 a target was included of €1 million income from Institutional Funding. The same amount was included as a separate post in the expenses on the objectives. The realisation however, mainly expenditure on the LPEP research project, is taken under the heading research projects.

| B: COORDINATION AND MEDICAL ADVISE | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|---|------------------------------|-------------------------|------------------------------|
| IIEP, contribution in costs coordination | 44 | 45 | 42 |
| Leprosy unit KIT | 90 | 227 | 186 |
| Charged support costs (see specification expenses to destination) | 713 | 492 | 485 |
| | 847 | 764 | 713 |

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

NLR has a cooperation agreement with the Royal Tropical Institute (KIT, in Dutch: Koninklijk Instituut voor de Tropen) on technical project advice and guidance by medical experts. In 2014, the signing of the extension of the cooperation agreement between the KIT and NLR took place. This agreement is for the period February 2014-December 2016 with an option for

extension. NLR receives ongoing advice and support from the leprosy and disability consultants of KIT. The expenses are lower however, because one consultant is now on the payroll of NLR.

The increase in the charged support costs is mainly caused by higher staff costs, see note 18.

| C: INFORMATION AND AWARENESS RAISING | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|---|------------------------------|-------------------------|------------------------------|
| Media costs | 55 | 31 | 87 |
| Information campaigns | 13 | 15 | 5 |
| Promotion, Public Relations | 34 | 49 | 71 |
| Information costs newsletter (in Dutch: De Klepper) | 100 | 130 | 128 |
| Charged support costs (see specification expenses to destination) | 236 | 191 | 241 |
| | 439 | 416 | 532 |

In 2012 a start was made to develop a new corporate identity. This has come to realisation in 2013, and continued in 2014 with specific media campaigns aimed at awareness raising. The total amount of the information and awareness raising expenditure was slightly higher than budgeted due to higher support costs but 17% lower than in 2013.

| | | | |
|---|--------------|--------------|--------------|
| Budgetary margins | - | 25 | - |
| Total expenses on the objectives (A+B+C) | 8,833 | 9,803 | 9,161 |

Expenses on the objectives as percentage of total income and total expenses

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

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|--------------------------------------|------------------------------|-------------------------|------------------------------|
| Total expenses on the objectives | 8,833 | 9,803 | 9,161 |
| Total income | 10,186 | 11,212 | 11,931 |
| Expenses as % of total income | 86.7% | 87.4% | 76.8% |

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|--|------------------------------|-------------------------|------------------------------|
| Total expenses on the objectives | 8,833 | 9,803 | 9,161 |
| Total expenses | 10,376 | 11,212 | 10,624 |
| Expenses as % of total expenses | 85.1% | 87.4% | 86.2% |

The expenses on the objectives expressed as a percentage of total income is slightly lower than budgeted. Both spending on the objectives and income are about €1 million lower than budgeted, mainly due to the target set for Institutional Funding that was not reached. Expressed as a percentage of the total expenses, the realisation of 2014 is also slightly lower than budgeted for 2014 and realised in 2013.

14. Expenses own Fundraising

The composition of our fundraising expenditure is shown below.

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|---|------------------------------|-------------------------|------------------------------|
| Costs newsletter (in Dutch: De Klepper) and CRM | 159 | 181 | 177 |
| Media costs | 4 | 15 | 9 |
| Fundraising direct costs | 627 | 526 | 562 |
| Charged support costs (see specification expenses to destination) | 213 | 191 | 185 |
| | 1,003 | 913 | 933 |

As planned in 2014 more was invested in own fundraising compared to 2013 because the fundraising market remains challenging. In response to further decreasing income, a thorough analysis (data crunch) of the donor database resulted in identification of extra opportunities to raise new donors. Extra campaigns to materialise these opportunities increased direct costs, and extra income. Due to this, the total amount of the fundraising expenditure was 10% higher than budgeted.

Expenses own fundraising as a percentage of income own fundraising

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

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|--|------------------------------|-------------------------|------------------------------|
| Total expenses own fundraising | 1,003 | 913 | 934 |
| Total income own fundraising | 4,956 | 5,300 | 5,836 |
| Expenses as % of income own fundraising | 20.2% | 17.2% | 16.0% |

The Dutch Central Bureau of Fundraising (CBF) sets a standard of maximum 25% of the income generated by own fundraising, which can be spent on own fundraising. In 2014 the fundraising expenses were 20.2% of the funds raised (see above). This puts NLR well under the maximum of 25% set by the CBF. NLR strives to keep the costs of its own fundraising under 21% of the income out of its own fundraising. The lower percentage in 2013 (16%) is explained by the lower costs in 2013 and also by the higher income, mainly from legacies in that year.

15. Expenses on investment

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|-----------------------------|------------------------------|-------------------------|------------------------------|
| Bank charges /all-in tariff | 21 | 20 | 17 |
| | 21 | 20 | 17 |

The expenses on investment comprises the all-in fee for the administration and handling of securities. The actual expenses in 2014 were €20,872 (2013: €16,683) and higher than previous year and estimated due to more activities on the investment market.

16. Expenses Management and Administration

Expenses on Management and Administration involves costs that the organisation makes in the context of the (internal) management, administration and control and that are not allocated to the objectives or fundraising. The management and administration costs are allocated in accordance with the guidelines of the Dutch Association of Fundraising Organisations (VFI). The salary costs for the director and management support staff, and for the Finance and Administration department are allocated to management and administration in their entirety.

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|---------------------------|------------------------------|-------------------------|------------------------------|
| Audit expenses (PwC) | 32 | 30 | 31 |
| Personnel costs M&A | 406 | 404 | 388 |
| Housing expenses | 21 | 22 | 35 |
| Office- and general costs | 54 | 31 | 50 |
| Depreciation and interest | 6 | 14 | 9 |
| | 519 | 501 | 513 |

Due to higher office- and general costs, the costs of management and administration turned out almost 6% higher than budgeted. The increase in the office expenses is caused by the purchase and implementation of a new financial software package. The new software will be deployed early 2015 in the head office in Amsterdam. Afterward our seven regional offices will also follow this implementation of the new software. These new developments will optimise the internal work processes of NLR.

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

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

Expenses Management and Administration as a percentage of total expenses

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

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|--|------------------------------|-------------------------|------------------------------|
| Total expenses management and administration | 519 | 501 | 513 |
| Totaal expenses | 10,376 | 11,212 | 10,624 |
| Expenses as % of total expenses | 5.0% | 4.5% | 4.8% |

NLR is currently using as a standard for the expenses on Management and Administration 5 percent of the total expenses. This is a percentage that makes a good functioning of the managerial and administrative processes possible, while spending on the objectives as much as possible. The high outcome this year is caused by the once off implementation costs for the new financial software package.

17. Specification and division of expenses according to type and allocation

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

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

Staff costs are allocated as follows:

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

Housing costs: allocation based on office area used

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

Office and general expenses: allocation based on number of FTEs

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

Depreciation and interest: allocation based on number of FTEs

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

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

18. Notes general costs (support costs before charging)

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

| STAFF COSTS BY DEPARTMENT | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|---|------------------------------|-------------------------|------------------------------|
| Director and managementassistant | 196 | 196 | 189 |
| Finance and Administration department | 211 | 208 | 199 |
| Fundraising and information & awareness raising dept.: Fundraising | 161 | 152 | 129 |
| Fundraising and information & awareness raising dept.: Inform.& Awareness | 185 | 152 | 185 |
| Programme department | 570 | 384 | 332 |
| Infolep | 84 | 64 | 50 |
| | 1,406 | 1,156 | 1,084 |

The total staff costs are 21% higher than budgeted and comprise 13% of the total expenses. The number of staff at head office counted at 19.2 FTE (2013: 16.1 FTE), this was 3 FTE higher than budgeted which resulted in an increase in staff costs (please refer to the specification of staff costs). The number of employees involved in scientific research, the Leprosy Research Initiative (LRI) and as well as Technical Unit (TU) at head office increased, whilst the number of FTE in the other departments remained about the same. The growth in LRI and TU employees is caused by the increased volume of research projects which requires additional staff and changes in staff composition in the head office. Also, one former KIT consultant is now on the payroll of NLR. These extra staff costs are either compensated in the external project contributions for the projects concerned, or by lower expenses on (KIT)consultancy.

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|--------------------------------|------------------------------|-------------------------|------------------------------|
| HOUSING COSTS | | | |
| Rent including service charges | 72 | 79 | 96 |
| Cleaning costs | 20 | 19 | 23 |
| Other accommodation costs | 2 | 2 | 2 |
| Removal costs | 0 | 0 | 37 |
| | 94 | 100 | 158 |

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|--------------------------|------------------------------|-------------------------|------------------------------|
| GENERAL COSTS | | | |
| Costs Supervisory board | 4 | 5 | 0 |
| ILEP meetings | 5 | 5 | 3 |
| External advice | 24 | 14 | 24 |
| Training | 0 | 0 | 4 |
| CBF, VFI and Partos | 21 | 18 | 24 |
| Various insurance costs | 3 | 4 | 7 |
| Legal support and advice | 1 | 10 | 12 |

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|----------------------------------|------------------------------|-------------------------|------------------------------|
| OFFICE COSTS | | | |
| Office supplies | 2 | 4 | 2 |
| Telephone / telex / fax / e-mail | 8 | 4 | 7 |
| Photocopies | 8 | 2 | 8 |
| Postage | 13 | 10 | 12 |
| Maintenance inventory | 1 | 5 | 1 |
| Office ICT | 107 | 15 | 30 |
| Printed material | 0 | 5 | 0 |
| Other office expenses | 29 | 18 | 39 |
| | 226 | 119 | 173 |

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|-----------------------|------------------------------|-------------------------|------------------------------|
| OTHER EXPENSES | | | |
| Other costs | 11 | 0 | 26 |

The increase in the total office- and general costs can be explained by the high office ICT costs, caused by the implementation costs of new financial software. This implementation is ultimately financed from the investment reserve but expenses have to be taken in the annual expenses 2014.

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|---|------------------------------|-------------------------|------------------------------|
| DEPRECIATION | | | |
| Depreciation inventory, installations and computers | 26 | 53 | 30 |
| | 26 | 53 | 30 |
| Total general costs | 1,764 | 1,428 | 1,471 |

Specification staff costs

In the specification above a breakdown of personnel costs by department is given. The following is a specification of the same costs but now divided into wages and salaries, social security charges, pension and other personnel costs. NLR has its own employment regulations, salary structure and job classification. Salaries scales are generally indexed annually. NLR follows the Dutch Centraal Bureau voor Statistiek (CBS) index, meaning a salary scale increase for 2014 of 1.2% compared to 2013.

| | Realisation 2014 x €1,000 | Budget 2014 x €1,000 | Realisation 2013 x €1,000 |
|-----------------------|------------------------------|-------------------------|------------------------------|
| Wages and salaries | 1,072 | 894 | 854 |
| Social security costs | 159 | 124 | 112 |
| Pension contributions | 136 | 114 | 96 |
| Other personnel costs | 39 | 24 | 22 |
| | 1,406 | 1,156 | 1,084 |

| | Realisation 2014 | Budget 2014 | Realisation 2013 |
|--|------------------|-------------|------------------|
| AVERAGE NUMBER OF EMPLOYEES (IN FTE) | | | |
| Director | 1.0 | 1.0 | 1.0 |
| Managementassistent | 0.8 | 0.8 | 0.8 |
| Project department | 7.4 | 5.5 | 5.1 |
| Fundraising and information & awareness raising department | 5.8 | 4.6 | 5.5 |
| Finance and Administration department | 2.6 | 2.6 | 2.6 |
| Infolep | 1.6 | 1.2 | 1.1 |
| Number of FTEs | 19.2 | 15.7 | 16.1 |

| | Realisation 2014 | Budget 2014 | Realisation 2013 |
|--|------------------|-------------|------------------|
| Number of head office employees on Dec. 31 | 22 | 17 | 18 |

The total number of staff members working at head office in Amsterdam was 22 at 31 December 2014 (2013: 18). In addition to the office staff, NLR has at December 31st 2014 5 expatriate staff (2013: 6). The total costs of these expatriate staff amount to €482,000 (2013: €470,000) and are included in the project expenses. They include salaries and social security costs €264,000 (2013: €243,000) and pension contributions €51,000 (2013: €45,000). The pensions of NLR's staff and expatriate staff are insured with Pensioenfonds Zorg en Welzijn and Zwitserleven.

Remuneration of the Executive Director

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

| NAME FUNCTION | J. van Berkel Executive Director 2014 | J. van Berkel Executive Director 2013 |
|---|---|---|
| EMPLOYMENT | | |
| Duration contract | Indefinite | Indefinite |
| Hours/week | 40 | 40 |
| Parttime percentage | 100 | 100 |
| Period | 1/1-31/12 | 1/1-31/12 |
| REMUNERATION IN EUR | | |
| | Total 2014 x €1,000 | Total 2013 x €1,000 |
| Annual income | | |
| - Gross wages/ salary | 97 | 97 |
| - Holiday allowance | 8 | 8 |
| - End-of-year bonus | 4 | 4 |
| - Variable annual income | 0 | 0 |
| Total reward | 109 | 109 |
| Other charges and compensations | | |
| Social security charges (employer's contribution) | 9 | 8 |
| Taxable allowances/additions | 0 | 0 |
| Pension charges (employer's contribution) | 15 | 14 |
| Other remaining rewards | 0 | 0 |
| Benefits end of service | 0 | 0 |
| Total other charges and compensations | 24 | 22 |
| Total remuneration | 133 | 131 |

The Supervisory Board determines the remuneration policy, the amount of the Director's income and the amounts of other elements of remuneration. The remuneration policy is updated periodically. NLR follows the Dutch VFI Advisory Regulations for the Remuneration of Directors of Charities, in Dutch: *Adviesregeling Beloning Directeuren van Goede Doelen and Code Wijffels* (ref.: www.vfi.nl).

The remuneration was revised by the Supervisory Board in 2014. It was concluded that the remuneration policy is still performed in accordance with the VFI Advisory regulation. The VFI Advisory regulation uses weight criteria to define the maximum standards for annual incomes. In the scheme the weight of Director's function is measured on the basis of three criteria; size, complexity and organisational context. The Supervisory Board calculated a total of 430 points (BSD-scores) this

score is reviewed every three years. The relevant actual annual income of the Director for 2014 was €109,150 (1 FTE/12 months) for Mr. J. van Berkel. This means that the remuneration of the Board of Directors falls within the scope defined in the guidelines of the Wijffels Code and within the standard defined by VFI.

Remuneration Supervisory Board

No remuneration was paid to the Supervisory Board members, and no loans, advances or guarantees were given. In 2014 and 2013 no expenses were reimbursed.

Summary: specification expenses to destination

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

Amounts x €1,000

| DESTINATION | OBJECTIVE | | |
|-----------------------------|-------------------------|--------------------------------|-------------------------------------|
| | Programme activities | Coordination Medical advise | information Awareness raising |
| EXPENSES | | | |
| Grants and contributions | 6,556 | 0 | 0 |
| Payments | 0 | 0 | 0 |
| Purchases and acquisitions | 0 | 0 | 0 |
| Outsources activities | 877 | 134 | 0 |
| Publicity and communication | 0 | 0 | 202 |
| Staff costs* | 84 | 570 | 185 |
| Housing costs* | 9 | 36 | 12 |
| Office and general costs* | 19 | 97 | 33 |
| Depreciation and interest* | 2 | 11 | 7 |
| Total Expenses | 7,548 | 847 | 439 |

| DESTINATION | INCOME FUNDRAISING | | | | |
|-----------------------------|--------------------|-----------------------|--------------------------|----------|-------------|
| | Own fundraising | Combined campaigns | Third-party campaigns | Grants | Investments |
| EXPENSES | | | | | |
| Grants and contributions | 0 | 0 | 0 | 0 | 0 |
| Payments | 0 | 0 | 0 | 0 | 0 |
| Purchases and acquisitions | 0 | 0 | 0 | 0 | 0 |
| Outsources activities | 0 | 0 | 0 | 0 | 0 |
| Publicity and communication | 790 | 0 | 0 | 0 | 0 |
| Staff costs* | 161 | 0 | 0 | 0 | 0 |
| Housing costs* | 15 | 0 | 0 | 0 | 0 |
| Office and general costs* | 33 | 0 | 0 | 0 | 0 |
| Depreciation and interest* | 4 | 0 | 0 | 0 | 21 |
| Total Expenses | 1,003 | 0 | 0 | 0 | 21 |

| DESTINATION | MANAGEMENT & ADMINISTRATION |
|-----------------------------|-----------------------------|
| Grants and contributions | 0 |
| Payments | 0 |
| Purchases and acquisitions | 0 |
| Outsources activities | 32 |
| Publicity and communication | 0 |
| Staff costs* | 406 |
| Housing costs* | 21 |
| Office and general costs* | 54 |
| Depreciation and interest* | 6 |
| Total Expenses | 519 |

| DESTINATION | TOTALS | | |
|-----------------------------|---------------|---------------|---------------|
| EXPENSES | Total 2014 | Budget 2014 | Total 2013 |
| Grants and contributions | 6,556 | 8,516 | 7,288 |
| Payments | 0 | 0 | 0 |
| Purchases and acquisitions | 0 | 0 | 0 |
| Outsources activities | 1,043 | 302 | 809 |
| Publicity and communication | 992 | 947 | 1,039 |
| Staff costs* | 1,406 | 1,156 | 1,085 |
| Housing costs* | 94 | 100 | 158 |
| Office and general costs* | 237 | 118 | 199 |
| Depreciation and interest* | 47 | 73 | 46 |
| Total Expenses | 10,376 | 11,212 | 10,624 |

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

Independent auditor's report

To the Supervisory and Management board of the Netherlands Leprosy Relief

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

Management's responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the foundation's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation'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 Netherlands Leprosy Relief as at 31 December 2014, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 "Charity organisations" of the Dutch Accounting Standards Board.

Announcement according to the management report

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

Amsterdam, 29 May 2015

PricewaterhouseCoopers Accountants N.V.

Original signed by drs. J.L. Sebel RA

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Country overview

with budget comparison 2014

| | Budget 2014 € | Allocation 2014 € | Realisation 2014 € | Discrepancy Budget-realisation € | in % of the budget |
|----------------------------------|------------------|----------------------|-----------------------|--|-----------------------|
| AFRICA | | | | | |
| Madagascar | 56,000 | 56,000 | 56,685 | 685 | |
| Mozambique | 181,000 | 180,999 | 151,675 | (29,325) | |
| Nigeria | 3,049,842 | 2,995,515 | 2,830,119 | (219,723) | |
| Total Africa | 3,286,842 | 3,232,514 | 3,038,479 | (248,363) | -8% |
| SOUTH-AMERICA | | | | | |
| Brazil | 397,000 | 397,000 | 399,827 | 2,827 | |
| Total South-America | 397,000 | 397,000 | 399,827 | 2,827 | 1% |
| ASIA | | | | | |
| Myanmar | 120,000 | 169,754 | 158,910 | 38,910 | |
| China | 0 | 15,008 | 15,085 | 15,085 | |
| Cambodia | 56,000 | 170,162 | 114,554 | 58,554 | |
| Indonesia | 1,402,000 | 1,417,811 | 1,199,702 | (202,298) | |
| India | 434,000 | 433,976 | 413,575 | (20,425) | |
| Laos | 39,000 | 2,477 | 2,375 | (36,625) | |
| Nepal | 292,000 | 292,157 | 309,713 | 17,713 | |
| Thailand | 32,000 | 52,710 | 42,972 | 10,972 | |
| Vietnam | 417,000 | 766,741 | 668,192 | 251,192 | |
| Total Asia | 2,792,000 | 3,320,796 | 2,925,078 | 133,078 | 5% |
| 1. Total field programmes | 6,475,842 | 6,950,310 | 6,363,384 | (112,458) | -2% |
| 2. Supporting projects | 159,900 | 33,041 | 307,698 | 147,798 | 92% |
| 3. Research projects | 902,910 | 671,271 | 876,713 | (26,197) | -3% |
| 4. Budgetary margins | 25,000 | | | (25,000) | |
| Subtotal | 7,563,652 | 7,654,622 | 7,547,795 | (15,857) | 0% |
| TOTAL | 7,563,652 | 7,654,622 | 7,547,795 | (15,857) | 0% |

Budget 2015

Amounts x €1,000

| | Budget 2015 | Realisation 2014 | Budget 2014 |
|---|---------------|------------------|---------------|
| INCOME | | | |
| Income from own fundraising | 5,000 | 4,956 | 5,350 |
| Income from third-party campaigns | 1,350 | 1,350 | 1,350 |
| Grants from governments and global organisations | 3,753 | 2,001 | 3,339 |
| Interest income and income from investments | 150 | 360 | 50 |
| Other income | 1,631 | 1,519 | 1,174 |
| Sum of income | 11,884 | 10,186 | 11,213 |
| EXPENSES | | | |
| EXPENSES ON THE OBJECTIVES | | | |
| Leprosy control and disability programme activities | 9,022 | 7,548 | 8,598 |
| Coordination and medical advice | 970 | 847 | 765 |
| Information and awareness raising | 378 | 439 | 416 |
| Budget cuts (to be defined) | 120 | 0 | 0 |
| | 10,490 | 8,833 | 9,779 |
| EXPENSES FUNDRAISING | | | |
| Expenses own fundraising | 875 | 1,003 | 913 |
| Expenses on investments | 20 | 21 | 20 |
| | 895 | 1,024 | 933 |
| MANAGEMENT AND ADMINISTRATION | | | |
| Expenses management and administration | 499 | 519 | 501 |
| | 499 | 519 | 501 |
| Sum of expenses | 11,884 | 10,376 | 11,213 |
| Result | 0 | (189) | 0 |

Multi Annual Strategy 2015-2017

Amounts x €1,000

| | Budget 2015 | Projection 2016 | Projection 2017 |
|---|---------------|-----------------|-----------------|
| INCOME: | | | |
| Income from own fundraising | 5,000 | 5,000 | 5,000 |
| Income from third-party campaigns | 1,350 | 1,350 | 1,350 |
| Grants from governments and global organisations | 3,753 | 3,980 | 3,712 |
| Interest income and income from investments | 150 | 150 | 150 |
| Other income | 1,631 | 1,711 | 1,711 |
| Sum of income | 11,884 | 12,191 | 11,923 |
| EXPENSES: | | | |
| EXPENSES ON THE OBJECTIVES | | | |
| Leprosy control and disability programme activities | 9,022 | 9,297 | 8,999 |
| Coordination and medical advice | 970 | 994 | 1,017 |
| Information and awareness raising | 378 | 397 | 403 |
| Budgetary margins (to be defined) | 120 | 103 | 83 |
| | 10,490 | 10,791 | 10,502 |
| EXPENSES FUNDRAISING | | | |
| Expenses own fundraising | 875 | 866 | 872 |
| Expenses on investments | 20 | 20 | 20 |
| | 895 | 886 | 892 |
| MANAGEMENT AND ADMINISTRATION | | | |
| Expenses management and administration | 499 | 514 | 529 |
| | 499 | 514 | 529 |
| Sum of expenses | 11,884 | 12,191 | 11,923 |
| Result | 0 | 0 | 0 |



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