



**Annual Accounts 2020**

until

**No Leprosy Remains**

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**Annual Accounts NLR 2020**  
Jaarrekening Leprastichting 2020

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## Summary of finances

These are the consolidated annual accounts for 2020 of both NLR and Leprosy Research Initiative (LRI).

### Summary of consolidated Statement of Income and Expenditure

Description	2020 Actuals	2020 Budget	2019 Actuals
<b>A Total income</b>	<b>10.401.597</b>	<b>9.033.498</b>	<b>8.501.535</b>
B Objectives	9.054.864	10.523.589	10.130.436
C Fundraising	1.606.831	1.515.074	1.184.840
D Management and administration	527.692	517.184	716.832
<b>Total expenditure</b>	<b>11.189.387</b>	<b>12.555.848</b>	<b>12.032.108</b>
<b>Balance of income and expenditure</b>	<b>-787.790</b>	<b>-3.522.350</b>	<b>-3.530.573</b>
E Financial income and expenditure	416.569	200.000	1.042.705
<b>Balance of income and expenditure</b>	<b>-371.221</b>	<b>-3.322.350</b>	<b>-2.487.868</b>

The total consolidated income in 2020 exceeded both budget and expectations. The main contributing factor to this was higher income from legacies which totalled 3,7 million euro (2019: 1,9 million euro).

Total expenditure was behind budget as well as lower than last year. This was the direct result of the COVID-19 pandemic affecting our work in 2020.

### Financial ratios

Description	Target percentages	2020 Actuals	2020 Budget	2019 Actuals
1. % Spend on objectives	75%	81%	84%	84%
2. % Fundraising expenditure	20%	14%	12%	10%
3. % Management and administration	5%	5%	4%	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
4. % Fundraising expenditure of income	25%	15%	17%	14%

In line with the Dutch Accounting Standards Board guidelines for annual reporting (RJ650), ratios are presented as part of the total expenses over the three sections in our statement of income and expenditure. NLR decides which costs are attributed to these categories, provided we apply the method consistently.

The Dutch Charities Branch Association (*Goede Doelen Nederland*) has issued recommendations on the implementation of guidelines to ensure transparency and comparability in our sector. NLR follows these guidelines.

The first three ratios are calculated by dividing the amount spent in the particular section by the total expenditure. The fourth ratio is calculated by dividing the fundraising expenditure by total income raised.

#### **1. % Spend on objectives**

The total percentage spent on objectives is lower than budget and last year's spend, primarily due to the impact of the COVID-19 pandemic.

#### **2. % Fundraising expenditure**

In 2020 we increased our fundraising expenditure in line with our budget. As a result of underspending on objectives, total expenditure dropped, impacting the percentage spent on fundraising as well.

#### **3. % Spend on management and administration**

NLR has set the standard for expenses on Management and Administration as 5% of total expenses. In 2020 we managed to stay within this standard. In 2020 our cost allocation scheme changed, which is elaborated on further below.

#### **4. % Fundraising expenditure of income**

The percentage of fundraising expenditure as part of the income raised should not be higher than 25% but also maintain a certain level ensuring future income and the continuity of our work. In 2020 this was 15%, slightly behind budget but over actuals for 2019 as the result of planned investments made.

## General information and accounting policies

### General accounting policies

The annual accounts have been prepared on an historical cost basis of accounting and are drawn up with reference to an accounting period of one financial year, which is equal to a calendar year.

These annual accounts have been prepared in accordance with Guideline (*Richtlijn*) 650 for the Reporting of Fundraising Institutions published by the Dutch Accounting Standards Board (*Raad voor de Jaarverslaggeving*). Furthermore, they have been drawn up in accordance with the Guideline for Fundraising Institutions (*Richtlijn Fondsenwervende Instellingen: RJ 650*), part of the standards produced by the Dutch Accounting Standards Board (*Raad voor de Jaarverslaggeving*).

All amounts mentioned are in euro and are compared with 2019 actuals and 2020 budget.

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

In general, assets and liabilities refer to the amounts at which they were acquired or incurred, or current value, unless specifically stated otherwise.

#### **Estimates**

In the application of the principles and guidelines for preparation of the annual accounts, NLR Management uses different judgements and estimates that may be essential for the amounts in the financial statements. Where necessary, the type of these opinions and estimates are mentioned in

notes to the relevant financial statements, including the associated assumptions, in accordance with Section 2:362 (1) of the Dutch Civil Code.

### **Foreign currency**

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

## Accounting policies for the valuation of assets and liabilities

### **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 expected economic life, taking residual value into account.

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

### **Investments**

Investments are stated at market value and an increase in value is added to the statement of income and expenses. Transaction costs are expensed in the statement of income and expenses. All securities have been administered by an external agency since 2010 with a mandate that is in line with the NLR investment policy updated in March 2019. NLR has a conservative and sustainable investment policy which emphasizes risk minimization. In line with this, NLR invests a small percentage of the investment portfolio in shares with a low-risk rating.

### **To be received country offices**

This is a part of the total balance held in our country offices at the end of the financial year, including bank balances, cash-in-hand balances and other outstanding receivables. Even though a part of these balances are cash and bank accounts, it was decided to recognize the total of projects and accounts under receivables. The extent of liquidity (for example the immediate availability) is on a different level compared to the cash equivalents of NLR on our bank accounts in The Netherlands.

Liabilities in our country offices and projects at the end of the year are presented as 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**

A continuity reserve has been formed in accordance with a resolution of the Supervisory Board. The continuity reserve has been drawn up to cover risks in the short-term to ensure that NLR can meet its obligations in the future. According to the conditions of the CBF certification and the guideline of the

Dutch Charities Branch Organization (*Goede Doelen Nederland*) the continuity reserve should not exceed a maximum of one and half times the yearly costs for operational activities.

#### **Earmarked reserves**

Earmarked reserves are funds that are set aside and approved by the Board for a specific purpose to be spent in the years ahead.

#### **Earmarked funds**

Earmarked reserves are also funds that are set aside and approved by the Board for a specific purpose to be spent in the years ahead. Every year the balance of the earmarked reserves is evaluated and redefined by the Board.

#### **Retirement system**

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

### Accounting policies to determine results

Revenue and expenses in the statement of income and expenses are allocated to the period to which they relate. A consistent concept is used to determine its proportion: the difference between income generated by contributions and others on the one hand, and the costs and other charges for the year on the other.

Unless otherwise stated, income is shown as gross, before any deduction of associated costs. Any costs necessary to realize certain benefits are presented in the statement of income and expenses as expense.

#### **Donations and gifts in kind**

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

#### **Legacies**

Income from Legacies are accounted for once the entitlement has been confirmed, reliably quantified and the ultimate receipt of that amount is judged to be reasonably certain. Advances are recognized in the year of receipt.

#### **Legacies subject to usufruct**

Under the old Guideline 650, legacies subject to usufruct were not valued. In contrast, the new Guideline 650 stipulates that any legacies subject to usufruct must be valued. NLR follows the guidelines for valuation of legacies under usufruct as provided by the Dutch Charities Branch Organization (*Goede Doelen Nederland*).

## **Employee benefits**

Wages, salaries and social security charges are recorded in the statement of income and expenses based on the terms of employment.

## **Interest paid and received**

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

## **Related parties**

Related parties are considered to be any 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 to be related parties.

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

## **Cost allocation**

All expenditures in our annual accounts are allocated towards their respective section in the statement of income and expenditure. NLR distinguishes between (B) spend on objectives, (C) fundraising expenditure, and (D) management and administration. These distinctions are reported in accordance with the Dutch Accounting Standards Board guidelines for annual reporting (RJ650).

The expenditure in these sections is divided into direct costs and support costs. The latter are charges of general costs made in support of all activities and departments at NLR international. Direct costs are attributed directly.

Costs related to information and awareness raising (section B2) are aimed at promoting public awareness and support for the fight against leprosy, while fundraising costs are focused on the acquisition of income. Where there are joint information and fundraising activities the costs are divided 50/50.

Management and administration costs are allocated in accordance with the guidelines of the Dutch Charities Branch Organization (*Goede Doelen Nederland*).

Audit expenses are entirely attributed to management and administration, while bank costs that are directly related to fundraising activities (direct debit) are allocated to Fundraising expenditure. All other bank costs are allocated to management and administration.

The salary costs for the Director, management support and finance staff that cannot be allocated directly to (institutionally financed) projects are all allocated to management and administration. All other staff in the organization department are allocated based on a predefined cost allocation key.

A uniform cost allocation key is used for allocation of all non-staff expenditure in the management and administration section: budgeted or actual number of FTEs per department.



**Presentation of 2019 actuals**

Due to changes in our system, limited details are available for 2019 actuals throughout these annual accounts, please refer to our 2019 annual accounts for more details.

## NLR Annual Accounts (singular)

The singular NLR Annual Accounts consist of the Balance Sheet and the Statement of Income and Expenditure. All line items are specified, and variances are explained in the notes to both Balance Sheet and Statement of Income.

### NLR Balance Sheet (singular)

Description	31 december 2020	31 december 2019
<b>A Tangible fixed assets</b>	<b>99.241</b>	<b>134.815</b>
B Receivables	5.576.645	4.667.829
C Securities	11.143.005	12.729.881
D Cash and cash equivalents	1.574.805	2.787.189
<b>B, C &amp; D Current Assets</b>	<b>18.294.455</b>	<b>20.184.899</b>
<b>ASSETS</b>	<b>18.393.696</b>	<b>20.319.714</b>
E Continuity reserve	4.347.600	4.451.514
F Earmarked reserves	6.896.102	5.925.051
G Earmarked funds	5.013.281	6.598.825
<b>E, F &amp; G Reserves and funds</b>	<b>16.256.983</b>	<b>16.975.390</b>
<b>H Short-term liabilities</b>	<b>2.136.713</b>	<b>3.344.324</b>
<b>LIABILITIES</b>	<b>18.393.696</b>	<b>20.319.714</b>

## Statement of NLR Income and Expenditure (singular)

Description	2020 Actuals	2020 Budget	2019 Actuals
A1 Income from individuals	6.281.835	4.141.000	4.374.266
A2 Grants from governments	505.182	596.015	658.000
A3 Income from other non-profit organisations	1.412.737	1.674.483	1.197.590
A4 Income from companies	47.727	-	43.548
A5 Income from lotteries	1.350.000	1.350.000	1.350.000
A6 Income from allied and joint non-profit organisations	-	-	-
A7 Income from sales of products and services	17.577	10.000	4.537
A8 Other income	29.014	127.000	26.749
<b>Total income</b>	<b>9.644.074</b>	<b>7.898.498</b>	<b>7.654.689</b>
B1 International leprosy programmes	7.736.735	8.461.459	8.121.805
B2 Information and awareness raising	558.094	730.130	589.836
B3 Scientific and operational leprosy research	349.697	350.000	366.000
<b>B Objectives</b>	<b>8.644.526</b>	<b>9.541.589</b>	<b>9.077.641</b>
<b>C Fundraising</b>	1.606.831	1.515.074	1.184.840
<b>D Management and administration</b>	527.692	517.184	716.832
<b>Total expenditure</b>	<b>10.779.049</b>	<b>11.573.848</b>	<b>10.979.313</b>
<b>Balance of income and expenditure</b>	<b>-1.134.976</b>	<b>-3.675.350</b>	<b>-3.324.624</b>
E Financial income and expenditure	416.569	200.000	1.042.705
<b>Balance of income and expenditure</b>	<b>-718.407</b>	<b>-3.475.350</b>	<b>-2.281.919</b>
<b>Destination of the balance of income and expenses</b>			
Addition / Withdrawal from			
F1 Continuity reserve	-103.914	-	660.514
F2 Earmarked reserves	971.051	-1.428.803	-1.593.955
F3 Earmarked funds	-1.585.544	-2.046.547	-1.348.478
<b>Total mutation of reserves and funds</b>	<b>-718.407</b>	<b>-3.475.350</b>	<b>-2.281.919</b>

## Notes to the NLR Balance Sheet (singular)

### A. Tangible fixed assets

Description	BOOK VALUE 31-12-2019	INVESTMENTS 2020	DEPRECIATION 2020	BOOK VALUE 31-12-2020
A1 Office inventory	67.860	1.961	15.310	54.512
A2 Office installations	20.026	3.825	4.584	19.268
A3 Hardware and software	46.928	-3.235	18.232	25.461
<b>A Tangible fixed assets</b>	<b>134.815</b>	<b>2.552</b>	<b>38.126</b>	<b>99.241</b>

Description	PURCHASE VALUE 31-12-2020	CUMULATIVE DEPR. 2020	PURCHASE VALUE 31-12-2019	CUMULATIVE DEPR. 2019
A1 Office inventory	354.998	300.486	353.037	285.176
A2 Office installations	70.832	51.565	67.007	46.981
A3 Hardware and software	353.049	327.587	356.283	309.355
<b>A Tangible fixed assets</b>	<b>778.879</b>	<b>679.638</b>	<b>776.327</b>	<b>641.513</b>

Limited investments were made in 2020. A credit note was received late in 2020 for laptops that were acquired in 2019. As a result, investments in hardware and software are presented as a negative amount.

### B. Receivables

The balance of prepaid amounts and amounts to be received is shown under B Receivables. All receivables are due within one year.

Description	31 december 2020	31 december 2019
B1 Debtors	1.587	6.503
B2 Legacies to be received	3.097.122	2.683.373
B3 Other amounts to be received	1.447.297	1.430.170
B4 Prepaid amounts	71.557	116.725
B5 To be received country offices	734.762	298.161
B6 Intercompany account - LRI	224.321	132.896
<b>B Receivables</b>	<b>5.576.645</b>	<b>4.667.829</b>

There were a few invoices outstanding to be paid by our debtors at the end of 2020.

The legacies to be received are expected, but not yet received income. This income is accounted for once the entitlement has been confirmed, reliably quantified and the ultimate receipt of that amount has become reasonably certain. At the end of 2020 around 3,0 million euro was to be received in 2021 or later.

Other amounts to be received are mainly from the Dutch Postcode Lottery (1,35 million euro) for their annual contribution. Besides this we are expecting around €50.000 interest to be received from our securities.

In 2020 several invoices including office rent and income tax have been paid in advance for costs applicable to 2021.

To be received country offices refer to the balances of cash, bank and receivables held in our country offices at the end of the financial year. Around 0,5 million euro of the total balance relates to the cash in bank accounts in country offices which increased in comparison to 2019 (0,2 million euro).

At year end 224.000 euro is to be received from LRI for invoices due and staff and overhead recharges.

## C. Securities

Those reserves and funds that are held for continuity or will be spent over the coming years are invested in our security portfolio. All securities have been administrated by an external agency since 2010. The portfolio investments are in line with the NLR investment policy, which prescribes investments in sustainable, socially responsible and low-risk bonds and stocks. The market value of the portfolio is based on the known market prices for the specific bonds and shares in the portfolio at years end. The composition and results of the portfolio is as follows:

Description	31 december 2020	31 december 2019
C1 Bonds	6.750.581	7.200.585
C2 Shares	3.291.445	3.492.000
C3 Other securities	0	0
C4 Cash	1.100.978	2.037.297
<b>C Securities</b>	<b>11.143.005</b>	<b>12.729.881</b>

The decrease in the balance of the investment account is the direct result of the positive investment result over 2020 minus cash withdrawals made during the year for financing project activities from designated funds.

Description	2016	2017	2018	2019	2020
C1 Bonds	4.688.000	8.275.292	7.618.000	7.200.585	6.750.581
C2 Shares	369.000	1.263.456	2.582.000	3.492.000	3.291.445
C3 Other securities			0	0	0
C4 Cash	358.000	2.935.161	2.079.756	2.037.297	1.100.978
<b>C Securities</b>	<b>5.415.000</b>	<b>12.473.908</b>	<b>12.279.756</b>	<b>12.729.881</b>	<b>11.143.005</b>

In addition to the shares and bonds, cash is held within the security portfolio and additions are bought from this account. All securities are freely available to NLR.

Revenues from securities are classified as financial income and are detailed in section E. of our Statement of Income and Expenditure.

## D. Cash and cash equivalents

Cash and cash equivalents are cash and bank balances in the Netherlands held by the NLR office in Amsterdam. Throughout 2020 the number of our current accounts has significantly decreased and at year end NLR holds current accounts at ING Bank and Triodos.

Description	31 december 2020	31 december 2019
D1 Cash	1.006	1.331
D2 Current accounts	1.573.799	2.150.347
D3 Saving accounts	0	635.511
<b>D Cash and cash equivalents</b>	<b>1.574.805</b>	<b>2.787.189</b>

At year end 2020 our cash position is significantly lower than last year as a result of active cash management. Funds that are not directly needed are preferably held in our security portfolio rather than in our saving accounts, where almost no interest is received over the outstanding balance.

## E., F. and G. Reserves and funds

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

Description	2019 31 december	2020 Additions	2020 Withdrawals	2020 31 december
<b>E Continuity reserve</b>	<b>4.451.514</b>		<b>103.914</b>	<b>4.347.600</b>
<b>F Earmarked reserves</b>	<b>5.925.051</b>	<b>3.071.836</b>	<b>2.100.785</b>	<b>6.896.102</b>
F1 Investments	1.464.772	2.539.836	1.265.269	2.739.339
F2 NLR 2020	480.924		480.924	-0
F3 Transition	70.000		35.000	35.000
F4 COVID-19 underspending	-	532.000	-	532.000
F5 Projects	3.909.355		319.592	3.589.763
<b>G Earmarked funds</b>	<b>6.598.825</b>	-	<b>1.585.544</b>	<b>5.013.281</b>
G1 Earmarked Fund NPL	6.598.825	-	1.585.544	5.013.281
<b>E, F &amp; G Reserves and funds</b>	<b>16.975.390</b>	<b>3.071.836</b>	<b>3.790.243</b>	<b>16.256.983</b>

### E. Continuity reserve

The continuity reserve covers risks in the continuity of the organization and ensures that it can meet obligations in the future. According to the guidelines of the Dutch Charities Branch Organization (*Goede Doelen Nederland*), this reserve can amount to a maximum of 1,5 times the annual organizational costs. NLR aims to keep a continuity reserve of between 0,5 and 1 times the yearly costs of the work organization, including: personnel costs, rent of the Amsterdam office, other office and administration costs and fundraising costs.

The total cost of the work organization in our 2021 budgets are €4.043.000. With a ratio of 1,0, this equals the desired maximum of the continuity reserve, and therefore, a withdrawal of €103.914 was made from the continuity reserve at the end of 2020.

## **F. Earmarked Reserves**

Earmarked reserves are reserves set aside for a specific purpose that has been approved by our Supervisory Board. At year end 2020 NLR had five earmarked reserves.

### **F1. Investments 2,7 million euro**

The total withdrawal in this reserve is 1,3 million euro consisting of investments and capacity building for 0,7 million euro and instalment of a new reserve for COVID-19 underspending amounting to 0,5 million euro.

The investments in 2020 included our fundraising programme (€274.000), the development and implementation of a new CRM (€200.000) and a Grant and Programme management system (€205.000).

After allocating designated expenditure in all earmarked reserves and funds, in line with our reserves policy, the total balance of 2,5 million euro is added to the investment reserve. At year end the balance of the investment reserve is 2,7 million euro, of which 1,6 million euro is allocated to the budget for 2021.

### **F2. NLR 2020 €0 (closed)**

2020 was the final year for the preparations of the NLR 2020 transition project. In 2020 around €180.000 was spent in the countries on this project (2019: €685.000). In the international office an additional amount of €129.000 was spent. The closing balance of this reserve was €170.000, and this is added to the investment reserve at year end 2020. This reserve is now closed.

### **F3. Transition €35.000**

Because NLR is phasing out the funding of programs in Nigeria and the Mekong Region, an extra dotation to the investment reserve of €752.000 was made in 2017 for transition budgets for these two offices. This transition budget is to enable both country offices to continue parts of their programmes that are externally funded.

At the end of 2019 an addition of €70.000 was made for a two-year extension of the Mekong transition until the end of 2021. In 2020 half of this was spent, leaving a balance of €35.000 at the end of the year, which is expected to be spent completely by the end of 2021.

### **F4. COVID-19 underspending €532.000**

Activities in all countries have been delayed or postponed due to the COVID-19 pandemic, and as a result, countries have not been able to spend their 2020 budgets. This leaves an underspend on all externally funded and regularly funded projects.

At the end of 2020 the Supervisory board approved the instalment of this reserve in order make the underspend of 2020 available for 2021. In this construction the instalment of this reserve is made possible by a withdrawal from the investment reserve for an amount of €532.000.

### **F5. Earmarked reserve for projects 3.6 million euro**

NLR's reserve policy is linked to the long-term relationship with our country offices and alliance partners. We want them to be able to rely on NLR to fulfil its commitments. Therefore, we hold an earmarked reserve for project funding in the coming years, which we aim to hold with a ratio of 1,0 against the country budgets of the upcoming year.

Underspending in both regularly as well as institutionally funded projects creates challenges. Fewer activities mean country offices cannot allocate staff and overhead expenditure towards projects, leaving a funding gap for these offices. These costs are a direct result of the COVID-19 pandemic and will therefore be covered by reserves, rather than 2020 income. The Supervisory Board approved the withdrawal of €319.592 from this reserve in order to finance the unallocated staff and office cost in the countries.

As a result of this decision, rather than aiming for the 1,0 ratio against the 2021 budget this earmarked reserves is lowered at the end of 2020. The closing balance of this reserve is now 3,6 million euro which equals 0,6 of the total 2021 country budgets.

## G. Earmarked funds

At year end 2020 NLR has one earmarked fund which is for the Dutch Postcode Lottery funded project called 'Stop the Transmission of Leprosy'. The balance of this earmarked fund is as follows:

Description	2017 31 december	2018 31 december	2019 31 december	2020 31 december
<b>Starting Balance</b>	<b>9.375.000</b>	<b>8.838.020</b>	<b>7.948.468</b>	<b>6.598.825</b>
NLR International	319.223	353.552	486.214	513.875
NHR Brazil	104.855	161.286	248.055	397.532
NLR India	53.251	275.107	360.927	414.032
NLR Indonesia	59.650	99.608	254.447	260.104
<b>Subtotal</b>	<b>536.980</b>	<b>889.552</b>	<b>1.349.643</b>	<b>1.585.544</b>
<b>Ending Balance</b>	<b>8.838.020</b>	<b>7.948.468</b>	<b>6.598.825</b>	<b>5.013.281</b>

In 2017 the Dutch Postcode Lottery awarded €9.375.000 for the Dreamfund Project called 'Stop the Transmission of Leprosy'. Funds that remained unspent in 2017 were transferred to an earmarked fund. The project was initially planned for a five-year period in three countries with project coordination in the Netherlands. A request for a no-cost extension has been granted, prolonging the project beyond 2021.

2020 activities were planned for a total budget of 1,4 million euro and at the end of that year 1,6 million euro was spent, leaving 5,0 million euro to be spent in 2021 and beyond.

## H. Short term Liabilities

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



Description	31 december 2020	31 december 2019
H1 Received project funding	1.340.656	2.274.037
H2 Accounts payable/ Creditors	158.506	437.675
H3 Payable staff cost	139.438	130.616
H4 Liabilities Country Offices	215.609	420.215
H5 Other payable cost	282.503	81.781
<b>H Short term Liabilities</b>	<b>2.136.713</b>	<b>3.344.324</b>

Payable project costs are funds received by NLR from institutional donors for projects that are currently in progress. At year end 2020 an amount of 1,4 million euro qualified for work in progress.

At year end 2020 we have outstanding invoices that are payable to our vendors for a total of around €158.000. All outstanding invoices of less than 60 days old will be paid in 2021.

At year end accruals are made for payable holiday allowance and holiday leave as well as a reservation for jubilee payments presented as payable staff cost. At year end 2020 this amounts to around the same as year-end 2019.

Liabilities of country offices relates to the outstanding amounts in our country offices at the end of the financial year. This is lower than last year's balance.

Other payable cost are amounts paid in 2021 that concern activities in 2020. Expenditure includes invoices received in 2021, bank costs, payable taxes and pensions.

## I. Commitments and rights not included in the balance sheet

### Commitments

NLR/ *Leprastichting* is housed in the office building at 135-137 Wibautstraat in Amsterdam. The long-term contract is agreed until July 1, 2028. The rental amount is indexed each year and is currently €87.935 (including service costs) per year (2019: €86.962). Our copiers and printer are leased for a period of five years until September 2024, with a yearly rent of €2.650.

The total yearly rent in NLR Representative Offices, most of which have a rental contract that exceeds one year, is €80.000 (2019: €80.000).

### Rights

There are six legacies subject to usufruct, one of which is for €29.000. As the usufructuary has the right to use, dispose of or invest the legacy, the financial benefit of the remaining five legacies subject to usufruct cannot be valued.

## J. Events after balance date

At the date of publication of this Annual Report the world is still struggling with the COVID-19 pandemic and related lockdowns. We see and expect no immediate substantial effect on our 2021 income, as donors continue to show their strong loyalty to our mission. Expenditures will go down as lockdowns hamper fieldwork in almost all programme countries. Part of this budget is reallocated to COVID-19 related expenses to protect and support our beneficiaries during this pandemic and to contribute to COVID-19 information campaigns and health system support where we run our leprosy programmes, especially in remote areas.

## Notes to the NLR Statement of Income and Expenditure (singular)

### A. Income

#### A1. Income from individuals

Description	2020 Actuals	2020 Budget	2019 Actuals
A11 Regular donors	1.647.319	1.880.000	
A12 Middle donors	524.555	481.000	
A13 Major donors	454.967	380.000	
A14 Legacies	3.654.994	1.400.000	
<b>A1 Income from individuals</b>	<b>6.281.835</b>	<b>4.141.000</b>	<b>4.374.266</b>

In 2020 we received 6,2 million euro from individual donors, including legacies, which is significantly higher than budgeted and higher than we received in 2019. This amount includes around €13.000 individual donor income that was raised in our country offices (India).

2020 was a difficult year for everyone and we are very grateful that our individual donors remained dedicated to our cause. In 2020 we have received almost 2,6 million euro against the 2,7 million euro budgeted.

The income from legacies totalled 3,7 million euro (2019: 1,9 million euro). The average duration for the settlement of legacies is approximately nine months. There are six legacies subject to usufruct, one of which is for €29.000.

#### A2. Grants from governments

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

Description	2020 Actuals	2020 Budget	2019 Actuals
A21 Dutch Ministry of Foreign Affairs (LEAP)	66.660	185.815	178.000
A22 EU (EDCTP)	438.522	410.200	480.000
A23 Other government grants	-	-	
<b>A2 Grants from governments</b>	<b>505.182</b>	<b>596.015</b>	<b>658.000</b>

Between 2017 and the end of 2019 we received a total of €360.900 from the Accountability Fund for the Indonesian programme LEAP: Local Economic development of people with disability through active Advocacy for an inclusive Policy. The total budget for the project was €413.000 of which we spent €67.000 in 2020 and the remainder of the funds received were carried over to 2021.

In 2018 €3.198.356 was awarded by the European and Developing Countries Clinical Trials Partnership (EDCTP) for an EDCTP2 project, supported by the European Union and LRI. The project is called PEP4LEP (Chemoprophylaxis for leprosy: comparing the effectiveness and feasibility of a skin camp intervention to a health centre-based intervention - a trial implementation took place in Mozambique, Ethiopia and Tanzania). This multi-partner project runs over 52 months from 1 October 2018.

In 2020 around €439.000 was spent in line with this grant and expenditure was in line with the budget and only slightly lower than 2019.

### A3. Income from other non-profit organizations

NLR's work is supported by other non-profit organizations, sometimes through our office in Amsterdam, but often directly in one of our country offices.

Description	2020 Actuals	2020 Budget	2019 Actuals
A31 Ready4PEP	713.307	574.300	-
A32 Liliane Foundation	368.534	558.366	445.513
A33 COR-NTD	149.042	188.203	30.161
A34 Contributions Infolep & InfoNTD	106.281	118.000	108.552
A35 LRI	-	-	-
A36 Other NGOs	75.573	235.615	613.364
<b>A3 Income from other non-profit organisations</b>	<b>1.412.737</b>	<b>1.674.483</b>	<b>1.197.590</b>

In 2020 we received around 1,4 million euro from other non-profit organizations, funds that were earmarked and to be spent on specific projects. In line with RJ650 regulations most of the income recognized under section A3 of our annual accounts equals the expenditure made in 2020. The income recognized for the Ready4PEP project was related to expenditure by NLR Mozambique for € 126.724; LTR Nigeria for € 507.941 and expenditure by NLR international € 78.642.

No income from LRI towards NLR projects was budgeted or realized in 2020.

### A4. to A8. Other sources of income

Description	2020 Actuals	2020 Budget	2019 Actuals
A4 Income from companies	47.727	-	43.548
A5 Income from lotteries	1.350.000	1.350.000	1.350.000
A6 Income from allied and joint non-profit organisations	-	-	-
A7 Income from sales of products and services	17.577	10.000	4.537
A8 Other income	29.014	127.000	26.749
<b>A4. to A8. Other sources of income</b>	<b>1.444.319</b>	<b>1.487.000</b>	<b>1.424.833</b>

In line with last year, we received around €48.000 unearmarked donations from companies in 2020.

In 2020 our partnership with the Dutch Postcode Lottery (NPL) received a positive evaluation and it was renewed for another five years. This means that NLR can once again count on the continued support of the NPL, and an annual donation of 1,35 million euro.

In 2020 we were the beneficiary of product sales through the Jan Kruis museum, which unfortunately came to a halt during the COVID-19 pandemic. We were reimbursed for the outsourcing of a staff member to the local government (GGD) to help during the COVID-19 pandemic.

As before we received sums from both the Dutch Charities Branch Association (*Goede Doelen Nederland*) and *Partos* as a contribution towards hours dedicated to the respective branch organizations by our CEO and Head of Programmes. Contributions from other partners towards costs made on behalf of ILEP were budgeted here, whereas the actual expenditure was settled through our current account.

## Expenditure

NLR distinguishes between (B) spending on objectives, (C) fundraising expenditure, and (D) management and administration expenditure. This distinction is reported in accordance with the Dutch Accounting Standards Board guidelines for annual reporting (RJ650).

The expenditure in these sections is divided into direct costs and support costs. The latter are charges of general costs made in support of all activities and departments at NLR international.

The rationale for the allocation of expenditure can be found in the general information and accounting policies chapter. Details on the calculation for 2020 is described further under cost allocation schedule RJ 650 which is presented at the end of the notes on the Statement of Income and Expenditure.

### B1. International programme activities

Description	2020 Actuals	2020 Budget	2019 Actuals
B11 NHR Brazil	795.214	988.765	
B12 NLR Mozambique	899.033	1.260.734	
B13 NLR Indonesia	1.305.553	2.114.514	
B14 NLR India	953.602	977.975	
B15 NLR Nepal	316.029	320.202	
B16 Other country expenses	795.684	35.000	
B17 International Programme & Technical expenditure	2.671.620	2.764.269	
<b>B1 International leprosy programmes</b>	<b>7.736.735</b>	<b>8.461.459</b>	<b>8.121.805</b>

To fulfil our mission, we have operations in five leprosy endemic countries as well the Netherlands. Of the total 7,7 million euro spent, around 5,0 million euro was spent in-country. Even though all our work was more difficult because of COVID-19, we have been able to spend almost 89% of our country budgets and continue our work.

## B17. International programme and technical expenditure

Description	2020 Actuals	2020 Budget	2019 Actuals
B171 Programme & alliance development and support	41.637	246.000	
B172 Technical advice and support	46.414	102.000	
B173 IT investments	205.324	130.000	
B174 ILEP and GPZL contribution	92.029	60.000	
B175 NLR International project expenditure	864.308	384.000	
B176 International staff cost	1.117.317	1.623.554	
B177 Charged support cost	304.591	218.715	
<b>B17 International Programme &amp; Technical expenditure</b>	<b>2.671.620</b>	<b>2.764.269</b>	-

Around 35% of our international programme activity spending is carried out from our international office in the Netherlands. A breakdown of this expenditure can be seen above.

Expenditures on programmes and technical advice, support and development were significantly behind budget and this was mainly caused by the COVID-19 pandemic. As a result, we have not been able to travel and to organize in-country workshops and visits.

In 2020 we developed a Grant and Programme Management system which will allow us to better monitor and report on all international projects and programmes.

International project expenditure includes recharged staff costs as agreed with the designated institutional donor. This recharge is accounted for in our budget, but not fully allocated in the numbers. Our NLR international project expenditure and staff costs combined led to a total of 2,0 million euro expenditure against a budget of 2,2 million euro.

## B2. Information and awareness raising

Description	2020 Actuals	2020 Budget	2019 Actuals
B21 Brand	60.498	140.750	
B22 Campaigns	159.030	255.624	
B23 International staff cost	274.985	291.518	
B24 Charged support cost	63.581	42.238	
<b>B2. Information and awareness raising</b>	<b>558.094</b>	<b>730.130</b>	<b>589.836</b>

Due to the COVID-19 pandemic planned activities to invest further in our brand as well as planned campaigns halted. As a result, expenditure was below budget.

### B3. Scientific and operational leprosy research

Description	2020 Actuals	2020 Budget	2019 Actuals
B31 LRI Contribution	349.697	350.000	366.000
B32 International staff cost	-	-	
B33 Charged support cost	-	-	
<b>B3. Scientific and operational leprosy research</b>	<b>349.697</b>	<b>350.000</b>	<b>366.000</b>

In line with budget and last year, NLR has contributed around €350.000 towards the Leprosy Research Initiative. As a major funder of LRI we are committed to scientific leprosy research.

### C. Fundraising

Description	2020 Actuals	2020 Budget	2019 Actuals
C1 Acquisition	505.410	407.900	
C2 Retention	202.388	150.431	
C3 Major Donors	149.834	204.224	
C4 Database	289.317	411.263	
C5 International staff cost	396.300	299.018	
C6 Charged support cost	63.581	42.238	
<b>C Fundraising</b>	<b>1.606.831</b>	<b>1.515.074</b>	<b>1.184.840</b>

In line with the budget, in 2020 around 1,6 million euro was spent on fundraising, an increase of 36% over 2019 due to investments in both our CRM database and donor acquisition programmes.

Our staff costs were mostly higher as a result of temporary replacements due to job vacancies and sickness.

### D. Management and administration

Expenses on management and administration include costs that the organization incurs in the context of (internal) management, administration and control and that are not allocated to fundraising objectives.

Rationale for the allocation of expenditure can be found in the general information and accounting policies chapter. Details of the calculation for 2020 are provided in in the cost allocation schedule RJ 650 presented at the end of the notes on the Statement of Income and Expenditure.

Description	2020 Actuals	2020 Budget	2019 Actuals
D1 Supervisory Board (RvT)	1.401	2.000	
D2 Governance	53.300	28.000	
D3 Finance	296.670	76.000	
D4 IT	99.215	40.167	
D5 Human Resources	117.988	130.500	
D6 Facilities	194.417	155.000	
D7 Staff cost	384.314	423.709	
D8 Charged support cost	-619.614	-338.192	
<b>D Management and administration</b>	<b>527.692</b>	<b>517.184</b>	<b>716.832</b>

Due primarily to changes in the allocation scheme, our total expenditure on management and administration is lower than in 2019. Before allocation of staff and support costs towards objectives and fundraising, we have spent 0,8 million euro against a budget of 0,9 million euro.

The most significant increase over budget is the expenditure on finance. Due to the long-term sickness of finance staff at the beginning of 2020, external consultants were hired, resulting in additional costs. In addition, audit expenditure reported in these annual accounts totalled €109.980 (2019: €38.014), half of which are costs due to the additional work performed in the 2019 audit. The remaining half covers the 2020 audit of our financial accounts.

## E. Financial income and expenditure

Our securities portfolio is managed by an investment manager of an external agency who selects the bonds and shares which are in line with NLR's investment policy. This is periodically screened.

Description	2020 Actuals	2020 Budget	2019 Actuals
<b>E1 Financial Income</b>	<b>444.933</b>	<b>230.000</b>	<b>1.074.857</b>
E11 Interest received	10.944	-	-
E12 Dividend received	52.868	-	99.150
E13 Coupons received	109.359	-	942.707
E14 Gains and losses - realised and unrealised	271.762	-	33.000
<b>E2 Financial expenditure</b>	<b>28.363</b>	<b>30.000</b>	<b>31.946</b>
E21 Cost financial asset management	28.363	-	31.946
E22 Interest paid	-	-	-
<b>E Financial income and securities</b>	<b>416.569</b>	<b>200.000</b>	<b>1.042.910</b>

2019 was an exceptional year with an 8% yield on the portfolio. Given the circumstances, the 2020 performance was equally exceptional, producing a yield of over 0,4 million euro or 3% on our average invested income.

The interest income from cash and cash equivalents is the interest received from bank balances in our international and country offices. The development of our financial income and expenditure is shown below.

Description	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals
<b>E1 Financial Income</b>	<b>91.425</b>	<b>-186.058</b>	<b>1.074.857</b>	<b>444.933</b>
E11 Interest received			-	10.944
E12 Dividend received	6.986		99.150	52.868
E13 Coupons received	117.439	-139.058	942.707	109.359
E14 Gains and losses - realised and unrealised	-33.000	-47.000	33.000	271.762
<b>E2 Financial expenditure</b>	<b>18.366</b>	<b>27.106</b>	<b>31.946</b>	<b>28.363</b>
E21 Cost financial asset management	18.366	27.106	31.946	28.363
E22 Interest paid			-	-
<b>E Financial income and securities</b>	<b>73.060</b>	<b>-213.164</b>	<b>1.042.910</b>	<b>416.569</b>
<i>Average portfolio</i>	<i>8.944.454</i>	<i>12.376.832</i>	<i>12.504.819</i>	<i>11.936.443</i>
<i>Average annual yield</i>	<i>1%</i>	<i>-2%</i>	<i>8%</i>	<i>3%</i>



## RJ650 cost allocation schedule

In line with the prescribed format of RJ650 the specification below presents our 2020 expenditure per section (spending on objectives, fundraising expenditure and management and administration) showing the predefined category of costs.

Cat.	Description	B1	B2	B3	C	D	ACTUAL	BUDGET	ACTUAL
		International programme activities	Information and awareness raising	Scientific and operational leprosy research	Fundraising expenditure	Management and administration	2020	2020	2019
CAT01	Grants and contributions	1.032.068	0	0	0	0	1.032.068	35.000	3.794.626
CAT02	Payments to affiliated organisations	4.267.621	0	350.000	0	0	4.617.621	6.242.190	0
CAT03	Purchases and acquisitions	314.556	19.096	-303	336.951	-62.000	608.301	2.035.818	0
CAT04	Outsources activities	10.439	160.777	0	828.521	0	999.738	0	2.922.091
CAT05	Communication costs	32.418	39.655	0	2.504	0	74.576	396.374	1.205.615
CAT06	Staff costs	1.622.182	274.985	0	375.274	467.816	2.740.257	2.477.800	2.506.057
CAT07	Housing costs	74.062	15.460	0	15.460	29.634	134.615	145.000	116.067
CAT08	Office and general costs	362.414	43.743	0	43.743	83.848	533.748	205.667	403.976
CAT09	Depreciation	20.976	4.379	0	4.379	8.393	38.126	36.000	30.881
	<b>Total</b>	<b>7.736.735</b>	<b>558.094</b>	<b>349.697</b>	<b>1.606.831</b>	<b>527.692</b>	<b>10.779.049</b>	<b>11.573.848</b>	<b>10.979.313</b>

Rationale for the allocation of expenditure can be found in the general information and accounting policies chapter. Grants were given to organizations outside NLR in 2020 which were the direct result of a grant received in late 2019 and was therefore not budgeted for 2020. Other in-country expenditure through our own country offices is behind budget as a direct result of the COVID-19 pandemic.

## Specification staff expenditure

Description	2020 Actuals	2020 Budget	2019 Actuals
CAT0601 Salaries	2.123.052	2.585.300	2.102.555
CAT0602 Social benefits	320.366		287.946
CAT0603 Pensions	226.970		213.576
CAT0604 Staff allowances	22.806		
CAT0605 Volunteers	1.327		
CAT0606 Hiring of staff	252.917		
CAT0607 Other staff cost	117.531	62.500	172.926
CAT0608 Reimbursements staff	-67.344		
CAT0609 Charged to related parties	-257.367	-170.000	-270.945
<b>CAT06 Staff expenditure</b>	<b>2.740.257</b>	<b>2.477.800</b>	<b>2.506.057</b>

In 2020 our total staff expenditure amounted to 2,7 million euro, which is above budget. In total €257.000 was recharged outside NLR and we were reimbursed for this by LRI and ILEP. The total staff costs comprise 25% of the total expenses.

NLR has its own employment regulations, salary structure and job classification and salary scales are generally indexed annually. NLR follows the Dutch Central Bureau for Statistics (*Centraal Bureau voor de Statistiek* or CBS) index which resulted in a salary scale increase in 2020 of 2.9% compared to 2019. (2019 to 2018: 2,2%). The total overview of average FTEs after recharging is as follows:

Description	2020 Actuals	2020 Budget	2019 * Actuals
1 ED office	1,43	1,42	1,38
2 Organisational department	5,38	5,03	3,70
3 Fundraising and communication	6,62	6,53	5,23
4 Medical Technical	6,06	6,53	7,20
5 Programmes	10,46	10,37	9,50
<b>Total Staff in fte's</b>	<b>29,94</b>	<b>29,88</b>	<b>27,01</b>

In total 33,1 FTEs were budgeted for 2020, including LRI staff (2,2 FTEs) before recharging.

## Remuneration of the Chief Executive Officer

Name	J. van Berkel	J. van Berkel
Function	CEO	CEO
<b>Employment</b>	<b>2020</b>	<b>2019</b>
Duration contract	Indefinite	Indefinite
Hours/week	40	40
Part-time percentage	100	100
Period	1/1-31/12	1/1-31/12
<b>Remuneration in EUR</b>	<b>2020</b>	<b>2019</b>
Annual income		
Gross wages/ salary	123.818	108.000
Holiday allowance	8.997	8.193
End-of-year payment	4.953	4.192
Variable annual income	-	-
<b>Total reward</b>	<b>137.767</b>	<b>120.385</b>
Pension charges (employer's contribution)	8.180	14.000
Other remuneration	-	-
<b>Total other charges and compensations</b>	<b>8.180</b>	<b>14.000</b>
<b>Total remuneration</b>	<b>145.948</b>	<b>134.385</b>

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

Furthermore, the Supervisory Board regards the position of NLR's CEO as more than a fulltime job. It is a role with great responsibility that requires a high profile and professional performance. The Chief Executive Officer is in charge of an international organisation that raises over €10,000,000 per year, employs 39 people in Amsterdam and 200 in the Country Offices, receives the support of approximately 45,000 donors and 350 volunteers, and cooperates with many international partners, including health ministries, scientists, companies and other NGOs.

Every three years the Supervisory Board reviews the remuneration of the CEO, with the most recent review taking place in 2019. The Board approved the updated job description of the CEO and concluded that the remuneration as per 2020 should be adjusted in accordance with the regulations. The Regulation uses three criteria to define the maximum standards for annual incomes: size, complexity and organisational context. For 2020 the Supervisory Board calculated a total of 465 points in the BSD score (420 points in 2019), resulting in a maximum average annual income of € 141,273 (2019: €120,515). Because of this recalculation of the BSD score the 2020 salary of Jan van Berkel is €137.767 (€120,385 in 2019). Van Berkel donated his remuneration of €10,000 as Chair of Goede Doelen Nederland to NLR.

The combined total of annual income, taxable allowances/additions, pension charges and pension compensation and other (future) rewards, amounted to €146,000, which remains below the maximum allowed in the regulations of €201,000 per year for 2020.

## Remuneration of the Supervisory Board

No remuneration was paid to the Supervisory Board members, and no loans, advances or guarantees were given. In 2020 no expenses were reimbursed.

## Annual Accounts NLR (consolidated)

### General information on consolidation

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

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

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

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

The consolidated organizations are listed below:

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

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

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

All accounting policies for the consolidated NLR annual accounts are the same as those for the singular NLR annual accounts.

## NLR Balance Sheet (consolidated)

Description	31 december 2020	31 december 2019
<b>A Tangible fixed assets</b>	<b>99.241</b>	<b>134.815</b>
B Receivables	5.369.120	4.669.650
C Securities	11.143.005	12.729.881
D Cash and cash equivalents	3.156.611	3.854.777
<b>B, C &amp; D Current Assets</b>	<b>19.668.736</b>	<b>21.254.309</b>
<b>ASSETS</b>	<b>19.767.976</b>	<b>21.389.123</b>
E Continuity reserve	4.347.600	4.451.514
F Earmarked reserves	7.875.601	6.557.363
G Earmarked funds	5.013.281	6.598.825
<b>E, F &amp; G Reserves and funds</b>	<b>17.236.482</b>	<b>17.607.702</b>
<b>H Short-term liabilities</b>	<b>2.531.494</b>	<b>3.781.421</b>
<b>LIABILITIES</b>	<b>19.767.976</b>	<b>21.389.123</b>

## Statement of NLR Income and Expenditure (consolidated)

Description	2020 Actuals	2020 Budget	2019 Actuals
A1 Income from individuals	6.281.835	4.141.000	4.374.266
A2 Grants from governments	505.182	596.015	658.000
A3 Income from other non-profit organisations	2.066.187	2.414.483	1.841.000
A4 Income from companies	47.727	-	43.548
A5 Income from lotteries	1.350.000	1.350.000	1.350.000
A6 Income from allied and joint non-profit organisations	-	-	-
A7 Income from sales of products and services	27.202	10.000	4.537
A8 Other income	123.463	522.000	230.185
<b>Total income</b>	<b>10.401.597</b>	<b>9.033.498</b>	<b>8.501.535</b>
B1 International Leprosy programmes	7.736.735	8.461.459	8.121.805
B2 Information and awareness raising	558.094	730.130	589.836
B3 Scientific and operational leprosy research	760.034	1.332.000	1.418.795
<b>B Objectives</b>	<b>9.054.864</b>	<b>10.523.589</b>	<b>10.130.436</b>
<b>C Fundraising</b>	<b>1.606.831</b>	<b>1.515.074</b>	<b>1.184.840</b>
<b>D Management and administration</b>	<b>527.692</b>	<b>517.184</b>	<b>716.832</b>
<b>Total expenditure</b>	<b>11.189.387</b>	<b>12.555.848</b>	<b>12.032.108</b>
<b>Balance of income and expenditure</b>	<b>-787.790</b>	<b>-3.522.350</b>	<b>-3.530.573</b>
E Financial income and expenditure	416.569	200.000	1.042.705
<b>Balance of income and expenditure</b>	<b>-371.221</b>	<b>-3.322.350</b>	<b>-2.487.868</b>
<b>Destination of the balance of income and expenses</b>			
Addition / Withdrawal from			
Continuity reserve	-103.914	-	660.514
Earmarked reserves	1.318.237	-1.276.324	-1.798.999
Earmarked funds	-1.585.544	-2.046.026	-1.349.383
<b>Total mutation of reserves and funds</b>	<b>-371.221</b>	<b>-3.322.350</b>	<b>-2.487.868</b>

## Notes to the NLR Balance Sheet (consolidated)

In the notes to the balance sheet only variances against the NLR singular balance sheet are elaborated upon further.

## B. Receivables

LRI income from contributions are accounted for once the commitment has been confirmed. An amount of €10.000 related to the contribution towards the ALM LepVax research project is expected but not yet received income.

Intercompany receivables between NLR and LRI with a total of €224.321 are eliminated in the consolidated balance sheet, which is thereby lowered.

## C. Cash and cash equivalents

The LRI cash and cash equivalents balance for the year ended 31 December 2020 is €1.581.805. Cash and cash equivalents are cash and bank balances in euro held by LRI office in Amsterdam in its main current account with ING Bank in The Netherlands. The balance of cash and cash equivalents are available immediately.

## F. Earmarked reserves

Part of the consolidated reserves is the LRI earmarked reserve for Projects. Within the LRI balance sheet an amount is reserved for future research projects. At the end of 2020, this reserve totals €979.499 (2019: €632.312). The positive result of 2020 arrived at € 347,187 and is added to the earmarked reserves of LRI.

## H. Short term liabilities

LRI accounts payable refers mainly to the amount of €52.000 for (scientific) research in 2020, which is not yet formally invoiced by the researchers and institutes concerned. This item also includes a fee of €6.000 for Dubois, the independent external auditor that performs the audit and is paid in the first half year of 2020 by LRI. Amounts received in advance (a total of €330.000) are also categorised as short-term liabilities, which are unspent funds from the Turing Foundation and other contributors towards research projects.

As the receivables, the intercompany payables between NLR and LRI are eliminated in the consolidated balance sheet and as a result, the payables in the consolidated balance sheet are lowered by €224.321.

## I. Commitments and rights not included in the balance sheet

In addition to the commitments made by NLR, LRI has made commitments to running research projects for a total value of €1.759.654 for 2021 and beyond. These are multi-annual financial commitments and are covered by future income from LRI partners.



## Notes to the Statement of NLR Income and Expenditure (consolidated)

In the notes to the consolidated Statement of Income and Expenditure only variances against the NLR singular Statement of Income and Expenditure are elaborated on further.

### A3. Income from other non-profit organisations

LRI receives income from partners and each one has committed an annual contribution to the joint LRI research fund and each one contributes an equal share to LRI running costs. In 2020 the current partners are: American Leprosy Missions (ALM), German Leprosy and Tuberculosis Relief Association (GLRA/DAHW), effect:hope (The Leprosy Mission Canada), The Leprosy Mission International (TLMI), Action Damien and NLR. LRI's total income from other non-profit organisations for 2020 is €1.003.450.

Income received from NLR by LRI (€350.000) is eliminated in the consolidated Statement of Income and Expense.

### A4. to A8. Other sources of income

We received a contribution of €10.474 from the Turing Foundation for the running costs of LRI. The Turing Foundation contributes 5% of their co-funded allocated budget on project funding towards running costs as realized at the end of the year 2020. An additional €37.038 was received in surplus funds after completing projects. LRI received €9.986 as income in return for goods and services as fees for outsourced work.

### B3. Scientific and operational leprosy research

All LRI expenditure is categorised as spend on Objectives. In 2020 LRI spent €527.363 on research projects, which was around 60% lower than budgeted due to the impact of the COVID-19 pandemic. Our priority remains to ensure that LRI funded research projects are fully supported towards completion. Most of the projects applied for a no-cost extension to their grants during this pandemic, which allows for the flexible use of existing grants. However, LRI will not provide supplementary funding towards on-going projects.

A total of €232.974 was spent on running cost, including salaries, pension costs and social security charges of €175.475. €35.000 was spent on housing and office cost.

Of the contribution paid to LRI by NLR, €350.000 is eliminated in the consolidated Statement of Income and Expense.

## Auditor's report

## INDEPENDENT AUDITOR'S REPORT

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

### A. Report on the audit of the financial statements 2020 included in the annual report

#### Our opinion

We have audited the financial statements 2020 of the Netherlands Leprosy Relief based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Netherlands Leprosy Relief as at 31 December 2020 and of its result for 2020 in accordance with the Guidelines for annual reporting 650 "Fundraising Organisations" of the Dutch Accounting Standards Board.

The financial statements comprise:

- the company and consolidated balance sheet as at 31 December 2020;
- the company and consolidated statement of income and expenditure 2020; and
- the notes comprising a summary of the accounting policies and other explanatory information.

#### Basis for our opinion

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

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

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

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

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

- the Management Board's report;

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

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

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

## **C. Description of responsibilities regarding the financial statements**

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

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

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

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

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

### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.



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

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

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

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

Amsterdam, 30 June 2021

Dubois & Co. Registeraccountants

Signed on original by:  
A.P. Buteijn RA



until  
**No Leprosy Remains**

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