



**Annual Accounts 2021**

until

**No Leprosy Remains**

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# NLR Annual Accounts 2021

## CONTENT

<b>Summary of finances</b> .....	3
Summary of consolidated Statement of Income and Expenditure .....	3
Financial ratios .....	3
<b>General information and accounting policies</b> .....	4
General accounting policies .....	4
Accounting policies for the valuation of assets and liabilities .....	5
Accounting policies to determine results .....	6
<b>NLR Annual Accounts (singular)</b> .....	8
NLR Balance Sheet (singular) .....	8
Statement of NLR Income and Expenditure (singular) .....	9
Notes to the NLR Balance Sheet (singular) .....	9
Notes to the NLR Statement of Income and Expenditure (singular) .....	15
<b>Annual Accounts NLR (consolidated)</b> .....	24
General information on consolidation .....	24
NLR Balance Sheet (consolidated) .....	25
Statement of NLR Income and Expenditure (consolidated) .....	26
Notes to the NLR Balance Sheet (consolidated) .....	26
Notes to the Statement of NLR Income and Expenditure (consolidated) .....	27
<b>Auditor's report</b> .....	30

## Summary of finances

These are the consolidated annual accounts for 2021 of both NLR and LRI.

### Summary of consolidated Statement of Income and Expenditure

Description	2021 Actuals	2021 Budget	2020 Actuals
<b>A Total income</b>	<b>9.630.145</b>	<b>9.996.201</b>	<b>10.401.597</b>
B Objectives	9.199.960	12.158.508	9.054.863
C Fundraising	1.577.885	1.282.176	1.606.831
D Management and administration	411.221	392.547	527.692
<b>Total expenditure</b>	<b>11.189.065</b>	<b>13.833.231</b>	<b>11.189.386</b>
<b>Balance of income and expenditure</b>	<b>-1.558.920</b>	<b>-3.837.030</b>	<b>-787.790</b>
E Financial income and expenditure	887.295	250.000	416.569
<b>Balance of income and expenditure</b>	<b>-671.625</b>	<b>-3.587.030</b>	<b>-371.221</b>

The total consolidated income in 2021 is slightly under budget. The main contributing factor to this was the lower income from other non-profit organisations which totalled €1.5 million against a budget of €2.3 million (2020: €1.4 million). This income was lower due to delays in implementation as a result of the COVID-19 pandemic.

Total expenditure was behind budget as well as lower than last year. Again, this was mainly the result of the pandemic affecting our work in 2021.

### Financial ratios

Description	Target percentages	2021 Actuals	2021 Budget	2020 Actuals
1. % Spend on objectives	75%	82%	88%	81%
2. % Fundraising expenditure	20%	14%	9%	14%
3. % Management and administration	5%	4%	3%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
4. % Fundraising expenditure of income	25%	16%	13%	15%

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. Percentage spent on objectives**

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

#### **2. Percentage of fundraising expenditure**

In 2021 we continued to invest in our fundraising efforts as we did in 2020. As a result of underspending on objectives total expenditure dropped, impacting the percentage spent on fundraising..

#### **3. Percentage spent on management and administration**

NLR has set the ratio for expenses on Management and Administration as 5% of total expenses. In 2021 we met this ratio..

#### **4. Percentage of 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 2021 this was 16%, which was similar to the previous year and over budget as a result of a mid-year decision to further invest in fundraising which was not reflected in the budget.

## 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 the 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 2020 actuals and 2021 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 2020. 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**

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.

## 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 2021	31 december 2020
<b>A Tangible fixed assets</b>	<b>83.102</b>	<b>99.241</b>
B Receivables	4.432.733	5.525.135
C Securities	10.867.243	11.194.515
D Cash and cash equivalents	1.118.755	1.574.805
<b>B, C &amp; D Current Assets</b>	<b>16.418.730</b>	<b>18.294.455</b>
<b>ASSETS</b>	<b>16.501.832</b>	<b>18.393.696</b>
E Continuity reserve	4.647.404	4.347.600
F Earmarked reserves	6.666.911	6.896.102
G Earmarked funds	3.634.959	5.013.281
<b>E, F &amp; G Reserves and funds</b>	<b>14.949.275</b>	<b>16.256.983</b>
<b>H Short-term liabilities</b>	<b>1.552.558</b>	<b>2.136.713</b>
<b>LIABILITIES</b>	<b>16.501.832</b>	<b>18.393.696</b>

## Statement of NLR Income and Expenditure (singular)

Description	2021 Actuals	2021 Budget	2020 Actuals
A1 Income from individuals	4.941.977	4.200.000	6.281.835
A2 Grants from governments	598.399	822.828	505.182
A3 Income from other non-profit organisations	1.506.984	2.279.188	1.412.737
A4 Income from companies	29.567	-	47.727
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	3.424	-	17.577
A8 Other income	32.124	37.758	29.014
<b>Total income</b>	<b>8.462.475</b>	<b>8.689.774</b>	<b>9.644.074</b>
B1 International leprosy programmes	7.727.116	9.526.105	7.736.735
B2 Information and awareness raising	591.257	682.976	558.094
B3 Scientific and operational leprosy research	350.000	350.000	349.697
<b>B Objectives</b>	<b>8.668.373</b>	<b>10.559.081</b>	<b>8.644.526</b>
<b>C Fundraising</b>	<b>1.577.885</b>	<b>1.282.176</b>	<b>1.606.831</b>
<b>D Management and administration</b>	<b>411.221</b>	<b>392.547</b>	<b>527.692</b>
<b>Total expenditure</b>	<b>10.657.479</b>	<b>12.233.804</b>	<b>10.779.049</b>
<b>Balance of income and expenditure</b>	<b>-2.195.003</b>	<b>-3.544.030</b>	<b>-1.134.976</b>
E Financial income and expenditure	887.295	250.000	416.569
<b>Balance of income and expenditure</b>	<b>-1.307.709</b>	<b>-3.294.030</b>	<b>-718.407</b>
<b>Destination of the balance of income and expenses</b>			
Addition / Withdrawal from			
F1 Continuity reserve	299.804	-	-103.914
F2 Earmarked reserves	-229.191	-1.571.955	971.051
F3 Earmarked funds	-1.378.322	-1.721.732	-1.585.544
<b>Total mutation of reserves and funds</b>	<b>-1.307.709</b>	<b>-3.293.687</b>	<b>-718.407</b>

## Notes to the NLR Balance Sheet (singular)

### A. Tangible fixed assets

Description	BOOK VALUE 31-12-2020	INVESTMENTS 2021	DEPRECIATION 2021	BOOK VALUE 31-12-2021
A1 Office inventory	54.512	0	14.666	39.846
A2 Office installations	19.268	0	4.806	14.462
A3 Hardware and software	25.461	24.352	21.018	28.794
<b>A Tangible fixed assets</b>	<b>99.241</b>	<b>24.352</b>	<b>40.490</b>	<b>83.102</b>

Description	PURCHASE VALUE	CUMULATIVE DEPR.	PURCHASE VALUE	CUMULATIVE DEPR.
	31-12-2021	2021	31-12-2020	2020
A1 Office inventory	354.998	315.152	354.998	300.486
A2 Office installations	70.832	56.371	70.832	51.565
A3 Hardware and software	377.400	348.606	353.049	327.587
<b>A Tangible fixed assets</b>	<b>803.230</b>	<b>720.128</b>	<b>778.879</b>	<b>679.638</b>

Limited investments were made in 2021, including only the replacement of laptops.

## 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 2021	31 december 2020
B1 Debtors	15.769	1.587
B2 Legacies to be received	2.475.825	3.097.122
B3 Other amounts to be received	1.515.058	1.395.787
B4 Prepaid amounts	47.671	71.557
B5 To be received country offices	1.486.430	734.762
B6 Intercompany account - LRI	-1.108.020	224.321
<b>B Receivables</b>	<b>4.432.733</b>	<b>5.525.135</b>

There were a few invoices outstanding to be paid by our debtors at the end of 2021.

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 2021 around €2.5 million was to be received in 2022 or later.

Other amounts to be received are mainly from the Dutch Postcode Lottery (€1.35 million) for their annual contribution. Besides regular outstanding receivables for the amount of around €39,000 we are expecting around €39,000 interest to be received from our securities.

In 2021 several invoices including office rent and income tax have been paid in advance for costs applicable to 2022.

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 €1.3 million of the total balance relates to the cash in bank accounts in country offices which increased in comparison to 2020 (€0.5 million).

At year end around €1.1 million is the outstanding intercompany balance with LRI. This amount includes an outstanding payable for contribution from NLR to LRI as well as a €1 million cash advance which is being held at NLR on behalf of LRI for cash management purposes.

## 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 administered 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 year's end. The composition and results of the portfolio are as follows:

Description	31 december 2021	31 december 2020
C1 Bonds	3.059.374	6.802.092
C2 Shares	7.417.076	3.291.445
C3 Other securities	0	0
C4 Cash	390.792	1.100.978
<b>C Securities</b>	<b>10.867.243</b>	<b>11.194.515</b>

The decrease in the balance of the investment account is the direct result of the positive investment result over 2021 minus cash withdrawals made during the year for financing project activities from designated funds.

Description	2017	2018	2019	2020	2021
C1 Bonds	8.275.292	7.618.000	7.200.585	6.802.092	3.059.374
C2 Shares	1.263.456	2.582.000	3.492.000	3.291.445	7.417.076
C3 Other securities		0	0	0	0
C4 Cash	2.935.161	2.079.756	2.037.297	1.100.978	390.792
<b>C Securities</b>	<b>12.473.908</b>	<b>12.279.756</b>	<b>12.729.881</b>	<b>11.194.515</b>	<b>10.867.243</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. At year end NLR holds current accounts at ING, ASN and Triodos.

Description	31 december 2021	31 december 2020
D1 Cash	1.193	1.006
D2 Current accounts	1.117.562	1.573.799
D3 Saving accounts	0	0
<b>D Cash and cash equivalents</b>	<b>1.118.755</b>	<b>1.574.805</b>

At year end 2021 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	2020 31 december	2021 Additions	2021 Withdrawals	2021 31 december
<b>E Continuity reserve</b>	<b>4.347.600</b>	<b>299.804</b>		<b>4.647.404</b>
<b>F Earmarked reserves</b>	<b>6.896.102</b>	<b>1.430.601</b>	<b>1.659.792</b>	<b>6.666.911</b>
F1 Investments	2.739.339	1.430.601	1.092.792	3.077.149
F2 Transition	35.000		35.000	-
F3 COVID-19 underspending	532.000	-	532.000	-
F4 Projects	3.589.763	-	-	3.589.763
<b>G Earmarked funds</b>	<b>5.013.281</b>	<b>-</b>	<b>1.378.322</b>	<b>3.634.959</b>
G1 Earmarked Fund NPL	5.013.281	-	1.378.322	3.634.959
<b>E, F &amp; G Reserves and funds</b>	<b>16.256.983</b>	<b>1.730.405</b>	<b>3.038.114</b>	<b>14.949.275</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 2022 budgets are €4,647,000 (2021 budget €4,043,000). With a ratio of 1.0, this equals the desired maximum of the continuity reserve, and therefore, an addition of €299,804 was made towards the continuity reserve at the end of 2021.

### F. Earmarked reserves

Earmarked reserves are reserves set aside for a specific purpose that has been approved by our Supervisory Board. At year end 2021 NLR had four earmarked reserves:

#### F1. Investments

**€3.3 million**

The total withdrawal in this reserve is €1.1 million consisting of investments and capacity building. The investments in 2021 included our fundraising programmes (€379,000), transition of the country offices (€128,000), technical capacity building (€47,000) and the development of a Grant and Programme management system (€47,000).

In line with our reserves policy, after allocating designated expenditure in all earmarked reserves and funds, the total balance of €1.4 million is added to the investment reserve. At year end the balance of the investment reserve is €3.1 million, of which €1.8 million is allocated to the budget for 2022.

**F2. Transition** **€35,000**

As NLR is phasing out the funding of programmes in Nigeria and the Mekong Region, in 2017 an extra dotation to the investment reserve of €752,000 was made 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 2021 the remaining balance of €35,000 was spent. This reserve is now closed.

**F3. 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 had not been able to spend their 2020 budgets. This left an underspending on all externally funded and regularly funded projects.

At the end of 2020 the Supervisory board approved the instalment of this reserve in order to make the underspending in 2020 available for 2021. In 2021 € 293.000 of this reserve was spent through our country offices. The remaining balance of € 239.000 was added to the investment reserve at year end 2021. This reserve is now closed.

**F4. Earmarked reserve for projects** **€3,6 million**

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 over the coming years. For 2021 no extractions or additions have been made, as a result the balance remains €3.6 million which equals 60% of the total 2022 country budgets.

**G. Earmarked funds**

In 2017 the Dutch Postcode Lottery awarded €9,375,000 to NLR 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.

At year end 2021 NLR has one earmarked fund which is for the Dutch Postcode Lottery funded project '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	2021 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>	<b>5.013.281</b>
NLR International	319.223	353.552	486.214	513.875	434.102
NHR Brazil	104.855	161.286	248.055	397.532	279.113
NLR India	53.251	275.107	360.927	414.032	349.905
NLR Indonesia	59.650	99.608	254.447	260.104	256.662
NLR Nepal	0	0	0	0	58.541
<b>Subtotal</b>	<b>536.980</b>	<b>889.552</b>	<b>1.349.643</b>	<b>1.585.544</b>	<b>1.378.322</b>
<b>Closing Balance</b>	<b>8.838.020</b>	<b>7.948.468</b>	<b>6.598.825</b>	<b>5.013.281</b>	<b>3.634.959</b>

2021 activities were planned for a total budget of €1.7 million and at the end of the year €1.4 million was spent, leaving €3.6 million to be spent in 2022 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 2021	31 december 2020
H1 Received project funding	572.627	1.340.656
H2 Accounts payable/ Creditors	174.879	158.506
H3 Payable staff cost	186.668	139.438
H4 Liabilities Country Offices	403.423	215.609
H5 Other payable cost	214.960	282.503
<b>H Short term Liabilities</b>	<b>1.552.558</b>	<b>2.136.713</b>

Payable project costs are funds received by NLR from institutional donors for projects that are currently in progress. At year end 2021 an amount of €0.6 million qualified for work in progress.

At year end 2021 we have outstanding invoices that are payable to our vendors for a total of around €175,000. All outstanding invoices of less than 60 days old will be paid in 2022.

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 2021 this is slightly higher than last year's closing balance due to an increase in staff numbers.

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

Other payable cost are amounts paid in 2022 that concern activities in 2021. Expenditure includes invoices received in 2022, bank costs, payable taxes and pensions.

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

### Commitments

NLR is housed in the office building at Wibautstraat 135-137, Amsterdam. The long-term contract is agreed until 1 July, 2028. The rental amount is indexed each year and at the moment of drafting these annual accounts stands at €89,273 (including service costs) per year (2021: €87,935). 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 (2020: €80,000).

### Rights

There are six legacies subject to usufruct, one of which is for €21,000. 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

No events after balance date are currently recorded that should be noted here.

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

### A. Income

#### A1. Income from individuals

Description	2021 Actuals	2021 Budget	2020 Actuals
A11 Regular donors	1.781.385	1.928.000	1.647.319
A12 Middle donors	633.590	222.000	524.555
A13 Major donors	620.715	450.000	454.967
A14 Legacies	1.906.287	1.600.000	3.654.994
<b>A1 Income from individuals</b>	<b>4.941.977</b>	<b>4.200.000</b>	<b>6.281.835</b>

In 2021 we received €4.9 million from individual donors, including legacies, which is significantly higher than budgeted but lower than we received in 2020. This amount includes around €29,000 individual donor income that was raised in our country offices (India). All our income from individuals is received by donations, except for legacies.

2021 was a difficult year for everyone and we are very grateful that our individual donors remained dedicated to our cause. In 2021 we received almost €3.0 million in donations against the €2.7 million budgeted.

The income from legacies totalled €1.9 million (2020: €3.7 million). The average duration for the settlement of legacies is approximately nine months. There are six legacies subject to usufruct, one of which is for €21,000.



## A2. Grants from governments

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

Description	2021 Actuals	2021 Budget	2020 Actuals
A21 Dutch Ministry of Foreign Affairs (LEAP)	62.774	13.329	66.660
A22 EU (EDCTP)	535.625	809.499	438.522
A23 Other government grants	-	-	-
<b>A2 Grants from governments</b>	<b>598.399</b>	<b>822.828</b>	<b>505.182</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 €63,000 in 2021 and the remainder of the funds have been repaid to the funder.

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. PEP4LEP compares the effectiveness and feasibility of a skin camp intervention to a health centre-based intervention in Chemoprophylaxis for leprosy. The trial implementation took place in Mozambique, Ethiopia and Tanzania. This multi-partner project runs over 52 months from 1 October 2018.

In 2021 around €536,000 was spent in line with this grant and expenditure was lower than the budget due to delays in implementation.

## A3. Income from other non-profit organizations

NLR's work is supported by other non-profit organizations through our office in Amsterdam and directly through our country offices.

Description	2021 Actuals	2021 Budget	2020 Actuals
A31 Ready4PEP	646.228	1.231.657	713.307
A32 Liliane Foundation	359.067	469.676	368.534
A33 COR-NTD	165.615	278.321	149.042
A34 Contributions Infolep & InfoNTD	100.585	108.000	106.281
A35 LRI	46.706	50.516	-
A36 Other NGOs	188.783	141.019	75.573
<b>A3 Income from other non-profit organisations</b>	<b>1.506.984</b>	<b>2.279.188</b>	<b>1.412.737</b>

In 2021 we received around €1.5 million 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 2021.

The income recognized for the Ready4PEP project was related to expenditure by NLR Mozambique for € 319,309; LTR Nigeria for € 240,652 and expenditure by NLR International for € 86,266.

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

Description	2021 Actuals	2021 Budget	2020 Actuals
A4 Income from companies	29.567	-	47.727
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	3.424	-	17.577
A8 Other income	32.124	37.758	29.014
<b>A4. to A8. Other sources of income</b>	<b>1.415.115</b>	<b>1.387.758</b>	<b>1.444.319</b>

Slightly lower than last year, we received around €30,000 unearmarked donations from companies in 2021.

In 2020 our partnership with the Dutch Postcode Lottery (Nationale Postcode Loterij) 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 Dutch Postcode Lottery, and an annual donation of €1.35 million.

In 2021 we were the beneficiary of product sales through the Jan Kruis Museum, which unfortunately came to a halt during the COVID-19 pandemic yet generated an amount of €3,424 of income to our cause. Recorded under A8 is unearmarked income generated in all our country offices for a total amount of €32,122.

## 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 2021 are described further under cost allocation schedule RJ650 which is presented at the end of the notes on the Statement of Income and Expenditure.

## B1. International programme activities

Description	2021 Actuals	2021 Budget	2020 Actuals
B11 NHR Brazil	727.321	728.321	795.214
B12 NLR Mozambique	982.566	1.424.185	899.033
B13 NLR Indonesia	1.507.130	2.063.310	1.305.553
B14 NLR India	919.197	1.185.143	953.602
B15 NLR Nepal	475.954	410.945	316.029
B16 Other country expenses	621.194	912.000	795.684
B17 International Programme & Technical expenditure	2.493.755	2.802.200	2.671.620
<b>B1 International leprosy programmes</b>	<b>7.727.116</b>	<b>9.526.105</b>	<b>7.736.735</b>

To fulfil our mission we have operations in nine leprosy endemic countries as well the Netherlands. Of the total €7.7 million spent, around €5.2 million was spent in endemic countries. Even though all our work was difficult because of COVID-19, we were able to spend almost 77% of our country budgets and continue our work.

## B17. International programme and technical expenditure

Description	2021 Actuals	2021 Budget	2020 Actuals
B171 Programme & alliance development and support	95.578	197.000	41.637
B172 Technical advice and support	33.942	86.000	46.414
B173 IT investments	77.862	115.000	205.324
B174 ILEP and GPZL contribution	76.628	89.000	92.029
B175 NLR International project expenditure	850.015	282.900	864.308
B176 International staff cost	1.063.623	1.781.341	1.117.317
B177 Charged support cost	252.532	250.960	304.591
<b>B17 International Programme &amp; Technical expenditure</b>	<b>2.450.180</b>	<b>2.802.200</b>	<b>2.671.620</b>

Around 32% 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, 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. In 2021 the first phase of this programme was delivered and work on it will continue in 2022 and beyond.

International project expenditure includes recharged staff costs as agreed with the designated institutional donor. This staff recharge is accounted for in our budget, but not fully allocated in the numbers, therefore section B175 and B176 should be seen combined.

The total of these sections being our NLR international project expenditure and staff costs combined led to a total of €1.9 million expenditure against a budget of €2.1 million.

## B2. Information and awareness raising

Description	2021 Actuals	2021 Budget	2020 Actuals
B21 Brand	113.710	141.800	60.498
B22 Campaigns	147.348	205.600	159.030
B23 International staff cost	277.579	290.315	274.985
B24 Charged support cost	52.621	45.262	63.581
<b>B2. Information and awareness raising</b>	<b>591.257</b>	<b>682.976</b>	<b>558.094</b>

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

## B3. Scientific and operational leprosy research

Description	2021 Actuals	2021 Budget	2020 Actuals
B31 LRI Contribution	350.000	350.000	349.697
B32 International staff cost	-	-	-
B33 Charged support cost	-	-	-
<b>B3. Scientific and operational leprosy research</b>	<b>350.000</b>	<b>350.000</b>	<b>349.697</b>

Last year, and in line with budget, NLR 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	2021 Actuals	2021 Budget	2020 Actuals
C1 Acquisition	638.788	477.000	505.410
C2 Retention	284.194	189.100	202.388
C3 Major Donors	148.379	207.900	149.834
C4 Database	83.906	67.600	289.317
C5 International staff cost	369.996	295.315	396.300
C6 Charged support cost	52.621	45.262	63.581
<b>C Fundraising</b>	<b>1.577.885</b>	<b>1.282.176</b>	<b>1.606.831</b>

In line with last year, in 2021 around €1.6 million was spent on fundraising. Early 2021 investments were approved by our supervisory board, in addition to the 2021 budget. The additional investment

was dedicated solely to our donor acquisition programmes for both out-of-pocket expenses as well as staff cost.

#### 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 2021 are provided in the RJ650 cost allocation schedule presented at the end of the notes on the Statement of Income and Expenditure.

Description	2021 Actuals	2021 Budget	2020 Actuals
D1 Supervisory Board (RvT)	21.628	1.000	1.401
D2 Governance	48.358	41.000	53.300
D3 Finance	163.304	125.000	296.670
D4 IT	108.440	89.000	99.215
D5 Human Resources	173.501	111.000	117.988
D6 Facilities	118.489	117.000	194.417
D7 Staff cost	312.572	286.030	384.314
D8 Charged support cost	-535.070	-377.483	-619.614
<b>D Management and administration</b>	<b>411.221</b>	<b>392.547</b>	<b>527.692</b>

Before allocation of staff and support costs towards objectives and fundraising (D8), we spent €0.9 million against €1.1 million last year.

Against budget an additional amount of €150,000 was spent on staff replacement for sickness and maternity leave and the execution of an organisation-wide HR project.

#### 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	2021 Actuals	2021 Budget	2020 Actuals
<b>E1 Financial Income</b>	<b>947.062</b>	<b>280.000</b>	<b>444.933</b>
E11 Interest received	14.567	-	10.944
E12 Dividend received	59.521	-	52.868
E13 Coupons received	91.888	-	109.359
E14 Gains and losses - realised and unrealised	781.086	-	271.762
<b>E2 Financial expenditure</b>	<b>59.767</b>	<b>30.000</b>	<b>28.363</b>
E21 Cost financial asset management	59.767	-	28.363
E22 Interest paid	-	-	-
<b>E Financial income and securities</b>	<b>887.295</b>	<b>250.000</b>	<b>416.569</b>

2021 was an exceptional year with an 8% yield on the portfolio which was even higher than the exceptional performance of 2020.

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	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals
<b>E1 Financial Income</b>	<b>-186.058</b>	<b>1.074.857</b>	<b>444.933</b>	<b>947.062</b>
E11 Interest received		-	10.944	14.567
E12 Dividend received		99.150	52.868	59.521
E13 Coupons received	-139.058	942.707	109.359	91.888
E14 Gains and losses - realised and unrealised	-47.000	33.000	271.762	781.086
<b>E2 Financial expenditure</b>	<b>27.106</b>	<b>31.946</b>	<b>28.363</b>	<b>59.767</b>
E21 Cost financial asset management	27.106	31.946	28.363	59.767
E22 Interest paid		-	-	-
<b>E Financial income and securities</b>	<b>-213.164</b>	<b>1.042.910</b>	<b>416.569</b>	<b>887.295</b>
<i>Average portfolio</i>	<i>12.376.832</i>	<i>12.504.819</i>	<i>11.962.198</i>	<i>11.030.879</i>
<i>Average annual yield</i>	<i>-2%</i>	<i>8%</i>	<i>3%</i>	<i>8%</i>

## RJ650 cost allocation schedule (singular)

In line with the prescribed format of RJ650 the specification below presents our 2021 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	2021	2021	2020
CAT01	Grants and contributions	827.180	0	0	0	1.100	828.280	912.000	1.032.068
CAT02	Payments to affiliated organisations	4.609.438	0	350.000	0	0	4.959.438	6.420.904	4.617.621
CAT03	Purchases and acquisitions	258.861	17.948	0	142.675	-12.120	407.364	1.622.500	608.301
CAT04	Outsources activities	5.166	229.181	0	1.020.576	0	1.254.923	0	999.738
CAT05	Communication costs	1.835	11.388	0	1.124	0	14.347	347.400	74.576
CAT06	Staff costs	1.632.807	280.120	0	360.889	311.716	2.585.533	2.490.000	2.740.257
CAT07	Housing costs	61.448	12.804	0	12.804	26.893	113.950	110.000	134.615
CAT08	Office and general costs	308.546	35.267	0	35.267	74.074	453.154	295.000	533.748
CAT09	Depreciation	21.835	4.550	0	4.550	9.556	40.490	36.000	38.126
<b>Total</b>		<b>7.727.116</b>	<b>591.257</b>	<b>350.000</b>	<b>1.577.885</b>	<b>411.221</b>	<b>10.657.479</b>	<b>12.233.804</b>	<b>10.779.049</b>

Rationale for the allocation of expenditure can be found in the general information and accounting policies chapter.

## Specification staff expenditure

Description	2021 Actuals	2021 Budget	2020 Actuals
CAT0601 Salaries	2.210.401	2.614.000	2.123.052
CAT0602 Social benefits	322.170		320.366
CAT0603 Pensions	252.053		226.970
CAT0604 Staff allowances	25.834		22.806
CAT0605 Volunteers	-		1.327
CAT0606 Hiring of staff	3.146		252.917
CAT0607 Other staff cost	67.587	46.000	117.531
CAT0608 Reimbursements staff	-98.703		-67.344
CAT0609 Charged to related parties	-196.955	-170.000	-257.367
<b>CAT06 Staff expenditure</b>	<b>2.585.533</b>	<b>2.490.000</b>	<b>2.740.257</b>

In 2021 our total staff expenditure amounted to €2.6 million, which was above budget. In total €197,000 was recharged outside NLR, to LRI. The total staff costs comprise 24% 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 2.7% compared to 2020. (2020 to 2019: 2.9%). The total overview of average fte's after recharging is as follows:

Description	2021 Actuals	2021 Budget	2020 Actuals
1 ED office	1,63	1,42	1,43
2 Organisational department	6,16	6,01	5,38
3 Fundraising and communication	7,24	6,76	6,62
4 Medical Technical	7,01	7,69	6,06
5 Programmes	10,37	11,05	10,46
<b>Total Staff in fte's</b>	<b>32,41</b>	<b>32,93</b>	<b>29,94</b>

In total 35.8 FTEs were budgeted for 2021, including LRI staff (2.9 FTEs) before recharging.

Specification of the remuneration of the Chief Executive Officer can be found in our annual report.

## Remuneration of the Supervisory Board

No remuneration was paid to the Supervisory Board members, and no loans, advances or guarantees were given. In 2021 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 results 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 Wibautstraat 137k, 1097 DN 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 Wibautstraat 137k, 1097 DN Amsterdam, is a combined foundation, managing a joint funding mechanism, of NLR, American Leprosy Missions (ALM), German Leprosy and Tuberculosis Relief Association (GLRA), The Leprosy Mission International (TLMi), Damien Foundation, and the Anesvad Foundation. 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 of the singular NLR annual accounts.

## NLR Balance Sheet (consolidated)

Description	31 december 2021	31 december 2020
<b>A Tangible fixed assets</b>	<b>83.102</b>	<b>99.241</b>
B Receivables	4.472.262	5.317.609
C Securities	10.867.243	11.194.515
D Cash and cash equivalents	1.921.361	3.156.610
<b>B, C &amp; D Current Assets</b>	<b>17.260.865</b>	<b>19.668.734</b>
<b>ASSETS</b>	<b>17.343.967</b>	<b>19.767.975</b>
E Continuity reserve	4.647.404	4.347.600
F Earmarked reserves	8.284.006	7.875.601
G Earmarked funds	3.633.447	5.013.281
<b>E, F &amp; G Reserves and funds</b>	<b>16.564.857</b>	<b>17.236.482</b>
<b>H Short-term liabilities</b>	<b>779.110</b>	<b>2.531.494</b>
<b>LIABILITIES</b>	<b>17.343.967</b>	<b>19.767.976</b>

## Statement of NLR Income and Expenditure (consolidated)

Description	2021 Actuals	2021 Budget	2020 Actuals
A1 Income from individuals	4.941.977	4.200.000	6.281.835
A2 Grants from governments	598.399	822.828	505.182
A3 Income from other non-profit organisations	2.381.178	3.211.615	2.066.187
A4 Income from companies	29.567	-	47.727
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	46.820	28.000	27.563
A8 Other income	282.204	383.758	123.101
<b>Total income</b>	<b>9.630.145</b>	<b>9.996.201</b>	<b>10.401.597</b>
B1 International Leprosy programmes	7.727.116	9.526.105	7.736.735
B2 Information and awareness raising	591.257	682.976	558.094
B3 Scientific and operational leprosy research	881.587	1.949.427	760.034
<b>B Objectives</b>	<b>9.199.960</b>	<b>12.158.508</b>	<b>9.054.863</b>
<b>C Fundraising</b>	<b>1.577.885</b>	<b>1.282.176</b>	<b>1.606.831</b>
<b>D Management and administration</b>	<b>411.221</b>	<b>392.547</b>	<b>527.692</b>
<b>Total expenditure</b>	<b>11.189.065</b>	<b>13.833.231</b>	<b>11.189.386</b>
<b>Balance of income and expenditure</b>	<b>-1.558.920</b>	<b>-3.837.030</b>	<b>-787.790</b>
E Financial income and expenditure	887.295	250.000	416.569
<b>Balance of income and expenditure</b>	<b>-671.625</b>	<b>-3.587.030</b>	<b>-371.221</b>
<b>Destination of the balance of income and expenses</b>			
Addition / Withdrawal from			
Continuity reserve	299.804	-	-103.914
Earmarked reserves	408.405	-1.864.955	1.318.237
Earmarked funds	-1.379.834	-1.722.075	-1.585.544
<b>Total mutation of reserves and funds</b>	<b>-671.625</b>	<b>-3.587.030</b>	<b>-371.221</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 €41,000 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 €1,108,020 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 ending 31 December 2021 is €802,606. 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. An amount of €1 million has been temporarily deposited into the account of NLR as part of the LRI's cash management strategy and is included in the intercompany amount of €1,108,020.

### 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 2021, this reserve totals €1,610,094 (2020: €979,499). The positive result of LRI 2021 amounted to €637,595 and is added to the earmarked reserves of LRI.

### H. Short term liabilities

LRI accounts payable refers mainly to the amount of €49,000 for (scientific) research in 2021, which is not yet formally invoiced by the researchers and institutes concerned. Amounts received in advance (a total of €286,000) are also categorised as short-term liabilities, which are unspent funds from Turing Foundation and other contributors towards research projects.

As for 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 €1,108,020.

### 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 € 1.927.323 for 2022 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 2021 the current partners are: American Leprosy Missions (ALM), German Leprosy and Tuberculosis Relief Association (GLRA/DAHW, The Leprosy Mission International (TLMI), Action Damien, Anesvad foundation and NLR. LRI's total income from other non-profit organisations for 2020 is €1,179,000.

Income received from NLR by LRI (€350,000) and income received from LRI by NLR (€45,194) is eliminated in the consolidated Statement of Income and Expense.

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

We received a contribution of €11,367 from 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 2021. Additional funds were received in surplus funds after completing projects. LRI received an amount of € 43,396 as a contribution of the Global Partnership for Zero Leprosy towards salary cost of the LRI coordinator for a specific assignment..

#### **B3. Scientific and operational leprosy research**

All LRI expenditure is categorised as spent on Objectives. In 2021 LRI spent €573,000 on research projects, which was around 64% 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 the pandemic, which allows for the flexible use of existing grants. However, LRI will not provide supplementary funding towards on-going projects.

A total of €262,189 was spent on running costs, including salaries, pension costs and social security charges of €196,955. €38,000 was spent on housing and office cost.

The contribution paid to LRI by NLR, €350,000 is eliminated in the consolidated Statement of Income and Expense. As are the project cost that are recorded by NLR which are funded by LRI for a total amount of €46,706

## RJ650 cost allocation schedule (consolidated)

In line with the prescribed format of RJ650 the specification below presents our 2021 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 2021	Budget 2021	Actual 2020
		International programme activities	Information and awareness raising	Scientific and operational leprosy research	Fundraising expenditure	Management and administration			
CAT01	Grants and contributions	827.180	0	572.691	0	1.100	1.400.971	2.488.000	1.559.431
CAT02	Payments to affiliated organisations	4.609.438	0	46.706	0	0	4.656.144	6.174.331	4.267.621
CAT03	Purchases and acquisitions	258.861	17.948	27.233	142.675	-12.120	434.598	1.656.500	630.800
CAT04	Outsources activities	5.166	229.181	0	1.020.576	0	1.254.923	0	999.738
CAT05	Communication costs	1.835	11.388	0	1.124	0	14.347	347.400	74.576
CAT06	Staff costs	1.632.807	280.120	196.955	360.889	311.716	2.782.488	2.690.000	2.915.732
CAT07	Housing costs	61.448	12.804	21.000	12.804	26.893	134.950	130.000	153.615
CAT08	Office and general costs	308.546	35.267	17.000	35.267	74.074	470.154	311.000	549.748
CAT09	Depreciation	21.835	4.550	0	4.550	9.556	40.490	36.000	38.126
<b>Total</b>		<b>7.727.116</b>	<b>591.257</b>	<b>881.586</b>	<b>1.577.885</b>	<b>411.221</b>	<b>11.189.064</b>	<b>13.833.231</b>	<b>11.189.386</b>

Rationale for the allocation of expenditure can be found in the general information and accounting policies chapter.

## Auditor's report

## INDEPENDENT AUDITOR'S REPORT

To: the Director and the Supervisory Board of the Netherlands Leprosy Relief.

### **A. Report on the audit of the financial statements 2021 included in the annual report.**

#### **Our opinion**

We have audited the financial statements 2021 of the Netherlands Leprosy Relief based in Amsterdam, the Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Netherlands Leprosy Relief at 31 December 2021 and of its result for 2021 in accordance with the 'RJ-Richtlijn 650 Fondsenwervende organisaties' (Guideline for annual reporting 650 'Fundraising Organisations') of the Dutch Accounting Standards Board).

The financial statements comprise:

1. the company and consolidated balance sheet as at 31 December 2021;
2. the company and consolidated statement of income and expenditure 2021; and
3. the notes comprising of 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.

Management is responsible for the preparation of the other information, being the Management Board's report in accordance with Guideline for annual reporting 'RJ-Richtlijn 650 Fondsenwervende organisaties' (Guideline for annual reporting 650 'Fundraising Organisations').

## **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 Guideline for annual reporting 'RJ-Richtlijn 650 Fondsenwervende organisaties' (Guideline for annual reporting 650 'Fundraising Organisations'). 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 organisation.

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

Our objective is to plan and perform the audit engagement 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 among others:

- 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- 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, 29 June 2022

Dubois & Co. Registeraccountants

A.P. Buteijn RA

until  
**No Leprosy Remains**

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