



Annual Accounts 2016

Advancing health
and ability





NLR Annual Accounts 2016

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A: Consolidated Annual Accounts Netherlands Leprosy Relief 2016

A: Geconsolideerde jaarrekening Leprastichting 2016

Consolidated annual accounts of:

-Netherlands Leprosy Relief (NLR)

-Leprosy Research Initiative (LRI)

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Consolidated Annual Accounts NLR 2016

I. Balance sheet as per December 31, 2016

Amounts x €1,000

	notes	31 December 2016	31 December 2015
ASSETS			
<i>Fixed assets</i>			
Tangible fixed assets	1	37	51
<i>Current assets</i>			
Receivables	2	1,867	2,364
Securities	3	5,415	5,786
Cash and cash equivalents	4	<u>2,331</u>	<u>2,238</u>
		9,613	10,388
Total assets		<u>9,650</u>	<u>10,439</u>
LIABILITIES			
<i>Reserves and funds</i>			
Reserves			
-Continuity reserve		2,284	2,340
-Earmarked reserves by board		5,806	6,586
Funds			
-Earmarked fund NPL lottery		371	449
		8,461	9,375
<i>Long-term liabilities</i>	6a	120	0
<i>Short-term liabilities</i>	6b	1,069	1,064
Total liabilities		<u>9,650</u>	<u>10,439</u>

Consolidated Annual Accounts NLR 2016

II. Statement of Income and Expenses 2016

Amounts x €1,000

	Notes	Realisation 2016	Budget 2016	Realisation 2015
Income				
- Income from own fundraising	8	4,248	5,000	4,309
- Income from third-party campaigns	9	3,440	4,675	3,666
- Grants from governments and global organisations	10	2,709	1,600	1,666
- Interest income and income from investments	11	123	150	35
- Other income	12	42	405	17
		<u>10,562</u>	<u>11,830</u>	<u>9,693</u>
Expenses				
Expenses on the objectives				
- Leprosy control and disability programme activities	13	8,547	9,044	7,919
- Coordination and medical advice	13	1,066	1,292	1,014
- Information and awareness raising	13	572	531	467
		<u>10,185</u>	<u>10,867</u>	<u>9,400</u>
Expenses fundraising				
- Expenses own fundraising	14	799	805	866
- Expenses on investments	15	16	20	18
		<u>815</u>	<u>825</u>	<u>884</u>
Management and administration				
- Expenses management and administration	16	476	512	583
		<u>476</u>	<u>512</u>	<u>583</u>
		<u>11,476</u>	<u>12,204</u>	<u>10,867</u>
Total expenses				
		(914)	(374)	(1,174)
		=====	=====	=====
End balance				
Addition / Withdrawal from				
- Continuity reserve		(56)		(958)
- Earmarked reserves		(780)		206
- Earmarked fund NPL lottery		(78)		(422)
		<u>(914)</u>		<u>(1,174)</u>

III. Notes accompanying the annual accounts for 2016

a. General and accounting policies

This are the consolidated annual accounts of 2016 of NLR (Netherlands Leprosy Relief) and LRI (Leprosy Research Initiative)

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

Group companies and other entities in which NLR exercises control or whose central management it conducts are consolidated in full. Participating interests in group equity and group result are disclosed separately. Participating interests over which no control can be exercised (associates) are not included in the consolidation. NLR's interests in joint ventures are accounted for by proportionate consolidation. An entity qualifies as a joint venture if its participants exercise joint control under a collaborative agreement.

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

The consolidated organisations are listed below:

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

Activities

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

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

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

Accounting period

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

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

The annual accounts have been prepared in accordance with Guideline 650 (Dutch: Richtlijn 650) for the Reporting of Fundraising Institutions (revised 2011), as published by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving) in January 2012. All amounts in the annual accounts are in Euros or a multiple of 1,000 Euro, and are compared with the 2016 budget approved by the Supervisory Board and the Actual realisation of 2015.

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

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

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

Comparison with prior year

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

Estimates

In the application of the principles and guidelines for preparation of the annual account NLR Management uses different judgements and estimates that may be essential for the amounts in the financial statements. If for the needed insight according to Section 2:362 (1) of the Dutch Civil Code necessary, the type of these opinions and estimates, including the associated assumptions are mentioned in the notes to the relevant financial statements.

Foreign currency

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

Fixed assets

Fixed assets and prepayments on tangible fixed assets in the Netherlands are valued at purchase price minus cumulative depreciation. Fixed assets in programme countries are expensed.

Depreciation is on a straight-line basis, and based on the expected economic life, taking account of the residual value.

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

Investments

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

Balances project funds and accounts

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

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

Cash and cash equivalents

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

Continuity reserve

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

Earmarked reserves

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

Earmarked fund

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

Retirement system

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

Accounting principles for determination of results

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

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

Donations and Gifts in Kind

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

Legacies

Income from Legacies are accounted for once the entitlement has been confirmed and reliably quantified and ultimate receipt of that amount has become reasonably certain. Advances are recognised in the year of receipt. Legacies are valued year end as follows: at 70% of the estimated value in case of a heritage, 80% in case of a bequest, and 100% if the final accounts have been received before March 1st the following year.

Employee benefits

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

Interest paid and received

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

Related parties

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

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

b. Notes to the Balance sheet 2016

1. Tangible fixed assets

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

	Inventory/ systems x €1,000	Hardware/ software x €1,000	Total 2016 x €1,000	Total 2015 x €1,000
Purchase value				
Balance as at 1 January	196	105	301	298
Purchases	0	9	9	3
Balance as at 31 December	196	114	310	301
Depreciation				
Balance as at 1 January	152	98	250	227
Depreciation	18	5	23	23
Balance as at 31 December	170	103	273	250
Balance sheet value as at 31 December	26	11	37	51
Insured value	199	100	299	299

The investments in 2016 involve the costs for the purchase of notebooks for staff and the purchase of a back up drive.

2. Receivables

	31-dec-16 x €1,000	31-dec-15 x €1,000
Balances project funds and accounts	511	765
Legacies due	856	1,123
Interest savings accounts and investments	66	103
Paid in advance	269	271
Fundraising Regional Circles: in Dutch: <i>Kringen</i>	0	0
Debtors	57	1
Other accounts receivable	108	102
	1,867	2,364

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

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

Amounts paid in advance at year end can be explained for the most part 2017 payments to research institutes, already effectuated in 2016.

All receivables are due within one year.

3. Securities

	31-dec-16 x €1,000	%	31-dec-15 x €1,000	%
Bonds	4,688	87%	5,193	93%
Other investments	369	7%	393	6%
Balance of investment accounts	358	7%	200	1%
	5,415	100%	5,786	100%

The total security portfolio consists mainly of fixed rate bonds with the exception of one share in a low risk stock fund. The portfolio is valued at year end at market value. The difference in the amount invested in bonds between the end of 2016 and the end of 2015 can be explained by the decision to be careful with buying new bonds after redemption, and keep more liquid means available to offset the lower income from legacies. The increase in the balance of the investment account can be explained by the sale of some bonds at the end of the year.

	Stocks x €1,000	Bonds x €1,000	Other investments x €1,000	Investment- accounts x €1,000	Total x €1,000
Balance at 1 January 2016	0	5,193	393	200	5,786
Plus: additions bought	0	670	0	0	670
Sold, redemptions and movements in balance	0	(1,175)	(24)	158	(1,041)
Balance sheet value at 31 December 2016	0	4,688	369	358	5,415

Overview bonds at 31 December 2016

	Interest %	Redeemable	Nominal value x €1,000	Market value purchase x €1,000	Market value 31-dec-16 x €1,000
3M 2013-2021	1.8750%	15-11-2021	150	148	163
ABN AMRO 2013-2023	2.5000%	29-11-2023	200	199	227
BMW Finance 2012-2019	3.2500%	24-6-2019	150	163	160
Daimler Medium Term Notes 2012-2020	1.7500%	21-1-2020	150	150	158
Deutsche Bahn Finance 2006-2017	4.0000%	16-1-2017	100	111	100
Deutsche Boerse 2013-2018	1.1250%	24-6-2018	100	102	102
Duitsland - Germany INF 2012-2023	0.1000%	11-3-2023	250	263	286
European Investment Bank 2014-2026	1.2500%	13-11-2026	200	208	217
European Stability Mech 2013-2018	1.2500%	15-10-2018	200	203	206
European Union 2010-2019	3.3750%	10-5-2019	300	299	327
Finland 2006-2017	3.8750%	15-9-2017	200	213	207
IBM Senior 2012-2019	1.3750%	19-11-2019	250	245	261
Lloyds Banking 2010-2018	4.0000%	25-6-2018	250	251	266
Microsoft 2013-2033	2.6250%	2-5-2033	150	147	176
Nederland 2008-2018	4.0000%	15-7-2018	250	265	268
Nederland 2015-2025	0.2500%	17-3-2025	150	148	151
Nederland 2016-2026	0.5000%	24-3-2026	100	101	101
Nordea Bank AB 2016-2023	1.0000%	9-3-2023	200	202	206
Oracle 2013-2025	3.1250%	10-7-2025	100	109	119
Procter and Gamble 2012-2022	2.0000%	16-8-2022	150	147	164
Siemens 2012-2020	1.5000%	30-4-2020	100	102	106
Statoil 2009-2021	5.6250%	23-6-2021	300	382	368
Tennet 2011-2023	4.6250%	6-5-2023	100	119	126
Toyota Motor Reg S 553 2013-2023	2.3750%	30-4-2023	200	206	222

4,300 4,484 4,688

Guarantee structure (stocks with low risk)

RABO Eurostoxx 50 2010-17	10-3-2017	350	350	369
		4,650	4,834	5,057

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

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

4. Cash and cash equivalents

Cash and cash equivalents are cash and bank balances in the Netherlands held by the NLR office in Amsterdam. NLR holds its main current accounts at ING Bank (NL). The Cash and cash equivalents balance for the year ended 31 December 2016 is as follows:

	31-dec-16 x €1,000	31-dec-15 x €1,000
Arrangement ING bank accounts	1,700	866
Other bankaccounts	631	1,372
Cash in hand	0	0
	2,331	2,238

Currently about 73% of our cash in bank accounts is held at ING Bank and about 27% at Rabobank. Other cash in bank are spread over Robeco and ABN AMRO. Interest income of cash and cash equivalents in 2016 is €3,000 (2015: €16,500) and is received on the cash balances, based on the market rates. The bank balances are immediately claimable and can be quickly converted to cash as needed. For an overview of the investments income we refer to section 11 of the notes to the statement of income and expenditure.

5. Reserves and funds

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

	----- Earmarked -----			TOTAL	
	Continuity reserve	Reserves Projects	Funds Investment Reserve and Priority Reserve		NPL These shoes are made for walking
	x €1,000	x €1,000	x €1,000	x €1,000	
Balance as per 31 December 2015	2,340	4,162	2,424	449	9,375
- Movements		(209)	209	0	0
- Withdrawals and additions	(56)	(266)	(514)	(78)	(914)
Balance as per 31 December 2016	2,284	3,687	2,119	371	8,461

General notes on reserves:

In 2016 the decision was made to use the same ratio for both the continuity reserve (ratio to the yearly costs of the work organisation) and the earmarked reserve for projects (ratio to the earmarked reserve projects is equal to the allocated part of the projects budget for the following year).

Continuity reserve:

A continuity reserve has been formed to cover risks in the continuity of the organisation and to ensure that the organisation can meet its obligations in the future. Therefore, this reserve is meant to guarantee the organisation's continuity. According to the guidelines of the Dutch Central Bureau for Fundraising (CBF) there is a maximum to this reserve of 1.5 times the yearly costs of the work organisation, which translates in a maximum continuity reserve of €3.8 million. The continuity reserve is now 0.9 times the yearly costs of the work organisation. NLR defines as costs of the work organisation: the personnel costs, rent of the Amsterdam office, other office and administration costs and fundraising costs. NLR aims at a continuity reserve of between 0.5 and 1 times the yearly costs of

Earmarked reserves:

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

Earmarked reserve for projects:

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

	31-dec-16 x €1,000	31-dec-15 x €1,000
Allocated part of projects budget 2017 (31-dec-15: 2016)	4,111	4,870
	<u>4,111</u>	<u>4,870</u>

The earmarked reserve for projects at the end of 2016 is €3.7 million, which translates in 0.9 times the allocated part of projects budget 2016.

Earmarked reserve for investment:

This reserve is partly used in 2016 for investments in innovation and capacity building. This Investment Fund was used to a total spent amount of €514,000 in 2016 (2015: €244,000). Of this amount, €300,000 was spent on the multi-annual NLR 2020 project. NLR2020 is the process of transforming our branch offices into local NGOs, which are more in touch with the context they operate in, and can raise more local funds from institutional donors, companies and the public. In 2016, the particular focus was on strengthening the staff's capacities in program management and institutional fundraising. We recruited and trained additional program managers, as well as staff for institutional fundraising. . The investments must lead to financially healthy local organisations in the future.

Other investment were in the implementation of NAV as a worldwide accounting package, the ISO9001 certification of International Office in Amsterdam and investments in the PEP++project. Although these costs are not part of the regular operating budget for 2016, the costs had to be taken into account in the annual account as expenditure for 2016.

An extra dotation to the investment reserve of €209,000 has been made for the two-year Priority Areas project, an initiative to work towards more focus in our international work. These two-year projects in our Country Offices started in 2016 and expenses in 2017 will be from this reserve.

Earmarked fund for project NPL These shoes are made for walking

In 2013 an amount from an extra drawing was awarded by the National Postcode Lottery (NPL) for a special project in Southeast Asia: 'These shoes are made for walking', a combined three year project together with Liliane Foundation. The total amount received was €2,016,016. About half of this amount was transferred to Liliane Foundation for the execution of their part of the project. The NLR part that was not spend in 2013 has been formed into an earmarked fund. In 2016, an amount of €250,000 was received from Liliane Foundation from their earmarked fund. This amount was added to the NLR earmarked fund. From the earmarked fund, activities were financed for a total amount of €328,000. In total, the earmarked fund was decreased by €78,000.

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

	31-dec-16 x €1,000	31-dec-15 x €1,000
Earmarked fund of project These shoes are made for walking	<u>371</u>	<u>449</u>
	<u>371</u>	<u>449</u>

Of the negative result of €914,000 in 2016, after withdrawals and additions to the earmarked fund and earmarked investment reserve, a negative result of €322,000 remained. This amount is deducted from the total amount available for earmarked reserves for continuity and for projects. After that we used the same ratio for calculating both the continuity reserve (ratio to the yearly costs of the work organisation) and the earmarked reserve for projects (ratio to the earmarked reserve projects is equal to the allocated part of the projects budget for the following year). Both reserves now have a ratio of 0.9.

6a. Long-term liabilities

	31-dec-16 x €1,000	31-dec-15 x €1,000
Other amounts	<u>120</u>	<u>0</u>
	<u>120</u>	<u>0</u>

This is part of a loan given of €200,000 free of interest, for a period of five years by one of our supporters. Each year an amount of €40,000 falls free as a donation, for the first time in 2016. The amount of €120,000 is the amount that falls due in 2018 and later; the amount of €40,000 that will fall free as a donation in 2017 is taken under the short-term liabilities.

6b. Short-term liabilities

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

	31-dec-16 x €1,000	31-dec-15 x €1,000
Payable project costs	453	535
Payable office (including Fundraising and Communication) expenditure	157	106
Accounts payable/creditors	92	107
Payroll taxes en social security contributions	1	0
Staff pension costs	29	0
Liabilities projects	109	186
Other amounts	<u>228</u>	<u>130</u>
	<u>1,069</u>	<u>1,064</u>

Payable project costs are mainly amounts payable for scientific research in 2016, not yet formally invoiced by the researchers concerned.

The item payable office expenditure primarily concerns turnover taxes, bank charges and audit fees. Also included are payable holiday days and holiday allowance for Amsterdam staff. Disbursement of the holiday allowance will occur in May 2017.

The liabilities projects concern part of the outstanding amounts in our field offices and projects at the end of the financial year. This part consists of liabilities like amounts to be paid to suppliers.

Other amounts are for the largest part amounts that we have received in advance from several organisations for projects in 2017.

7. Commitments not included in the balance sheet

Head office in Amsterdam

The head office of NLR is housed in the office building at Wibautstraat 135-137 in Amsterdam. The contract for a long-term commitment is agreed until July 1, 2018, with an option for continuation for 5 years. The yearly rental amount, indexed each year, is currently €58,200 (excluding service costs) per year (2015: €58,000). Our copiers and printer are leased for a period of 5 years until September 2019, with a yearly rent of €2,650.

Rent in NLR Offices

The total yearly rent in NLR Representative Offices, all with a rental contract longer than one year, is €58,000 (2015: €75,000).

c. Notes to the Statement of Income and Expenses 2016

Income

8. Income from own fundraising

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Face-to-face fundraising Regional Circles, in Dutch: <i>Kringen</i>	27	35	35
Contributions, (charitable) donations and gifts	2,390	2,295	2,507
Legacies	1,660	2,500	1,719
Sales of goods, <i>Jan Jans</i> comics	30	10	4
Other income from own fundraising received	141	160	44
	4,248	5,000	4,309

The total income from own fundraising was 15% lower than budgeted. Compared to 2015, the total income from own fundraising was 1% lower mainly due to lower income from legacies. The income from face-to-face fundraising Regional Circles is lower compared to 2015 and the budgeted amount. Although a decrease was budgeted, the income from contributions, (charitable) donations and gifts in 2016 was 4% higher than budgeted, but almost 5% lower than in 2015. The income from sale of goods concerns the revenues of two Dutch comic books specially written for NLR by famous Dutch cartoonist Jan Kruijs, named: Jan Jans en de kinderen in Mozambique and Jan Jans en de kinderen in Suriname, a signed poster, and a birthday calendar. Also the sales of crochet patterns of the cat and dog from the Jan Jans en de kinderen comic books are taken in this amount.

The income from legacies totaled almost €1.7 million, which is almost 3.5% lower than in the previous year and 34% lower than budgeted. The share of legacies in the total income from own fundraising in 2016 was 39% (2015: 40%). The average duration for the settlement of legacies is approximately 9 months. There are 7 legacies subject to usufruct. These legacies are not valued.

9. Income from third-party campaigns

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Proceeds National Postcode Lottery, regular draw	1,350	1,350	1,350
Extra from National Postcode Lottery	0	0	25
Total income National Postcode Lottery	1,350	1,350	1,375
Contributions LRI research	736	714	951
Contributions field activities, supporting projects and non-LRI research	1,104	2,300	1,240
Liliane Foundation for earmarked fund These shoes are made for walking	250	311	100
Total income from third-party campaigns	3,440	4,675	3,666

Income from the National Postcode Lottery

According to the contract 2011-2016 (renewed in 2016 for the period 2016-2020) between NLR and the National Postcode Lottery (in Dutch: Nationale Postcode Loterij), in the first quarter of 2016 an amount of €1,350,000 was received from the lottery revenues of 2016.

Due to the fact that research has been placed in a separate foundation, Leprosy Research Initiative (LRI), the income for that research is presented separately.

Contributions LRI research

Contributions from other organisations within the ILEP (The International Federation of Anti-Leprosy Associations) to several research and supporting projects from the Leprosy Research Initiative (LRI). These are agreed as per each year. For 2016 we received contributions for LRI from the American Leprosy Mission (ALM), Deutsche Lepra- und Tuberkulosehilfe (DAHW), The Leprosy Mission Canada/Effect:Hope, The Leprosy Mission Ireland and the Australian Leprosy Relief Association(ALRA). Also, a contribution to the LRI running costs by Turing Foundation of €21,849 is included in the total amount.

Contributions field activities, supporting projects and non-LRI research

In this total amount the following amounts are included: from GFATM we received a total amount programme support costs (Nigeria) of €126,800. Other amounts are from the Dutch Mennonite Mission (Doopsgezinde Zending) (€7,257), WG'72 (€4,355) for projects in Indonesia, Effect:Hope (€52,696) for an mHealth project in Indonesia. Christian Blind Mission contributed €8,000 for the DCID Journal. Brazil received an amount of €18,774 from the LRI for a research project, and €2,760 from CIOMAL. Sasakawa Memorial Health Foundation contributed €41,387 for projects in Vietnam. Peerke Donders contributed for an amount of €32,585. Also included is the amount €108,130 from Liliane Foundation for activities by the Mekong Regional Coordination Team, for which the NLR Representative Office in Hanoi functions as a legal host and facilitator. The contributions made to Liliane Foundation RCT projects outside Vietnam (€113,684) are also included; the expenses financed from these contributions are for the same amount included in the project expenditures for 2016. The contribution from Novartis Foundation for the LPEP project is included (€225,071), as are contributions from other ILEP members for InfoLep (the NLR based international knowledge center about leprosy), totaling €63,343, and contributions for InfoNTD (the NLR based international knowledge center about NTD's), totaling €64,098. LEPRA UK contributed €63,011 for a project in Zambézia, Mozambique. India received €65,150 from Novartis India for the LPEP project, €7,147 from TLMTI and €15,403 from Erasmus University for the CEA-study. Nepal received amounts from Karuna Foundation (€32,323) and Enablement (€3,026) for projects.

Unspecified income Institutional Funding

In the budget for 2016, also under the heading Contributions field activities etc., a target was included of €1.49 million income from Institutional Funding: €1.3 million for new programme activities, and € 189,000 for overhead or activities already taken in the budget. The amount for new programme activities was also included in the expenses on the objectives. This target has not been reached in 2016. Therefore, the overall income from Third-party campaigns is 26% lower than budgeted.

Liliane Foundation for earmarked fund These shoes are made for walking

In 2013, Liliane Foundation received a part of the budget for the NPL funded project These shoes are made for walking. That amount is earmarked, and to facilitate the project, amounts that are expected to be spent are transferred from their earmarked reserve to NLR. NLR adds those amounts to the NLR earmarked fund, and from that fund the combined expenses of the joint project are financed. An indicative amount was budgeted to reflect this movement of funds, and expenses are taken for that same amount in the budget. The actual amount received in 2016 from Liliane Foundation, added to the earmarked fund, is €250,000.

10. Grants from governments and global organisations

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

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
GFATM	2,709	1,600	1,666
	<u>2,709</u>	<u>1,600</u>	<u>1,666</u>

GFATM

Contributions from GFATM (The Global Fund To Fight AIDS, Tuberculosis and Malaria) for TB and MDRTB activities and programs in Nigeria. The expenses financed from these contributions are for the same amount included in the project expenditures for 2016. The income is higher than budgeted: when making the budget, the total amounts of these projects were not yet certain.

The total revenues from government grants and grants from similar organisations are 63% higher than 2016 and 69% higher than budgeted.

11. Interest income and income from investments

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

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Dividends, interest and rental income *	121	150	157
(Loss)/Gain value securities (unrealised) *	11	0	(124)
(Loss) on sales securities *	(11)	0	(14)
Interest income from cash and cash equivalents	3	0	16
Total gross income related to investments	123	150	35
Investments costs	(16)	(20)	(18)
Total net income from security investments	107	130	17

The total income from investments were lower than budgeted but higher than in 2015. The interest income from cash and cash equivalents concern the interest received from bank balances at year-end and were lower than 2015 due to low interest rates. The development of the amount of interest received over the past five years is shown below. The realised interest per year is also shown.

The yield on the portfolio including investment accounts (amounts above marked with *) is 1.8% for 2016 of the average outstanding amounts (2015: 0.04%).

Multi-annual overview securities 2012-2016

Income from securities (x €1,000)

	2012	2013	2014	2015	2016
Interest received on bonds	207	149	152	157	121
Dividend	0	0	0	0	0
Realised gains or losses on value securities	(2)	(28)	(4)	(14)	(11)
Unrealised gains or losses on value securities	161	(96)	180	(124)	11
Gross income from investments	366	25	328	19	120
Investments costs	(20)	(17)	(21)	(18)	(16)
Net result securities	346	8	307	1	104

Yield on investments

Average yield 2012-2016 %: 2.6%	5.7%	0.2%	5.5%	0.04%	1.80%
Average yield 2012-2016 amount: €153					

Net result cash and cash equivalents	4	46	32	16	3
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The current portfolio is managed by an external agency. The investment manager selects the bonds and shares. Investments are in line with the NLR investment policy which prescribes investments in sustainable, socially responsible and low risk bonds. This is screened periodically.

Overview securities sold in 2016

	Interest%	Redeemable	Appreciation x €1,000	Sale value x €1,000
Redemptions				
RABOBANK MTN 2009-19	5.88%	15-3-2019	290	289
NOVARTIS 2009-16	4.25%	11-1-2016	204	201
FRANKRIJK 2006-16	3.25%	31-3-2016	506	500
EFSN 2011-16	2.75%	5-4-2016	102	100
KRAFT HEINZ 2016-28	2.25%	28-10-2028	109	109
			1,210	1,198

Realised gain/(loss) (difference between market value and valuation): **(11)**

12. Other income

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Other income	42	405	17
	<u>42</u>	<u>405</u>	<u>17</u>

In the budget 2016 a total amount of €405,000 was taken as other income: €50,000 for non-institutional local fundraising outside the Netherlands, €242,000 as 'income' only meant to reflect staff costs in the budget that in fact are financed from the investment reserve, and an unspecified income target of €113,000. The actual amount of income from non-institutional local fundraising is €18,126 in India.

In the actual amounts received a recalculation of the beginning balances of CO Nigeria was included. Also included was a refund of €7,000 from Liliane Foundation for communication efforts of NLR staff for DCDD and a remuneration of €2,500 from the Charities Netherlands Branch Organisation (In Dutch: Goede Doelen Nederland) to NLR director Jan van Berkel as Chairman of Charities Netherlands, which Van Berkel donated to NLR.

Expenses

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

13. Expenses on the objectives

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

For the country overview with budget comparison of carried out leprosy projects in 2016 see the relevant annex.

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
<u>A: Leprosy control and disability programme activities</u>			
Field programmes excluding support costs	4,131	4,147	4,860
GFATM: Nigeria TB and MDRTB programs	2,709	1,600	1,666
Research projects	1,150	1,338	954
Supporting projects	388	182	299
Project expenditure unspecified institutional funding projects	0	1,300 *	0
Liliane Foundation to earmarked fund These shoes are made for walking	0	311 *	0
Charged support costs (see specification expenses to destination)	170	166	140
	<u>8,547</u>	<u>9,044</u>	<u>7,919</u>
		* Not included in Country Overview	

The expenses on field programmes is as budgeted and 15% lower than 2015. GFATM is higher than budgeted: when making the budget, the total amounts of these projects were not certain. Research projects are 12% below budget but 23% higher than 2015. Expenses on supporting projects are higher than budgeted, partly because some costs that were in fact financed outside the budget from the investment reserve, like the costs for NLR2020, have to be taken into the realisation 2016. For more information see the Country Overview.

Project expenditure unspecified institutional funding projects

In the budget for 2016 a target was included of €1.3 million income from Institutional Funding for new programme activities. This same amount was included as a separate post in the budgeted expenses on the objectives. Realised amounts are taken under the research and field programmes.

Liliane Foundation to earmarked fund These shoes are made for walking

In 2013, Liliane Foundation received a part of the budget for the NPL funded project These shoes are made for walking. That amount is earmarked, and to facilitate the project, amounts that are expected to be spent are transferred from their earmarked reserve to NLR. NLR adds those amounts to the NLR earmarked fund, and from that fund the combined expenses of the joint project are financed. The indicative amount that is presented here as expenses in the budget is to reflect this movement of funds, and income is taken for that same amount in the budget. The actual expenses are under the heading Field programmes (Vietnam).

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
B: Coordination and medical advice			
ILEP, contribution in costs coordination	52	62	50
Leprosy unit KIT and other consultants	111	200	108
Charged support costs (see specification expenses to destination)	903	1,030	856
	<u>1,066</u>	<u>1,292</u>	<u>1,014</u>

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

NLR has a cooperation agreement with the Royal Tropical Institute (KIT, in Dutch: Koninklijk Instituut voor de Tropen): on technical project advice and guidance by medical experts. The agreement ended September 2016. The expenses are therefore lower than budgeted.

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
C: Information and awareness raising			
Media costs	61	115	63
Information campaigns	0	0	0
Promotion, Public Relations	154	68	78
Information costs newsletter: in Dutch: <i>De Klepper</i>	152	140	117
Charged support costs (see specification expenses to destination)	204	209	209
	<u>572</u>	<u>531</u>	<u>467</u>

The total amount of the information and awareness raising expenditure excluding charged support costs was 51% higher than budgetted and 22% higher than 2015 due to extra activities in preparation of the 50th anniversary in 2017.

Total expenses on the objectives (A+B+C)	<u>10,185</u>	<u>10,867</u>	<u>9,400</u>
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Expenses on the objectives as percentage of total income and total expenses

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

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Total expenses on the objectives	10,185	10,867	9,400
Total income	10,562	11,830	9,693
Expenses as % of total income	<u>96.4%</u>	<u>91.9%</u>	<u>97.0%</u>

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Total expenses on the objectives	10,185	10,867	9,400
Total expenses	11,476	12,204	10,867
Expenses as % of total expenses	<u>88.8%</u>	<u>89.0%</u>	<u>86.5%</u>

The expenses on the objectives expressed as a percentage of total income is higher than budgeted. Spending on the objectives is €673,000 lower than budgeted, but income is about €1.65 million lower than budgeted, mainly due to the target set for Institutional Funding that was not reached, and lower income from legacies. Expressed as a percentage of the total expenses, the realisation of 2016 is slightly higher than budgeted for 2016 and realised in 2015.

14. Expenses own fundraising

The composition of our fundraising expenditure is shown below.

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Costs newsletter (in Dutch: <i>De Klepper</i>) and CRM	191	140	170
Media costs	0	0	0
Fundraising direct costs	403	456	485
Charged support costs (see specification expenses to destination)	205	209	211
	<u>799</u>	<u>805</u>	<u>866</u>

The total amount of the fundraising expenditure was about the amount that was budgeted. When compared to 2015, the expenses excluding the charged support costs were 9% lower.

Expenses own fundraising as a percentage of income own fundraising

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

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Total expenses own fundraising	799	805	866
Total income own fundraising	4,248	5,000	4,309
Expenses as % of income own fundraising	<u>18.8%</u>	<u>16.1%</u>	<u>20.1%</u>

The Dutch Central Bureau of Fundraising (CBF) sets a standard of maximum 25% of the income generated by own fundraising, which can be spent on own fundraising. In 2016 the fundraising expenses were 18.8% of the funds raised (see above). This puts NLR well under the maximum of 25% set by the CBF. NLR strives to keep the costs of its own fundraising under 21% of the income out of its own fundraising. The higher percentage than was budgeted (16.1%) is explained by the lower lower income, mainly from legacies.

15. Expenses on investments

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Bank charges /all-in tariff	16	20	18
	<u>16</u>	<u>20</u>	<u>18</u>

The expenses on investment comprises the all-in fee for the administration and handling of securities.

16. Expenses management and administration

Expenses on Management and Administration involves costs that the organisation makes in the context of the (internal) management, administration and control and that are not allocated to the objectives or fundraising. The management and administration costs are allocated in accordance with the guidelines of the Charities Netherlands Branch Organisation (In Dutch: Goede Doelen Nederland, formerly known as VFI). The salary costs for the Director and management support staff, and for the Finance and Administration department are allocated to management and administration in their entirety.

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Audit expenses	38	35	35
Personnel costs M&A	366	409	449
Housing expenses	22	23	22
Office and general costs	46	31	72
Depreciation and interest	4	5	5
	<u>476</u>	<u>502</u>	<u>583</u>

The total expenses on Management and Administration are 5% lower than budgeted, and 18% lower than in 2015. The expenses excluding charged support costs (housing expenses, office and general costs and depreciation and interest) are lower than budgeted and in 2015 due to lower staff costs. Main reason for this was a once-off settlement payment to a member of the finance department in 2015, and hiring of temporary staff to fill that vacancy in 2015. There was also a decrease in staff costs of the Director and management assistant due to the leave of the management assistant, which position was only filled in after half a year.

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

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

Expenses Management and Administration as a percentage of total expenses

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

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Total expenses management and administration	476	502	583
Total expenses	11,476	12,204	10,867
Expenses as % of total expenses	<u>4.1%</u>	<u>4.1%</u>	<u>5.4%</u>

NLR is currently using as a standard for the expenses on Management and Administration 5 percent of the total expenses. This is a percentage that makes a good functioning of the managerial and administrative processes possible, while spending on the objectives as much as possible. The lower outcome this year when compared to 2015 is partly caused by the lower staff costs and higher overall expenses. The percentage is on par with the 2016 budget.

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

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

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

Staff costs are allocated as follows:

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

Housing costs: allocation based on office area used

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

Office and general expenses: allocation based on number of FTEs

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

Depreciation and interest: allocation based on number of FTEs

-Director and management assistant	Management and Administration
-Finance and administration department	Management and Administration
-Fundraising and information & awareness raising dept.: fundraising	Fundraising
-Programme department (including Infolep)	Objective
-Fundraising and information & awareness raising dept.: inform.& awareness	Objective

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

18. Notes general costs (support costs before charging)

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

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Staff costs by department			
- Director and management assistant	148	195	193
- Finance and Administration department	218	214	256
- Fundraising and information & awareness raising dept.: Fundraising	157	171	148
- Fundraising and information & awareness raising dept.: Inform.& Awareness	157	171	146
- Programme department	454	607	680
- LRI department	134	148	0
- Technical department	156	148	0
- Infolep	130	135	103
	1,553	1,789	1,526

The total staff costs are 13% lower than budgeted and comprise 14% of the total expenses. Most obvious reason for the lower staff costs than budgeted is the decrease in staff costs of the Director and management assistant (due to the leave of the management assistant, which position was only filled in after half a year). Also, one vacancy in the Programme Department, to be financed from the investment reserves, was not filled in 2016, while another vacancy, also financed from the reserves, was only filled in April 2016. The average number of staff at head office counted at 22.5 FTE (2015: 21.1 FTE), this was 1 FTE lower than budgeted (please refer to the specification of staff costs). The number of staff members at the end of the year is 21, which is on the same level as the end of 2015.

All staff is employed by NLR. LRI has no staff members.

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Housing costs			
Rent including service charges	78	80	78
Cleaning costs	19	20	16
Other accommodation costs	2	3	7
Removal costs	0	0	0
	<u>99</u>	<u>103</u>	<u>101</u>

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
General costs			
Costs Supervisory board	2	5	8
ILEP meetings	4	5	8
External advice	21	15	25
Training	0	20	9
CBF, VFI and Partos	26	10	21
Various insurance costs	15	10	16
Legal support and advice	0	10	0

Office costs			
Office supplies	3	3	2
Telephone / telex / fax / e-mail	7	7	8
Photocopies	4	3	4
Postage	3	5	8
Maintenance inventory	0	3	0
Office ICT	82	40	168
Printed material	0	2	0
Other office expenses	73	23	27
	<u>239</u>	<u>161</u>	<u>304</u>

Other expenses	<u>5</u>	<u>0</u>	<u>11</u>
Other costs	5	0	11

The high total office- and general costs can for a large part be explained by the high office ICT costs, caused by the implementation costs of new financial software. The new software is deployed early 2015 in the head office in Amsterdam. In 2016 we started the implementation in our seven regional offices. We hope to finish this implementation for the whole of NLR in 2017. These new developments will optimise the internal work processes of NLR. The costs for the implementation are funded from our investment reserve. Although these costs are not part of the regular operating budget for 2016, the costs had to be taken into account in the annual account as expenditure for 2016. See also notes on the balance sheet. Also higher than budgeted are the other office expenses. This is for a part due to costs for an interim to temporarily fill in the vacancy of the management assistant, and part due to costs for the implementation of the ISO9001 quality norm from the investment reserve (see explanation above).

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Depreciation			
Depreciation inventory, installations and computers	23	25	22
	<u>23</u>	<u>25</u>	<u>22</u>
Total general costs	<u>1,919</u>	<u>2,078</u>	<u>1,964</u>

Specification staff costs

In the specification above a breakdown of personnel costs by department is given. The following is a specification of the same costs but now divided into wages and salaries, social security charges, pension and other personnel costs. NLR has its own employment regulations, salary structure and job classification. Salaries scales are generally indexed annually. NLR follows the Dutch Centraal Bureau voor Statistiek (CBS) index which resulted in a salary scale increase for 2016 of 1.6% compared to 2015.

	Realisation 2016 x €1,000	Budget 2016 x €1,000	Realisation 2015 x €1,000
Wages and salaries	1,198	1,382	1,184
Social security costs	176	192	154
Pension contributions	139	151	118
Other personnel costs	41	64	70
	<u><u>1,553</u></u>	<u><u>1,789</u></u>	<u><u>1,526</u></u>

The total staff costs are 13% lower than budgeted and 2% higher than in 2015. The costs for recruitment, courses and compensation for travel expenses are included in the item other personnel costs.

Average number of employees (in FTE)	Realisation 2016	Budget 2016	Realisation 2015
Director	1.0	1.0	1.0
Managementassistant	0.2	0.8	0.9
Programme department	6.1	7.4	9.1
Technical department	2.7	1.5	
LRI department	1.8	2.1	
Fundraising and information & awareness raising department	5.6	5.5	6.3
Finance and Administration department	2.6	2.7	2.1
Infolep/InfoNTD	2.4	2.5	1.7
Average number of FTEs	<u><u>22.5</u></u>	<u><u>23.5</u></u>	<u><u>21.1</u></u>

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

Number of head office employees on Dec. 31

21

The total number of staff members working at head office in Amsterdam was 21 at 31 December 2016 (2015: 21). In addition to the office staff, NLR has at December 31st 2016 4 expatriate staff (2015: 4). The total costs of these expatriate staff amount to €364,000 (2015: €345,000) and are included in the project expenses. They include salaries and social security costs €254,000 (2015: €222,000) and pension contributions €32,000 (2015: €27,000). The pensions of NLR's staff and expatriate staff are insured with Pensioenfonds Zorg en Welzijn and Zwitsersleven.

Remuneration of the Executive Director

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

Name	J. van Berkel	J. van Berkel
Function	Executive Director	Executive Director
	2016	2015
Employment		
Duration contract	Indefinite	Indefinite
Hours/week	40	40
Part-time percentage	100	100
Period	1/1-31/12	1/1-31/12
Remuneration in EUR		
	Total 2016	Total 2015
	x €1.000	x €1.000
Annual income		
Gross wages/ salary	102	98
Holiday allowance	8	8
End-of-year bonus	4	4
Variable annual income	0	
Total reward	<u>114</u>	<u>109</u>
Social security charges (employer's contribution)	10	9
Taxable allowances/additions	0	0
Pension charges (employer's contribution)	11	12
Pension compensation	0	0
Other remaining (future) rewards	0	0
Benefits end of service	0	0
Total other charges and compensations	<u>21</u>	<u>21</u>
Total remuneration	<u><u>135</u></u>	<u><u>130</u></u>

The Supervisory Board determines the remuneration policy, the amount of the Director's income and the amounts of other elements of remuneration. The remuneration policy is updated periodically. NLR follows the Charities Netherlands (In Dutch: Goede Doelen Nederland, formerly known as VFI) Regulation for the Remuneration of Directors of Charities, in Dutch: Regeling beloning directeuren van goede doelen ten behoeve van besturen en raden van toezicht. This regulation was revised in 2016.

The remuneration was revised by the Supervisory Board in 2016 and the Board concluded that the remuneration policy is performed in accordance with the Regulation. The Regulation weighs three criteria to define the maximum standards for annual incomes: size, complexity and organisational context. The Supervisory Board calculated a total of 430 points (BSD-scores), resulting in a maximum annual income of €114,247. This score is reviewed every three years. The relevant actual annual income of the Director for 2016 was €113,843 (1 FTE/12 months) for Mr. Jan van Berkel. This means that the remuneration of the Board of Directors remains within the maximum as defined in the Regulation.

The combined total of annual income, taxable allowances/additions, pension charges and pension compensation and other (future) rewards remains below the maximum in the regulation of €179,000 per year for 2016.

Remuneration Supervisory Board

No remuneration was paid to the Supervisory Board members, and no loans, advances or guarantees were given. In 2015 and 2016 no expenses were reimbursed.

Summary: specification expenses to destination

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

Amounts x €1,000

Destination:	Objective			Income fundraising					Management & Administration	Total 2016	Budget 2016	Total 2015
	Programme activities	Coordination Medical advise	Information Awareness raising	Own Fundraising	Combined campaigns	Third-party campaigns	Grants	Investments				
Expenses:												
Grants and contributions	7,501	0	0	0	0	0	0	0	0	7,501	8,880	6,902
Payments	0	0	0	0	0	0	0	0	0	0	0	0
Purchases and acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
Outsources activities	877	163	0	0	0	0	0	0	38	1,077	307	1,070
Publicity and communication	0	0	368	594	0	0	0	0	0	962	918	912
Staff costs *	130	743	157	157	0	0	0	0	366	1,553	1,789	1,526
Housing costs *	10	38	13	16	0	0	0	0	22	99	103	101
Office and general costs *	27	112	29	29	0	0	0	0	46	244	161	315
Depreciation and interest *	3	11	5	3	0	0	0	16	4	39	45	41
Total expenses	8,547	1,066	572	799	0	0	0	16	476	11,476	12,204	10,867

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

B: Annual Accounts Netherlands Leprosy Relief 2016

B: Jaarrekening Leprastichting 2016

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Annual Accounts NLR 2016

I. Balance sheet as per December 31, 2016

Amounts x €1,000

	notes	31 December 2016	31 December 2015
ASSETS			
<i>Fixed assets</i>			
Tangible fixed assets	1	37	51
<i>Current assets</i>			
Receivables	2	1,599	2,153
Securities	3	5,415	5,786
Cash and cash equivalents	4	<u>2,259</u>	<u>2,227</u>
		9,274	10,166
Total assets		9,311	10,217
LIABILITIES			
<i>Reserves and funds</i>			
Reserves			
-Continuity reserve		2,284	2,340
-Earmarked reserves by board		5,359	6,169
Funds			
-Earmarked fund NPL lottery		371	449
		8,014	8,958
<i>Long-term liabilities</i>	6a	120	
<i>Short-term liabilities</i>	6b	1,177	1,259
Total liabilities		9,311	10,217

Annual Accounts NLR 2016

II. Statement of Income and Expenses 2016

Amounts x €1,000

	notes	Realisation 2016	Budget 2016	Realisation 2015
Income				
- Income from own fundraising	8	4,248	5,000	4,309
- Income from third-party campaigns	9	2,862	4,111	2,893
- Grants from governments and global organisations	10	2,709	1,600	1,666
- Interest income and income from investments	11	123	150	35
- Other income	12	42	405	17
		<u>9,984</u>	<u>11,266</u>	<u>8,920</u>
Expenses				
Expenses on the objectives				
- Leprosy control and disability programme activities	13	7,999	8,106	7,564
- Coordination and medical advice	13	1,066	1,292	1,014
- Information and awareness raising	13	572	531	467
		<u>9,637</u>	<u>9,929</u>	<u>9,045</u>
Expenses fundraising				
- Expenses own fundraising	14	799	805	866
- Expenses on investments	15	16	20	18
		<u>815</u>	<u>825</u>	<u>884</u>
Management and administration				
- Expenses management and administration	16	476	512	583
		<u>476</u>	<u>512</u>	<u>583</u>
		<u>10,928</u>	<u>11,266</u>	<u>10,512</u>
Total expenses				
		<u>10,928</u>	<u>11,266</u>	<u>10,512</u>
Result income and expenses		(944)	0	(1,592)
		=====	=====	=====
End balance				
Addition / Withdrawal from				
- Continuity reserve		(56)		(958)
- Earmarked reserves		(810)		(212)
- Earmarked fund NPL lottery		(78)		(422)
		<u>(944)</u>		<u>(1,592)</u>

III. Notes accompanying the annual accounts for 2016

a. General and accounting policies

Activities

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

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

Accounting period

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

Budget comparison

The budget used in these annual accounts for 2016 is the formally approved budget 2016.

Other general and accounting policies

The other general and accounting policies are equal to the ones used for the consolidated annual accounts. Please refer to part A, section III a.

b. Notes to the Balance sheet 2016

For a complete explanation of the balance sheet we refer to section b. of the consolidated annual accounts (part A) under the notes indicated on the balance sheet. In the sections below, only the differences with the consolidated annual accounts 2016 are explained. In a general sense those differences are explained by the fact that the consolidated annual accounts is the consolidation of NLR and the Leprosy Research Initiative (LRI). Amounts that fall under the LRI annual accounts are not part of the NLR annual accounts.

2. Receivables

	31-dec-16 x €1,000	Consolidated accounts 31-dec-16 x €1,000
Balances project funds and accounts	511	511
Legacies due	856	856
Interest savings accounts and investments	66	66
Paid in advance	63	269
Debtors	57	57
Other accounts receivable	45	108
	<u>1,599</u>	<u>1,867</u>

The receivables are compared with the consolidated annual accounts are €268,000 lower. This difference is explained by the fact that the amounts receivable by LRI and paid in advance by LRI are not included.

4. Cash and cash equivalents

	31-dec-16 x €1,000	Consolidated accounts 31-dec-16 x €1,000
Arrangement ING bank accounts	1,628	1,700
Other bankaccounts	631	631
Cash in hand	0	0
	<u>2,259</u>	<u>2,331</u>

The difference in the cash and cash equivalents compared with the consolidated annual accounts is explained by the fact that in NLR bank accounts the LRI bank account (balance at 31 December of €71,320) is not included.

	31-dec-16 x €1,000	Consolidated accounts 31-dec-16 x €1,000
Total assets	<u>9,311</u>	<u>9,650</u>

The total assets are in comparison with the consolidated accounts €339,000 lower.

5. Reserves and funds

	31-dec-16 x €1,000	Consolidated accounts 31-dec-16 x €1,000
Reserves:		
Continuity reserve	2,284	2,284
Earmarked reserves by board	5,359	5,806
Funds:		
Earmarked fund NPL lottery	371	371
	<u>8,014</u>	<u>8,461</u>

The total reserves are €447,000 lower than the consolidated accounts. The gain of €30,000 in 2016 of the LRI is added to the LRI reserves ultimo 2015. The total LRI reserve is deducted from the earmarked reserves.

6. Short-term liabilities

	31-dec-16 x €1,000	Consolidated accounts 31-dec-16 x €1,000
Payable project costs	278	453
Payable office (including Fundraising and Communication) expenditure	157	157
Accounts payable/creditors	92	92
Payroll taxes en social security contributions	1	1
Staff pension costs	29	29
Liabilities projects	109	109
Other amounts	511	228
	<u>1,177</u>	<u>1,069</u>

The total short-term liabilities are €108,000 higher when compared with the consolidated accounts. Payable costs for LRI projects are not included for an amount of €175,000. In the other amounts the amount received in advance for LRI projects of €46,000 is not included. Added to the other amounts is the amount that is payable to LRI of €329,000.

	31-dec-16 x €1,000	Consolidated accounts 31-dec-16 x €1,000
Total liabilities	<u>9,311</u>	<u>9,650</u>

The total liabilities are in comparison with the consolidated accounts €339,000 lower.

c. Notes to the Statement of Income and Expenses 2016

For a complete explanation of the statement of income and expenses sheet we refer to section c. of the consolidated annual accounts (part A) under the notes indicated on the statement of income and expenses. In the sections below, only the differences with the consolidated annual accounts 2016 are explained. In a general sense those differences are explained by the fact that the consolidated annual accounts is the consolidation of NLR and the Leprosy Research Initiative (LRI). Amounts that fall under the LRI annual accounts are not part of the NLR annual accounts.

9. Income from third-party campaigns

	Realisation 2016	Consolidated accounts Realisation 2016
	x €1,000	x €1,000
Proceeds National Postcode Lottery, regular draw	1,350	1,350
Extra from National Postcode Lottery		0
Total income National Postcode Lottery	1,350	1,350
(Contributions) LRI research	158	736
Contributions field activities, supporting projects and non-LRI research	1,104	1,104
Liliane Foundation for earmarked fund These shoes are made for walking	250	250
Total income from third-party campaigns	2,862	3,440

Contributions LRI research

The difference in income from third-party campaigns is explained by the fact that the income from contributions for LRI research projects, €736,000, is not part of the NLR annual accounts 2016. Added however is the reimbursement by LRI for NLR paid expenses for LRI Officer and secretariat of €158,000.

Total income

9,984

10,562

The total of income for 2016 is in comparison with the consolidated accounts €578,000 lower.

Expenses

13. Expenses on the objectives

	Realisation 2016	Consolidated accounts Budget 2016
	x €1,000	x €1,000
<u>A: Leprosy control and disability programme activities</u>		
Field programmes excluding support costs Including Priority Areas	4,131	4,131
GFATM: Nigeria TB program	2,709	2,709
Research projects	602	1,150
Supporting projects	388	388
Charged support costs (see specification expenses to destination)	170	170
	7,999	8,547

The difference with the consolidated accounts is because besides the expenses for the LPEP project (€212,000) only the NLR contribution to the LRI for research projects is included, a total of €390,000. Therefore, both the amount under research projects and the total are €548,000 lower.

Total expenses on the objectives (A+B+C)

9,637

10,185

The total expenses on the objectives is lower by the same amount mentioned above, namely €548,000.

Total expenses	<u>10,928</u>	<u>11,476</u>
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The total expenses for 2016 are in comparison with the consolidated accounts €548,000 lower.

Result income and expenses	<u>(944)</u>	<u>(914)</u>
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The result of income and expenses for 2016 is in comparison with the consolidated accounts €30,000 lower, resulting in a total loss of €944,000.

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 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 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 2016 and of its result for 2016 in accordance with the Guidelines for annual reporting 650 "Fundraising Institutions" of the Dutch Accounting Standards Board.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2016;
- the consolidated and company statement of income and expenditure 2016; 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.

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 director's report.
- Annex 1: Overview of countries with comparison;
- Annex 2: Budget 2017 NLR;
- Annex 3: Multi Annual Projection NLR 2017-2019;
- Annex 4: Supervisory Board and Executive Director.

Dubois & Co. Registeraccountants is een maatschap van praktijkvennootschappen. Op alle opdrachten die aan ons kantoor worden verstrekt zijn onze algemene voorwaarden van toepassing. Deze voorwaarden, waarvan de tekst is opgenomen op de website www.dubois.nl, bevatten een aansprakelijkheidsbeperking.

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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 Institutions" 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 Institutions" of the Dutch Accounting Standards Board. Furthermore, the director is responsible for such internal control as the director determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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

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

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

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

Amsterdam, 28 June 2017

Dubois & Co. Registeraccountants

Signed on original:
A.P. Buteijn RA

annex 1

Overview of countries with
budget comparison

	Budget 2016 Euro	Allocation 2016 Euro	Realisation 2016 Euro	Discrepancy Budget-realisation Euro	In % of the budget
Africa					
Madagascar	48,000	48,000	29,625	(18,375)	
Mozambique	156,000	278,377	203,416	47,416	
Nigeria	2,406,000	3,400,002	3,352,376	946,376	
Total Africa	2,610,000	3,726,379	3,585,417	975,417	37%
South-America					
Brazil	329,000	362,000	402,393	73,393	
Total South-America	329,000	362,000	402,393	73,393	22%
Asia					
Myanmar		209,311	197,279	} 277,068	
China		11,975	12,241		
Cambodia	813,000	153,439	105,519		
Thailand		21,360	18,355		
Vietnam		907,706	756,673		
Indonesia	1,030,000	1,132,238	948,739	(81,261)	
India	369,000	428,452	459,249	90,249	
Nepal	278,000	283,000	353,806	75,806	
Total Asia	2,490,000	3,147,481	2,851,862	361,862	15%
Priority Areas	318,000	in country totals	in country totals		
1. Total field programmes	5,747,000	7,235,860	6,839,673	1,410,673	25%
3. Supporting projects	348,000	344,000	557,538	209,538	60%
4. Research projects	1,338,000	1,500,000	1,149,834	(188,166)	-14%
SUBTOTAL	7,433,000	9,079,860	8,547,045	1,432,045	19%
TOTAL	7,433,000	9,079,860	8,547,045	1,432,045	19%

annex 2

NLR Budget 2017

Amounts x €1,000

This is the approved budget of NLR for 2017. For the separate LRI budget for 2017 we refer to the LRI annual accounts.

	Budget 2017	Realisation 2016	Budget 2016
Income:			
- Income from own fundraising	4,300	4,248	5,000
- Income from Third-Party Campaigns	4,133	2,862	4,111
- Grants from governments and global organisations	3,529	2,709	1,600
- Interest income and income from investments	100	123	150
- Other income	48	42	405
Sum of income	12,110	9,984	11,266
Expenses:			
Expenses on the objectives			
- Leprosy control and disability programme activities	9,205	7,999	8,106
- Coordination and medical advice	1,149	1,066	1,292
- Information and awareness raising	513	572	531
	10,866	9,637	9,929
Expenses fundraising			
- Expenses own fundraising	787	799	805
- Expenses on investments	20	16	20
	807	815	825
Management and administration			
- Expenses management and administration	481	476	512
	481	476	512
Budget cuts to be defined	(44)		
Sum of expenses	12,110	10,928	11,266
Result income and expenses	0	(944)	0
	=====	=====	=====

annex 3

NLR Multi Annual Projection 2017-2019

Amounts x €1,000

	Budget 2017	Projection 2018	Projection 2019
Income:			
- Income from own fundraising	4,300	3,900	3,500
- Income from third-party campaigns	4,133	4,133	4,133
- Grants from governments and global organisations	3,529	3,529	3,529
- Interest income and income from investments	100	100	100
- Other income	48	60	72
Sum of income	12,110	11,722	11,334
Expenses:			
Expenses on the objectives			
- Leprosy control and disability programme activities minus	9,205	8,847	8,486
- Coordination and medical advice	1,149	1,129	1,129
- Information and awareness raising	513	508	508
	10,866	10,483	10,122
Expenses fundraising			
- Expenses own fundraising	787	782	782
- Expenses on investments	20	20	20
	807	802	802
Management and administration			
- Expenses management and administration	481	481	481
	481	481	481
Budget cuts to be defined	(44)	(44)	(70)
Sum of expenses	12,110	11,722	11,334
Result	0	0	0
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Netherlands Leprosy Relief (NLR)

Supervisory Board and Executive Director

Supervisory Board 2016

CHAIR	From	End of term
Drs. A. van Ojik	1-1-2016	31-12-2019
FINANCES; CHAIR FINANCIAL AUDIT COMMITTEE		
R.L.J. Greveling MSc RA	1-1-2014	31-12-2017
COMMUNICATION AND FUNDRAISING; MEMBER FINANCIAL AUDIT COMMITTEE		
Mrs. D.M.P.J.Go – Feij	1-4-2015	31-3-2019
HRM AND GOVERNANCE		
Drs. G.C. Anbeek	1-1-2013	31-12-2016
SCIENTIFIC RESEARCH		
Prof. Dr. P.R. Klatser	15-3-2013	14-3-2017
PROGRAMS		
Dr. M.R.A. van Cleeff	1-6-2015	31-5-2019
Executive Director		
J. van Berkel	1-4-2009	

Leprosy Research Initiative (LRI)

Management Board

Netherlands Leprosy Relief (NLR)	1-6-2015
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and ability



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