

2011

Financial Statements



Contents

1	Financial Statements 2011 MSF-Holland Association	5
	Statement of Expenditure and Income for 2011	7
	Balance Sheet as at 31 December 2011	9
	Cash Flow Statement for 2011	11
2	Explanation Statement of Expenditure and Income in 2011	15
3	Explanation of the Balance Sheet	39
4	Accounting Principles	51
5	Partnerships	57
6	Long-term Forecast	63
7	Other information	67

1 Financial Statements 2011

MSF-Holland Association

MSF-HOLLAND ASSOCIATION

The Association MSF-Holland was founded September 7, 1984 and is based in Amsterdam, the Netherlands.

The objective of the Association is:

“The organizing of practical medical aid to people in disaster areas and crises worldwide, in accordance with the principles expressed in the Charter. Based on its medical work, the Association will also make every effort towards effective advocacy on behalf of the section of the population that it aids.”

The 2011 Annual Financial Statements include the financial information of the Association MSF-Holland and the activities carried out under its responsibility.

MSF-Holland is part of the international network of Médecins Sans Frontières. In addition to MSF-Holland four other MSF-sections carry out projects independently. Each MSF-section is an independent economic and legal entity. The MSF-sections are united in the Swiss-based association Médecins sans Frontières International.

In view of the fact that the MSF-sections have become increasingly interdependent, these financial statements include a chapter Partnerships. This chapter describes the mutual agreements made between the sections, the financial flows, intersectional governance, and the related potential risks resulting from these interdependencies. Effort has been made to make the related financial cash flows within the MSF-network as transparent as possible in these financial statements.

The Charter and more comprehensive information about the organisation are published on the website of MSF-Holland (www.artsenzondergrenzen.nl) and in the Annual Report of MSF-Holland. A summary explanation of the Financial Statements is included in the Annual Report. The Annual Report is published on the website (www.artsenzondergrenzen.nl/annualreport).

The Association MSF-Holland is registered with the Amsterdam Chamber of Commerce under number 41215974. The Association MSF-Holland is a member of the Association of Fundraising Institutions (VFI) and is certified by the Central Bureau for Fundraising (CBF). The conditions for CBF certification can be consulted on www.cbf.nl.

GUIDELINES

This report has in particular been prepared in accordance with **Guideline 650 for the Reporting of Fundraising Institutions** (revised 2011), as published by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving) in January 2012. The purpose of the Guideline 650 is to provide insight in fundraising and the realised expenditure of funds on the objectives for which the funds were raised.

In various parts of the Financial Statements, reference is made to the guidelines and recommendations of the Association of Fundraising Institutions (VFI). These certifications can be consulted on www.vfi.nl.

PRESENTATION

In view of the fact that the Association MSF-Holland considers the expenditures on the association's goals to be its principle objective, it has been decided to deviate from the prescribed model for the presentation of income and expenditure. These financial statements show the expenditures before the income. The Statement of Expenditure and Income is shown before the Balance Sheet.

The content of the 2011 Financial Statements has been improved on a number of points. These concern mainly the valuation and the presentation of real estate received from inheritances, and provisions made for accumulated obligations relating to national staff employed in the project countries; specifically with regard to accumulated vacation days payable and severance pay for projects we intend to close in the short term. In addition, both the development of exchange rate results and interest received over the previous five

years has been specified. These points are specifically addressed in the notes accompanying these financial statements.

The basis used for the valuation of the expenditure, the assets and the accounting principles are explained in chapter 4 of the Financial Statements. It is recommended that this be read before viewing the Statement of Expenditure and Income and the Balance Sheet.

EXPENDITURE	Explanatory notes	2011	Budget 2011	2010
Spent on Association Goals				
Direct aid	2.1	140,475	143,000	124,902
Preparation and coordination in the Netherlands	2.2	11,183	11,413	10,529
Information and awareness raising	2.3	2,133	2,514	2,859
Commissioned to third-parties	2.4	463	253	318
Total spent on Association goals		154,254	157,180	138,608
Fundraising expenses				
Costs own fundraising	2.5	6,576	6,530	5,895
Costs third party fundraising activities	2.6	538	747	502
Costs acquisition institutional donor grants	2.7	145	140	141
Total fundraising expenses		7,259	7,417	6,538
Management and administration	2.8	3,516	4,223	3,962
Total expenditure	2.9	165,029	168,820	149,108
INCOME				
Income from own fundraising	2.10	43,165	43,000	46,306
Income from third-party activities	2.11	975	1,500	992
Proceeds from the National Postcode Lottery	2.11	13,500	13,500	13,500
Grants from within the MSF-network	2.12	94,192	74,300	95,900
Grants from institutional donors	2.13	17,610	20,000	15,927
Other income	2.14	1,553	1,000	1,071
Total receipts		170,995	153,300	173,696
RESULT OPERATIONAL ACTIVITIES		5,966	-15,520	24,588
Exchange rate results - income	2.15	906	0	864
RESULT EXPENDITURE AND INCOME		6,872	-15,520	25,452

Allocation of the result	Explanatory notes	2011	Budget 2011	2010
Additions/withdrawals to:				
Continuity reserves	3.8 a	9,000	0	12,000
Appropriation reserves	3.8 b	1,077	0	1,378
Other free reserves	3.8 c	-1,553	-15,520	10,034
Appropriated funds	3.8 d	-1,652	0	2,040
		6,872	-15,520	25,452

Explanation Result Expenditure and Income 2011

After an exceptional 2010, distinguished by the high level of income for emergency aid in Haiti and Pakistan, a decrease in income was expected in 2011. This did not take place. The income from own fundraising of all the MSF-sections remained at the same high level as in 2010. Donations for the nutritional crisis in Somalia contributed in particular to maintaining the level of income. For this reason the result from operational activities was greater than expected.

After the addition of the result from 2011, MSF-Holland's reserves reached a level of 8.3 months in relation to the average expenditure over 3 years. The other free reserves

decreased to some extent due to the addition of € 9.0 million to the continuity reserves (see note 3.8 a). The Board is committed to responsibly disbursing the other free reserves on emergency aid in the coming years. This intent has been already taken into account in the 2012 budget by budgeting higher expenditure and a deficit of € 9.1 million.

The main expenditure indicators for 2011 and the result of these indicators over the past five years are presented in the table:

INDICATORS	2011	2010	2009	2008	2007	internal standard
Expenditure on operational activities as a percentage of total expenditure	93%	93%	91%	92%	91%	85%
Expenditure on operational activities as a percentage of total income	90%	80%	83%	85%	88%	90%
Total expenditure as percentage of total income	97%	86%	91%	93%	97%	n/a
Cost of own fundraising as a percentage of total income own fundraising	15.2%	12.7%	17.2%	16.5%	21.3%	20%
Cost of management and administration as a percentage of total expenditure	2.1%	2.7%	3.2%	2.8%	2.9%	3%

ASSETS	Explanatory notes	31 December 2011	31 December 2010
Tangible fixed assets			
Operating assets	3.1 a	524	356
Real estate	3.1 b	541	541
Stocks			
Stocks for direct aid	3.2	3,335	2,426
Receivables and accrued income			
Third-party appeals	3.3	0	192
Médecins Sans Frontières network	3.4	12,908	8,319
Institutional donors	3.5	7,555	5,064
Other receivables and accrued income	3.6	3,623	4,448
		24,086	18,023
Cash at bank and in hand	3.7	99,914	96,298
Total assets		128,400	117,644
LIABILITIES			
Reserves and funds			
Reserves			
Continuity reserves	3.8	80,000	71,000
Appropriation reserves		4,400	3,323
Other free reserves		26,858	28,411
		111,258	102,734
Funds	3.8 d	922	2574
Short-term liabilities	3.9	16,220	12,336
Total liabilities		128,400	117,644

CASH FLOW FROM OPERATING ACTIVITIES

	31 December 2011		31 December 2010	
Receipts:				
Contributions, (charitable) donations and gifts	31,810		35,075	
Legacies and bequests (inheritances)	11,682		9,896	
Grants from private organisations	519		220	
Total receivables from own fundraising		44,011		45,191
Receipts from the National Postcode Lottery		14,667		15,494
Received from MSF-Germany	39,865		43,790	
Received from MSF-United Kingdom	12,880		15,110	
Received from MSF-Canada	11,693		10,399	
Received from MSF-USA	8,698		13,677	
Received from other MSF-sections	16,733		13,050	
Total received from MSF-sections (concerning project grants)		89,869		96,026
Received from institutional donors		18,057		15,543
Interest received	1,449		1,193	
Received tax net and VAT	356		238	
Received from MSF-sections from monies advanced	1,520		2,224	
Received grants on behalf of other MSF-sections	0		604	
Other receipts	271		190	
Total other receipts		3,596		4,449
Total receipts		170,200		176,703

continued on page 11

brought forward from page 10

	31 December 2011	31 December 2010
Transport: Total receipts	170,200	176,703
Payments:		
Payments made in project countries	78,333	62,155
Commissioned to third parties	210	65
Payments to MSF-Germany	2,001	1,649
Payments to MSF-USA	1,967	1,319
Payments to MSF-United Kingdom	1,955	1,527
Payments to MSF-Canada	1,682	1,939
Payments to MSF-International (including contributions)	1,403	1,127
Payments to other MSF-sections	3,939	3,661
Payments to <i>MSF-Supply</i> and <i>MSF-Logistique</i>	8,544	6,755
Payments of grants received on behalf of other MSF-sections	244	827
Total payments to MSF-sections	21,735	18,804
Payments to suppliers of goods and services	45,787	52,279
Payments concerning (field) personnel	20,590	18,555
Total payments at headquarters	66,377	70,834
Total payments	166,655	151,858
Cash flow from operating activities	3,545	24,845
Cash flow from investment activities		
Payments concerning investments in tangible fixed assets	300	394
Receipts from disinvestments	0	0
Total cash flow from investment activities	300	394
Cash flow from financing activities		
Not applicable	0	0
Balance of cash flows	3,245	24,451

continued on page 12

brought forward from page 11

	31 December 2011	31 December 2010
Transport: Balance of cash flows	3,245	24,451
Adjustment for exchange rate differences	371	322
Total cash flow	3,616	24,773
Movement in liquidity position		
Liquidity position at the end of the financial year	99,914	96,298
Liquidity position at the beginning of the financial year	96,298	71,525
Movement in liquidity position	3,616	24,773

THE CASH FLOW

The Cash Flow Statement has been prepared according to the direct method in order to provide a clearer view of the different flows of funds in the organisation. The cash flow between MSF-Holland and the MSF-sections is visible. The Cash Flow Statement also clearly shows which part of the expenditure has been made in the countries in which projects are being carried out.

The receivables balance increased approximately € 2 million more than the short-term liabilities. This explains the difference between the movement in liquidity position and the Result from Operational Activities.

RECEIPTS

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

The item Received from MSF-sections for Monies Advanced consists of receivables referring to employees posted abroad by an MSF-section other than MSF-Holland, and to employees at the Amsterdam office who actually carry out work for one of the other MSF-sections. These employees are not counted as part of the MSF-Holland staff.

PAYMENTS

The majority of payments made in the project countries are to local personnel. Transport and storage costs and locally purchased medical and nutritional materials are the next largest items. Given the current structure of the projects, amply half of the expenses for the projects is incurred in the countries or the regions where these are being carried out.

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

The payments to the MSF-Network concern remuneration for hired-in employees posted to and working in the project countries. Employees posted abroad receive a contract of employment in the country in which they were recruited. In 2011 the payments increased to € 11.5 million (2010: € 10.1 million) mostly in relation to the increase in operational volume. The payments concerning (expatriate) staff through the Amsterdam office have increased by a comparable amount. Pension contributions, social security payments, income tax, and salaries have been included in the payments concerning the (expatriate) staff.

The payments to the purchasing organisations *MSF-Supply* (Belgium) and *MSF-Logistique* (France) are included as payments within the MSF-network. Mainly vehicles, medicines and specialised supplies are purchased through these procurement centres/depots of MSF-Belgium and MSF-France. Major advantages of scale are obtained through joint procurement, and stocks of aid supplies are more efficiently maintained within the international organisation. In 2011, a total of € 8.6 million (2010: € 7.2 million) was ordered from these purchasing organisations. The increase in payments is explained by the increase in operational activities.

2 Explanation Statement of Expenditure and Income in 2011

This chapter explains the expenditure and income in the sequence of the Statement of Expenditure and Income. Note 2.9 shows the total of all costs with the relevant explanations. Note 2.10 onwards gives an explanation of income.

The amount spent on direct emergency aid in 2011 was 93% of the total expenditure (2010: 93%) and 90% of the total income from operational activities (2010: 80%). The total cost of own fundraising increased in 2011 from 12.7% to 15.2% of the amount raised, but remains substantially under MSF-Holland's internal indicator of 20% and the CBF norm (25%).

The amount spent on management and administration in 2011 was 2.1% of the total expenditure (2010: 2.7%). Additional management indicators used by MSF-Holland can be found in chapter 6 of the Financial Statements and in the Annual Report.

2.1 Emergency Aid

IN EURO THOUSANDS

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

The expenditure on emergency aid increased by € 15.6 million, from € 124.9 million in 2010 to € 140.5 million in 2011. More than half of the increase can be attributed to the nutritional crisis in Somalia, to which MSF-Holland responded with projects in Ethiopia and Somalia. Other emergency aid projects that were not planned for were started due to: new outbreaks of cholera in Haiti and Chad, a massive outbreak of measles in the Democratic Republic of Congo, the conflict which flared up in Liberia and Ivory Coast, nutritional emergencies in Chad and South-Sudan, and a peak in the number of people afflicted with kala-azar in South-Sudan. The higher expenditure on medical materials is mainly explained by the very expensive medicine used in the treatment of lead poisoning in Nigeria, and the medical treatment of malnutrition (plumpy nut and medicine) in the projects in Ethiopia and Somalia.

	Medical and logistical personnel posted	National personnel	Medical materials	Building materials and sanitation facilities	Operational costs	Transport, storage and vehicles	Training and support for local institutions	Auditing, advising and support of projects	Other general costs	Project costs 2011	Budgeted project costs 2011	Project costs 2010
COSTS EMERGENCY AID												
Bangladesh	706	700	959	29	98	120	1	3	20	2,636	2,124	2,497
Central African Republic	1,896	1,253	1,105	329	376	1,039	60	6	2	6,066	5,847	4,779
Chad	1,840	1,860	921	198	384	1,651	157	21	7	7,039	5,161	4,781
Colombia	847	2,331	182	30	253	309	2	48	-3	3,999	4,537	3,046
Democratic Republic of Congo	3,977	4,807	2,937	1,072	1,103	3,134	1,046	33	-76	18,033	13,952	13,214
Ethiopia	2,093	1,509	1,833	1,106	556	1,859	196	86	1	9,239	4,096	4,631
Haiti	1,874	6,775	1,139	460	215	681	31	17	-99	11,093	8,266	22,563
India	1,159	1745	433	56	234	304	1	18	68	4,018	4,359	4,063
Iraq	393	412	10	21	327	233	255	2	5	1,658	1,858	1,028
Ivory Coast	569	343	409	70	118	579	27	1	-19	2,097	0	0
Liberia	485	185	168	88	119	385	2	0	-8	1,424	0	0
Myanmar (Burma)	1,138	3,470	5,650	269	292	947	52	37	-52	11,803	11,004	9,774
Nairobi Supply Centre, Kenya	120	83	0	3	32	100	0	1	-29	310	285	283
Nigeria	1,799	2,026	1,673	285	454	986	57	26	26	7,332	6,729	8,133
Pakistan	1,321	1,312	709	272	158	446	83	4	21	4,326	5,887	5,808
Papua New Guinea	1,033	762	272	57	208	250	31	17	-35	2,595	2,674	2,628
Russia (Caucasus)	489	2,446	170	17	345	174	61	21	8	3,731	4,097	3,853
Somalia	457	2,344	3,258	361	243	1,356	0	53	17	8,089	6,766	5,125
Somaliland	815	448	447	86	110	489	84	8	-3	2,484	3,580	1,880
South-Sudan	3,116	2,983	2,415	557	563	2,188	37	34	-196	11,697	9,557	9,464
Sri Lanka	665	713	471	26	60	86	0	12	6	2,039	2,591	2,907
Swaziland	561	881	988	724	101	222	14	1	12	3,504	3,520	1,088
Tajikistan	167	27	93	1	44	106	5	0	-6	437	0	39
Uganda	613	517	281	17	91	118	6	12	19	1,674	1,906	1,667
Transport: Subtotal costs emergency aid	26,122	38,122	26,071	5,689	6,180	15,988	2,267	471	-168	120,742	103,742	106,959

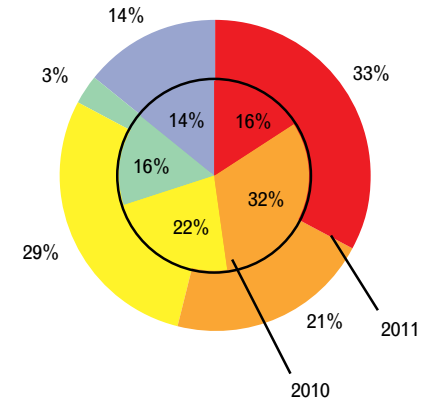
continued on page 17

	Medical and logistical personnel posted	National personnel	Medical materials	Building materials and sanitation facilities	Operational costs	Transport, storage and vehicles	Training and support for local institutions	Auditing, advising and support of projects	Other general costs	Project costs 2011	Budgeted project costs 2011	Project costs 2010
Transport: Subtotal costs emergency aid	26,122	38,122	26,071	5,689	6,180	15,988	2,267	471	-168	120,742	103,742	106,959
Uzbekistan	1,105	1,173	1,963	112	259	414	96	44	-50	5,116	4,503	3,172
Zimbabwe	988	3,686	1,927	446	288	472	125	28	-71	7,889	9,147	8,242
Various exploratory projects	42	2	0	0	4	3	0	0	0	51	12	0
Projects closed in 2010:												112
Reserved in the budget for unplanned emergency aid projects											20,542	
	30,268	44,793	30,413	6,692	7,035	18,651	2429	533	-435	140,379	143,000	124,777
Other costs and movements in provisions for emergency aid costs	15	0	0	0	0	80	0	-8	9	96		125
Total emergency aid	30,283	44,793	30,413	6,692	7,035	18,731	2,429	525	-426	140,475	143,000	124,902

The Strategic Plan 2011-2014 established by the Board sets objectives for the type of projects to be carried out. These objectives can be linked to the costs of emergency aid. This page shows three graphics which illustrate the expenditure on emergency aid and the source of financing of the emergency aid. MSF-Holland works primarily in conflict areas. According to the Strategic Plan, at least 30% of its emergency aid should be carried out in conflict areas. In 2011 this was 72%. In addition the graphics indicate which groups of beneficiaries have been reached by MSF-Holland. For the funding of the emergency aid, MSF-Holland's aim is to finance 20% of the expenditure on emergency aid with funding from institutional donors. In 2011 13% (2010: 13%) of the emergency aid was funded by institutional donors.

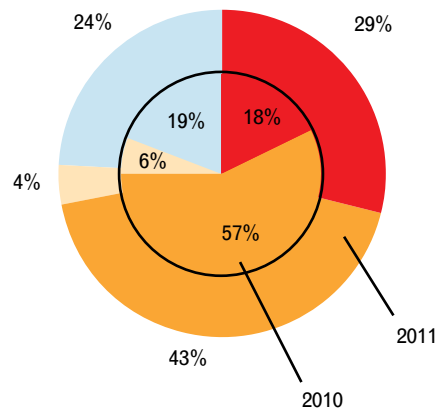
Within the expenditure on emergency aid MSF-Holland aims at a share of at most 15% to be spent on the costs for medical, logistical and administrative coordination. In 2011 the portion of coordination costs stayed at 14% of the total (2010: 14%).

EMERGENCY AID FOR VICTIMS OF CONFLICT



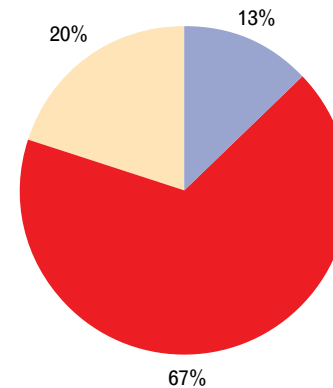
- Victims of Armed Conflict
- Victims of Social Conflict
- Victims of Endemic and Epidemic Diseases
- Victims of Natural Disasters
- Medical and Logistics Coordination of the Projects

EMERGENCY AID IN CONFLICT AREAS



- Armed Conflict
- Internal Instability
- Post-War Countries
- Stable Countries

EMERGENCY AID FUNDING



- Institutional Donors
- Network MSF
- Donations and Postcode Lottery

2.2 Preparation and Coordination

IN EURO THOUSANDS

	Explanatory notes	2011	Budget 2011	2010
Direct costs	note 2.9	1,214	1,221	1,084
Costs staff head office	note 2.9	6,846	7,158	6,318
Share in overhead costs	note 2.9	3,123	3,034	3,127
Total		11,183	11,413	10,529

The increase in the expenditure for preparation and coordination is explained by the increase in the number of FTE's (plus 11) employed in this category.

2.3 Information and Awareness-raising

IN EURO THOUSANDS

	Explanatory notes	2011	Budget 2011	2010
Direct costs				
Periodical <i>Hulppost</i> (25%; see also chapter 4, Accounting Principles)		303	395	374
Contributions to the international campaign Access to Essential Medicines		222	297	323
Other		934	1,194	1,465
		1,459	1,886	2,162
Attributable costs				
Costs personnel head office	note 2.9	627	587	643
Attributed overhead costs	note 2.9	47	41	54
Total		2,133	2,514	2,859

The decrease in the expenditure on information and awareness-raising can be explained by the fact that in contrast to 2010 no large multi-media campaigns were carried out in 2011.

2.4 Commissioned to Third Parties

IN EUROTHOUSANDS

	2011	Budget 2011	2010
Contributions to the international MSF fund for innovative projects, MSF-International	253	253	253
Grant to the Blacksmith Institute to support clean-up of lead contamination in Nigeria	157	0	65
Grant to MSF-France for the project related to the 2011 Tsunami in Japan	53	0	0
Total commissioned to third parties	463	253	318

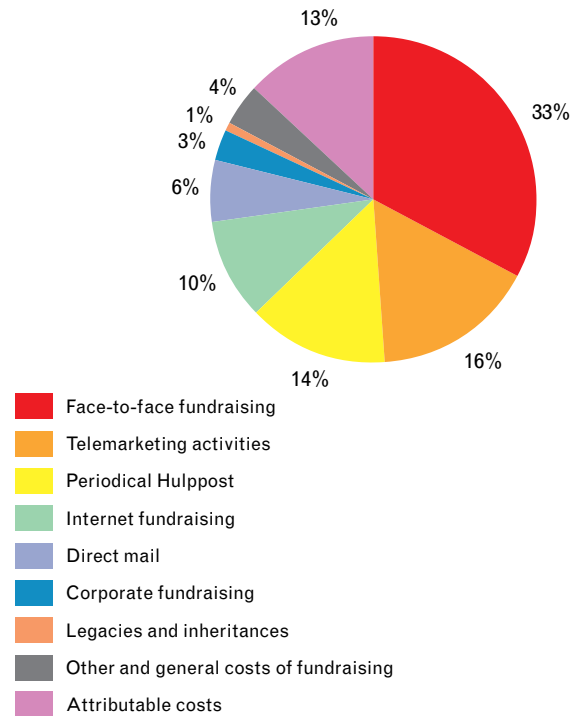
The contribution to the international MSF fund for innovative projects is determined in the MSF-network at 1% of income raised out own fundraising activities in 2008.

2.5 Costs Own Fundraising

IN EUROTHOUSANDS

	Explanatory notes	2011	Budget 2011	2010
Direct costs				
Face-to-face fundraising		2,164	1,820	2,310
Telemarketing activities		1,055	1,125	827
Periodical <i>Hulp</i> post (75%; see also chapter 4, Accounting Principles)		907	1,187	1,121
Internet fundraising		631	597	547
Direct mail		416	436	102
Corporate fundraising		197	315	31
Legacies and inheritances		94	54	47
Other and general costs of fundraising		292	172	247
		5,756	5,706	5,232
Attributable costs				
Costs personnel head office	<i>noot 2.9</i>	762	771	611
Attributed overhead costs	<i>noot 2.9</i>	57	53	52
Total		6,575	6,530	5,895

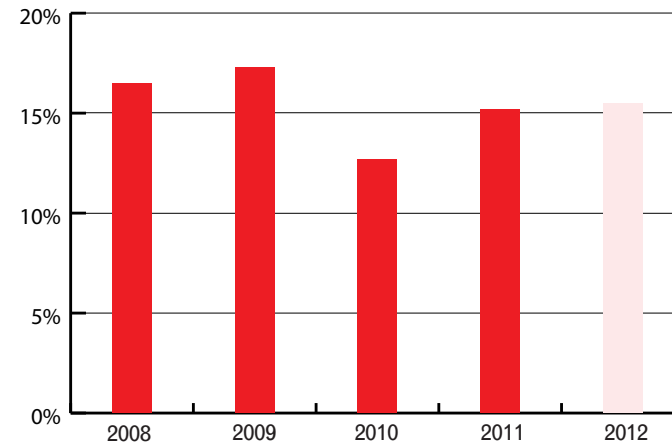
FUNDRAISING EXPENSES 2011



In 2011 there was a shift between face-to-face fundraising and telemarketing as a consequence of the continually changing market conditions. The composition of the fundraising expenditure is shown on this page. The composition of the income (see note 2.10 c) is presented in the same categories as the expenditure to allow for a better comparison of costs versus income.

In 2011, 12.3 full-time staff members worked on fundraising activities (2010: 9.6 full-time staff).

COSTS OWN FUNDRAISING AS % OF INCOME OWN FUNDRAISING



Compared to the previous year, the total fundraising expenditure increased from 12.7% to 15.2% of the funds raised. In the period 2009-2011, the fundraising expenditure averaged 15.0% of the funds raised. This puts MSF-Holland well under the maximum of 25% set by the CBF. MSF-Holland strives to keep the expenditure of its own fundraising under 20% of the income out of own fundraising.

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

2.6 Costs Third-Party Appeals

IN EUROTHOUSANDS

	Explanatory notes	2011	Budget 2011	2010
Direct costs				
Joint Information activities in television broadcasts of the National Postcode Lottery		242	257	244
Communication and facilities costs <i>Tour for Life</i>		224	416	185
Other		5	5	5
		471	678	434
Attributable costs				
Costs personnel head office	note 2.9	62	64	63
Attributed overhead costs	note 2.9	5	5	5
Total		538	747	502

The costs of communication and facilities for participants and volunteers of the *Tour for Life* totalled € 325,281 in 2011 (2010: € 262,969). In 2011 432 cyclists and 252 volunteers and helpers participated in the event. Together they contributed € 101,091 (2010: € 77,515) of their own funds toward the costs of their travel and accommodation. MSF-Holland paid

the remainder of € 224,190 (2010: € 185,454) to the Emo Foundation as reported here. The net costs were 23% (2010: 18,7%) of the income received by MSF-Holland (see note 2.11).

In 2011 an average of 1 full time equivalent was allocated to third-party appeals.

2.7 Costs of Acquiring Grants from Institutional Donors

IN EUROTHOUSANDS

	Explanatory notes	2011	Budget 2011	2010
Direct costs	note 2.9	10	10	9
Costs head office personnel	note 2.9	126	122	122
Attributed overhead costs	note 2.9	9	8	10
Total		145	140	141

The expenditure of Acquiring Grants from Institutional Donors particularly concern the costs for submitting requests for a grant and for reports justifying the expenditures. The costs of acquiring government grants are included here when incurred at head office. The

costs incurred in project countries are included in the coordination costs of direct aid. The income from institutional donor grants increased by € 1.7 million to € 17.6 million in 2011.

2.8 Costs Management and Administration

IN EUROT H O U S A N D S

	Explanatory notes	2011	Budget 2011	2010
Direct costs	<i>note 2.9</i>	941	1,278	1,106
Contributions to the MSF-International office	<i>chapter 5</i>	594	621	705
Costs personnel head office	<i>note 2.9</i>	1,843	2,173	1,983
Attributed overhead costs	<i>note 2.9</i>	138	151	168
Total		3,516	4,223	3,962

The costs of Management and Administration amounted to 2.1 % of the total expenditures in 2011 (2010: 2.7 %) and are explained in more detail in note 2.9. A table showing the composition of the direct costs of Management and Administration can be found in chapter 4, Accounting Principles.

2.9 Total all Costs, Specification and Division of Costs According to Type and Allocation

IN EUROT H O U S A N D S

The overview on the following pages shows a total of all costs. The costs of headquarters' personnel and the overhead costs are divided in proportion to the attributed number full-time equivalents (FTE) employed at headquarters during the year. The costs of the Overhead are shown in full in the summary of total costs before being allocated to the other cost categories. MSF-Holland wants to show the size and the type of these costs and also indicate the attribution of Overhead and Management and Administration to its main activities. The attribution of costs to the different activities is explained in more detail in chapter 4, Accounting Principles. The total of the costs and the breakdown of the costs is as follows:

	Spent on Association goals				Fundraising			Management and administration	To be attributed	Total 2011	Total budget 2011	Total 2010
	Emergency aid	Commissioned to third parties	Preparation and coordination	Information and awareness raising	Own fundraising	Fundraising by third parties	Acquiring government grants	Management and administration	Overhead			
Number of full-time units working during the year	602		111	10	12	1	2	30	12	780	791	685
Direct costs Emergency Aid												
Medical and logistical staff posted	30,283									30,283	33,507	26,606
National staff	44,793									44,793	45,483	36,332
Medical materials	30,413									30,413	33,755	24,779
Building materials and sanitation facilities	6,692									6,692	6,062	11,259
Operational costs	7,035									7,035	5,957	6,048
Transport, storage and vehicles	18,731									18,731	14,664	17,591
Training and support of local institutions	2,429									2,429	2,959	1,969
Auditing, advising and support projects	525									525	613	639
Other general costs	-426									-426	0	-321
Subtotal direct costs Emergency aid	140,475									140,475	143,000	124,902

continued on page 25

	Spent on Association goals				Fundraising			Management and administration	To be attributed	Total 2011	Total budget 2011	Total 2010
	Emergency aid	Commissioned to third parties	Preparation and coordination	Information and awareness raising	Own fundraising	Fundraising by third parties	Acquiring government grants	Management and administration	Overhead			
Transport: Subtotal direct costs	140,475									140,475	143,000	124,902
Emergency Aid	140,475									140,475	143,000	124,902
Commissioned to third-parties		210	-	-	-	-	-	-	-	210		65
Contributions		253	-	222	-	-	-	594	-	1,069	1,171	1,281
Publicity and communications		-	-	790	4,779	466	-	-	-	6,035	6,190	5,738
Housing costs		-	-	-	-	-	-	-	962	962	1,080	1,031
Office and general costs		-	195	399	919	-	-	411	1,282	3,206	3,588	3,253
Cost supplies and stocks		-	244	-	-	-	-	-	-	244	235	287
Travel and accommodation costs		-	530	48	59	5	10	143	59	854	906	798
Advice costs		-	245	-	-	-	-	287	139	671	814	940
Costs Board and Association		-	-	-	-	-	-	100	-	100	104	163
Depreciation and interest		-	-	-	-	-	-	-	177	177	110	187
	140,475	463	1,214	1,459	5,757	471	10	1,535	2,619	154,003	157,198	138,645
Costs to be divided for head office personnel												
Salaries and social security			5,233	479	582	47	96	1,409	581	8,427	9,924	8,093
Pension contributions			656	60	73	6	12	176	73	1,056	1,106	1,085
Other personnel costs			957	88	107	9	18	258	106	1,543	592	1,285
Subtotal all costs	140,475	463	8,060	2,086	6,519	533	136	3,378	3,379	165,029	168,820	149,108
Distribution of overhead costs			3,123	47	57	5	9	138	-3,379			
Total all costs	140,475	463	11,183	2,133	6,576	538	145	3,516	0	165,029	168,820	149,108

2.9 a Composition of the Expenditures

MSF-Holland uses two main indicators to monitor the relationship between different expenditures. Expenditure on operational goals on the one hand and expenditure on the Amsterdam headquarters on the other hand.

The expenditure on headquarters may be a maximum of 20% of the total costs. In 2011 the headquarters costs were 14.6% of the total costs (2010: 16.0%)

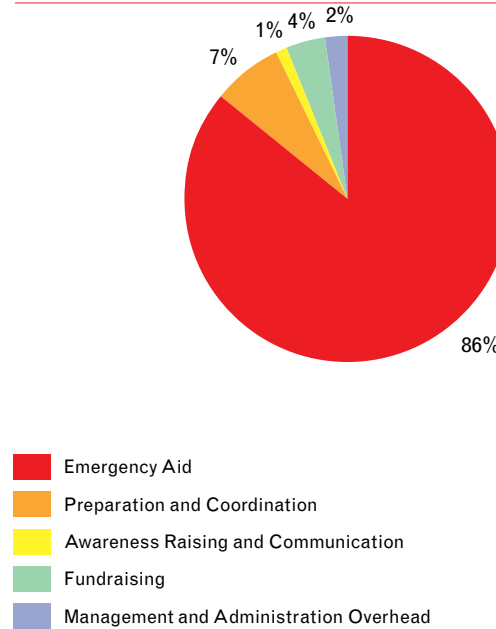
The following standards have been established for the headquarters expenditures related to the total expenditure:

- **Preparation and Coordination**
8% - 10% of the total expenditure 2011: 6.8% (2010: 7.1%)
- **Fundraising**
5% - 8% of the total expenditure 2011: 4.4% (2010: 4.4%)
- **Management and Administration**
3% of the total expenditure 2011: 2.1% (2010: 2.7%)

The percentages realised in 2010 and 2011 were well below the standard. It is to be expected that this trend will continue in 2012 and beyond. In 2012 the standard will be adjusted to the current composition of aid projects and the current size of the organisation.

The Overhead costs of the Amsterdam headquarters were € 3.4 million in 2011 (2010: € 3.4 million). These costs have remained steady over the last years.

COMPOSITION OF EXPENSES IN 2011



2.9 b Personnel

During 2011 MSF-Holland posted 1,120 staff members to its projects (2010: 1,076) corresponding to 602 full-time equivalents (2010: 520). In 2011 MSF employed approximately 7,245 national staff (2010: approximately 6,049) in its emergency aid projects.

At Amsterdam head office there were expressed in FTEs 178 people employed in 2011 (2010: 165). The number of FTEs involved in Preparation and Coordination as well as Fundraising at head office increased (plus 11 FTE and plus 3 FTE respectively), whilst the number of FTE in the other categories remained about the same. The increase in Preparation and Coordination was caused by the increased volume of projects which required additional support from headquarters.

2.9 c Salaries Social Security and Personnel costs

The salaries for employees with a contract with MSF-Holland, € 9,231,341 (2010: € 8,396,852), Social Security costs, € 375,377 (2010: € 385,882) and Pension Contributions, € 1,025,577 (2010: € 850,954) are shown in the item Medical and Logistical Staff Posted (direct costs Emergency Aid). Costs of staff hired-in from another MSF-section are also included here, € 9,443,776 in 2011 (2010: € 7,843,199). Other general costs include personnel costs related to housing, international transport, training and preparation for departure and posting. The increase in costs is due to that fact that a higher number of FTE was required for the increased project volume. The average cost per FTE for medical and logistical staff posted remained at the same level as in 2010.

The item Salaries and Social Security of head office personnel costs exclusively consists of the gross salaries, taxed reimbursement of expenses and associated social security costs, € 1,070,996 (2010: € 1,007,970). The cost of recruitment of personnel, canteen costs and the costs of temporary and free-lance staff are included in the item Other Personnel costs. In 2011 the item Other Personnel costs increased due to extra expenditure to recruit staff, and the placement of temporary staff to specific IT projects and to vacant positions which were difficult to fill. Despite that, the average costs of staff employed at head office decreased with some 2% compared to last year.

2.9 d Auditors costs

IN EUROT H O U S A N D S

The following fees were paid to auditors in 2011:	Allocated to:	2011	Budget 2011	2010
KPMG Accountants; audit of the Financial Statements	Advice - head office	82	80	76
KPMG Accountants; audit contracts institutional donors	Audit, advice and project support	55	55	91
PWC Accountants ; audit expenses Haiti emergency aid 2010	Advice - head office	4	0	30
Auditors costs 2010 (KPMG and PWC)	Advice - head office	0	0	96
Total Auditors costs		141	135	293

No special audit costs were incurred in 2011.

2.9 e Board and Association costs and expenses paid to Board members

The Board of the Association MSF-Holland supervises the organisational policies as carried out by the Director who has been appointed by the Board. The Board Members receive no remuneration for their supervisory function. The General Assembly is the highest supervisory body of the Association and is held once per year at a minimum.

The Board and Association costs shown here concern the costs made by the Board for:	2011	Budget 2011	2010
Carrying out supervisory responsibilities	34	32	33
Association and General Assembly	17	31	22
International representation within the network Médecins Sans Frontières	32	34	27
Remuneration President P. de Graaf	66	66	71
Total	149	163	153

In addition to his unremunerated supervisory role, the President of the Association Board is a member of the Board of *Médecins Sans Frontières International* and is Chairman of the MSF OCA-Council. These are two governance bodies in the international MSF-network in which MSF-Holland participates and in which MSF-Holland must be well represented (see also chapter 5: Partnerships). For the time spent in fulfilling duties concerned with international governance the President received compensation in the amount of € 65,500 (2010: € 71,000). The time spent on these specific governance activities is comparable to 0.52 fte (2010: 0.56 FTE). The remuneration paid represents 1,048 hours spent on international activities and is in accordance with the maximum remuneration approved by the General Assembly. The remuneration paid also is in compliance with the specific guidelines established by the CBF. In total the President spent at least 1,489 hours on fulfilling his Board duties.

In 2011 the other board members did not receive any remuneration from the Association MSF-Holland. No loans, advances or guarantees were provided to board members.

As of December 31, 2011, the number of board members of the Association MSF-Holland comprised: 8 (2010: 10). The minimum number of board members required according to the statutes of the Association is 7. In 2011 the minimum number of board members required was lowered from 10 to 7.

2.9 f Employment and Remuneration of the Directors

MSF-Holland has a titular director. In 2011 this position was occupied by Mr. H. van de Weerd until 15 May 2011, and as of 16 May 2011 by Mr. A. Hehenkamp. In 2011 1 FTE was used for the position of General Director (2010: 1 FTE) The General Director is supported by a management team of 3 directors.

Specification employment contract and remuneration of the Directors

IN EURO THOUSANDS

	A. Hehenkamp	H. van de Weerd	M. Langenbach	Management Team			Total
				M. Farkas	F. van Spengler	L. Shanks	
Function	Director Operations/ General Director	General Director	Director Operations	Director Resources	Director Resources	Medical Director	
Employment details	indefinite	ended	indefinite	ended	definite	indefinite	
Type of contract	40	40	40	40	40	40	
Hours	100%	100%	100%	100%	100%	100%	
Labour percentage	1/1 - 15/05 en 16/05-13/12	1/1 - 15/05	16/05 - 31/12	1/1 - 15/05	19/09 - 31/12	1/1 - 31/12	
REMUNERATION							
Gross per year including holiday allowance	97	33	61	36	25	71	
Vacation allowance	8	3	5	3	2	4	
Other taxable allowances	0	0	0	0	0	0	
Variable income	0	0	0	0	0	0	
Subtotal (salary according to advisory scheme)	105	36	66	39	27	75	348
Other costs							
Pension contributions	17	6	10	7	6	8	
Social security costs (incl. health insurance contribution)	7	3	4	3	2	7	
Taxable disbursements	0	0	0	0	0	0	
Other (future) benefits	0	0	0	0	0	0	
Severance pay	0	45	0	0	0	0	
Total (total salary costs directors) 2011	129	90	80	49	35	90	473
Total (total salary costs directors) 2010	117	117	0	114	0	88	436

MSF-Holland applies the guidelines Advisory scheme for the remuneration of directors of charity organisations as established by the VFI. This binding advice was revised in 2011. In the scheme the weight of the Director's function is measured on the basis of three criteria: size, complexity and organisational context. MSF-Holland arrives at a total of 570 points. In the management model applied to MSF-Holland, the General Director is measured at 92% (524 points), while each member of the management team measures 80% (456 points). Based on this scheme, MSF has classified the directors functions respectively to grade J and I, or € 140,046 and € 124,233 (salary table 2010). According to the scheme, pension and employer's costs are not included in these salary figures. The

salary structure of MSF-Holland results in salaries under the maximum allowable in the VFI scheme.

MSF-Holland policy applying to all directors positions is that he or she is appointed to the position of director for a period of maximum three years, with the possibility of two years extension. Expatriate tax regulations have been applied to the salary of the Medical Director. No loans, advances or guarantees were provided to any of the directors.

None of the directors has sideline activities outside of MSF-Holland.

2.10 Income from Own Fundraising

IN EURO THOUSANDS

	Explanatory notes	2011	Budget 2011	2010
Donations from telemarketing		11,388	10,658	10,403
Donations from mailings, including <i>Hulppost</i>		10,955	12,486	14,446
Inheritances		10,856	8,500	10,835
Donations from face-to-face fundraising		4,741	4,891	4,106
Donations from corporate fundraising		2,058	2,110	2,315
Other donations received		1,896	2,700	3,041
Internet donations		747	898	708
Grants from private organisations and provincial governments <i>note 2.10 b</i>		518	750	445
Contributions from Association members		6	7	7
Total		43,165	43,000	46,306

2.10 a Earmarked Income from Own Fundraising

(SEE ALSO NOTE 3.8D; THE APPROPRIATION FUND)

IN EURO THOUSANDS

	Receipts in 2011	Expenditures in 2011	Not spend in 2011
Donations and gifts for Somalia	467	-347	120
Donations and gifts for Pakistan	1	0	1
Donations and gifts for Japan	53	-53	0
Donations and gifts for various countries	42	-42	0
Grants from private organisations for various countries	518	-518	0
Balance as at 31 December to allocation funds	1,081	-960	121

Earmarked donations which were unspent at the end of 2011 were spent in the first two months of 2012.

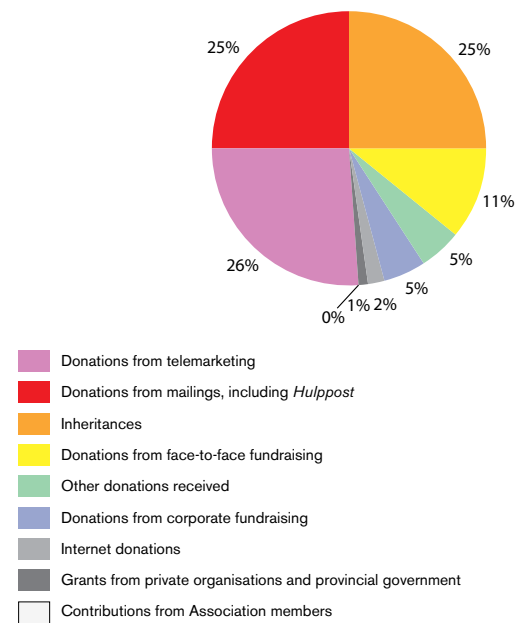
2.10 b Grants from Private Organisations are as follows:

IN DUIZENDEN EURO'S

	Allocation	2011	2010
Adessium Foundation	Somalia	300	0
Achmea Foundation	Myanmar, Yangon	0	100
Province of Zeeland, The Netherlands	Haiti earthquake	0	120
Medicor Foundation	Ethiopia	218	225
Total		518	445

2.10 c Composition of Income from Own Fundraising

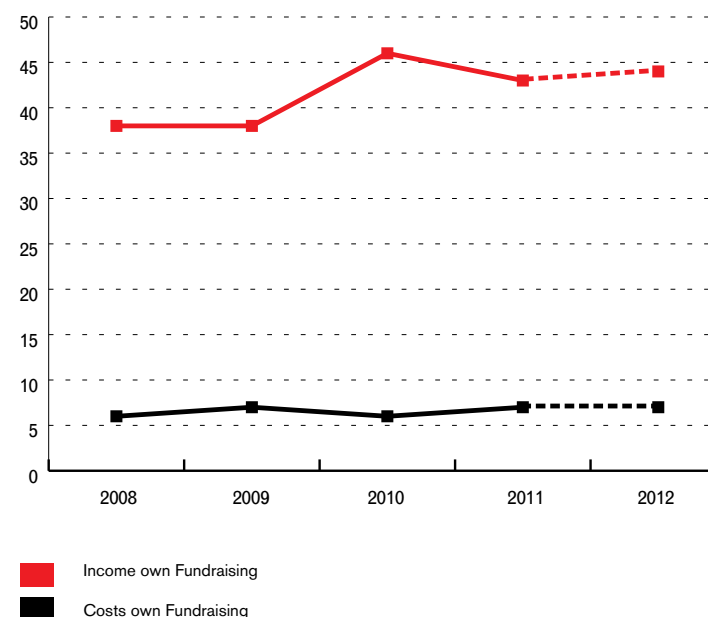
INCOME FROM OWN FUNDRAISING IN 2011



The income from own fundraising decreased by € 3.2 million from € 46.3 million in 2010 to € 43.1 million in 2011 but was still € 0.2 million higher than budgeted. The budget had already taken into account a decrease in income after the peak in donations for emergency aid to Haiti and Pakistan. The income from inheritances remained virtually the same.

In these Financial Statements the composition of the income is presented in the same categories as the expenses to allow for a better comparison of costs versus income. See also note 2.5 above.

INCOME AND COSTS FROM OWN FUNDRAISING IN EURO MILLIONS



2.11 Income from Third-Party Appeals

IN EURO THOUSANDS

Proceeds **National Postcode Lottery**, regular draw
 Proceeds *Tour for Life* received from Emo Foundation

Total

2011	Budget 2011	2010
13,500	13,500	13,500
975	1,500	992
14,475	15,000	14,492

In 2011 MSF-Holland was awarded a contribution of € 13.5 million from the regular draw of the **National Postcode Lottery**. This is according to the contract the maximum annual contribution to MSF-Holland. In 2009 MSF-Holland entered into a contract with the Emo Foundation for the organisation of the cycling event *Tour for Life*. In 2011 the *Tour for Life*

was held for the third time and MSF-Holland received the amount of € 974,814 from the Emo Foundation for the event. In 2011 fewer teams than expected participated.

2.12 Grants from within the MSF-network

IN EURO THOUSANDS

Grants from within the MSF-network	2011	Budget 2011	2010
MSF-Germany	40,037	23,700	42,740
MSF-United Kingdom	13,762	12,800	14,631
MSF-Canada	12,949	7,700	9,263
MSF-USA	9,232	16,485	14,223
MSF-Hong Kong	6,238	3,625	4,106
MSF-Sweden	5,841	4,250	4,923
MSF-Austria	3,502	3,000	3,214
MSF-International	917	2,740	1,187
MSF-Belgium	561	0	0
MSF-Italy	409	0	0
MSF-Ireland	364	0	487
MSF-Denmark	211	0	0
MSF-Luxembourg	163	0	0
MSF-Norway	6	0	800
MSF-Switzerland	0	0	326
Total grants from the MSF-network	94,192	74,300	95,900

The income from grants from within the MSF-network remained at the same level as 2010, although a decrease was expected. In particular, donations for the Somalia nutritional crisis contributed to maintaining the high level of income.

2.13 Grants from Institutional Donors

IN EURO THOUSANDS

Grants from institutional donors came from:	2011	Budget 2011	2010
European Union (ECHO and EU)	5,896	6,000	5,902
Swedish government (Sida)	3,291	3,500	2,146
Global Fund	2,710	2,850	0
Canadian government (CIDA)	1,286	2,350	1,390
German government (AA)	1,200	500	1,547
Norwegian government (NORAD, NRMFA)	958	1,000	1,180
Danish government (DANIDA)	697	500	902
Irish government (Ireland Aid)	605	500	391
Swiss government (SDC)	457	0	408
United Nations (UNAIDS, UNHCR, UNICEF)	239	500	1,558
Other institutional donors	121	100	117
Czech Republic government (Czech MFA)	150	2,200	110
British government (DFID)	0	0	276
Total	17,610	20,000	15,927

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

2.14 Other Income

IN EURO THOUSANDS

	2011	Budget 2011	2010
Income from interest	1,553	1,000	1,071
Total	1,553	1,000	1,071

In 2011 the average balance on the deposit accounts was higher than in previous years. In addition the interest rates improved slightly leading to a significantly higher amount of interest received in 2011. The development of the amount of interest received over the past 5 years is shown in note 3.7.

2.15 Exchange Results from Transactions in non-euro currency

IN EURO THOUSANDS

	2011	Budget 2011	2010
Realised exchange results from transactions in non-euro currencies	729	0	792
Unrealised exchange results from transactions in non-euro currencies	177	0	72
Total	906	0	864

The unrealised exchange results concern the value dating of the foreign currency bank balances, the contract obligations and still to be received monies from institutional donors and MSF-sections. Realised exchange results arise in the year of purchasing the goods for projects and from receivables from grant contracts. In 2011 primarily positive exchange rate results were realised on donor contracts stated in the American Dollar. In 2011 MSF-Holland did not make use of financial instruments to control currency risk on various foreign currencies.

The exchange results over a period of five years compare as follows:

	2007	2008	2009	2010	2011
Realised exchange results from transactions in non-euro currencies	-1,133	-848	93	792	729
Unrealised exchange results from transactions in non-euro currencies	780	-535	-18	72	177
Total exchange rate result from transactions during the year	-353	-1,383	75	864	906

2.16 Donations in Kind

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

MSF-Holland registers the use of goods made available by third parties if these are of vital importance in executing aid projects and if these would be purchased if they were not made available to the organisation. The total value of these goods received was approximately € 1.7 million in 2011 (2010 € 3.4 million). The bulk of the gifts in kind were received in Myanmar, Swaziland, South-Sudan and Chad. The total value of the gifts in kind is influenced mainly by the donation of medicine.

ART Center Ccpur (India)	AZT (300 mg)	960	Tablets/capsules		
Doctors of the World	18-persons boat	1	Piece		
Handicap International	Water mattress	6	Pieces		
National Aids Program Myanmar	Condoms	24550	Pieces		
Ministry of Health	Medical material and vaccines	p.m.			
	HIV test (Amplicor)	48000	Doses		
		2	Boxes/96		
Ethiopian Health and Nutrition Research Institute	Nutrition material	73	Boxes		
PROMESS	Medical material	p.m.			
Red Cross (France)	Incubator	4	Pieces		
ShelterBox	Medical material	p.m.			
The Medical Export Group BV	10-persons tent	18	Pieces		
United Nations (UNFPA)	Condoms	21600	Pieces		
United Nations (UNHCR)	Security packet	p.m.			
United Nations (UNICEF)	Cholera kits	11	Boxes	F- 100	120 Boxes/90
	Medical material and medicines	p.m.		F- 75	14 Boxes/120
	BCG vaccines	442	Doses	Mosquito nets	6000 Pieces
	OPV vaccines	1984	Doses	ORS	8000 Pieces
	DTP vaccines	1509	Doses	Plumpy Nut	12339 Boxes/150
	Measles vaccines	528	Doses	Resomal	7 Boxes/130
	Tetanus vaccines	996	Doses	Soap	6000 Pieces

continued on page 38

brought forward from page 37

United Nations (WFP)	Beans	70 MT	Food	36 MT
	Rice	378 MT	Vegetable oil	32 MT
	Salt	6 MT		

United Nations (WHO)	Ringer Lactate	900 Litre		
-----------------------------	----------------	-----------	--	--

In 2011 MSF-Holland made less use of airplane seats and cargo-capacity made available by the United Nations (WFP/UNHCR) amongst others. The value of these flights or the subsidised portion thereof is estimated at € 33,500 (2010: € 113,000). The value has been estimated on the basis of current prices. This amount has been included in the above-mentioned total estimated value of donations in kind received.

MSF-Holland head office also receives gifts in kind for its activities. Primarily, these concern advertisements in the media and on websites and all sorts of advisory services.

In 2011 MSF-Holland received pro-bono support and advice on management and organisational issues by Bain & Company NL (organisation, KPI).

In 2011 the pro-bono contract with the International Bureau of Fiscal Documentation (IBFD), Amsterdam was continued. The IBFD provides MSF-Holland with essential information on tax legislation and practice applicable in the countries where MSF-Holland implements projects applicable in the countries in which MSF-Holland implements projects.

3 Explanation of the Balance Sheet

3.1 Tangible Fixed Assets

IN EUROT H O U S A N D S

3.1 a Operating Assets

	Leasehold improvements	Inventory	Hardware/software	Total 2011
Purchase value				
Balance as at 1 January 2011	175	499	1,365	2,039
Purchases	0	0	326	326
Disinvestments	0	0	0	0
Balance as at 31 December 2011	175	499	1,691	2,365
Depreciation				
Balance as at 1 January 2011	175	499	1,009	1,683
Depreciation	0	0	158	158
Disinvestments	0	0	0	0
Balance as at 31 December 2011	175	499	1,167	1,841
Balance sheet value as at 31 December 2011	0	0	524	524

The purchase of hardware/software concerns investment in a new server and expansion of the network hardware in the Amsterdam office, and the development of logistical and financial software as part of an international MSF project. The software is for use in the emergency aid projects and will be deployed in the course of 2013. No depreciation of this software has been booked in 2011 since the development is still ongoing.

3.1 b Real Estate

	2011	2010
Property and buildings Vierhouten	541	541
Estimate sales value as at 31 December 2011	541	541

In 2010 MSF-Holland received a gift of real estate in Vierhouten from an inheritance. The inheritance stipulates that the property and buildings must be used for the operational goals of MSF-Holland. The costs and risks associated with the property are the responsibility of MSF-Holland for a period of at least ten years. MSF-Holland is investigating if it is

possible to make sustainable use of the property. The value of the property is based on the annual (Dutch) property tax value assessment. See also chapter 4, Principles.

3.2 Stocks

IN EURO THOUSANDS

3.2 a Stock for Association Goals - Direct Aid

	2011	2010
Medical materials	1,777	1,264
Transport equipment	1,161	657
Other materials	426	538
Stocks as at 31 December	3,364	2,459
Provision for obsolescence	-29	-33
Balance as at 31 December	3,335	2,426

Included in this item are stocks for direct aid that are kept in the Netherlands (see also chapter 4, Principles). The value of the project-related stocks taken into stock as at 31 December 2011 amounts to € 1,326,418 (2010: € 265,024). The other stocks have not yet been allocated to aid projects and concern free stocks and so-called emergency stocks.

The item “other materials” consists mainly of emergency housing materials (tents, tools, etc.) and water and sanitation equipment for the projects. The provision for obsolescence concerns medical materials for which the shelf life is about to expire. In 2011 the actual write-off was € 45,500.

3.2 b Other Stocks

The other stocks include real estate received from inheritances being held for sale. The purchase cost of this real estate was nil (see also chapter 4, Principles). As at 31 December 15 properties were being held for sale. The value of the proceeds to be received by MSF-Holland is estimated at € 1,050,558.

3.3 Receivables from Third-Party Appeals

IN EUROT H O U S A N D S

	2011	2010
Receivables from the Emo Foundation, <i>Tour for Life</i> event	0	192
	0	192

The entire contribution for 2011 from the *Tour for Life* event was received in 2011.

3.4 Receivables from within the Médecins Sans Frontières Network

IN EUROT H O U S A N D S

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

	2011	2010
Balance as at 1 January	8,319	6,056
Project grants awarded	93,760	97,063
Exchange rate differences	335	0
Project grants received	-89,506	-94,800
Unspent project grants	0	0
Balance as at 31 December	12,908	8,319

The receivables from Médecins Sans Frontières sections include an amount of € 742,073 which concerns project grant contracts applying to 2012. The remaining receivables concern project grant contracts which ended in 2011. All the receivables are short-term. The receivables increased due to the fact that the allocation of MSF-section funds for the Somalia nutritional crisis could only be finalised at the end of the year.

3.5 Receivables from Institutional Donors

IN EUROTHOUSANDS

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

	2011	2010
Balance as at 1 January	5,064	5,338
Project grants awarded	20,273	15,120
Exchange rate differences	366	129
Project grants received	-17,967	-15,445
Non-allocated project grants	-181	-78
Balance as at 31 December	7,555	5,064
The receivables are as follows:		
Receivables from terminated project grant contracts	1,342	2,296
Receivables from current project grant contracts	6,213	2,768
Balance as at 31 December	7,555	5,064

Receivables from institutional donor grants have a term shorter than one year.

3.6 Other Receivables and Accrued Income

IN EUROT H O U S A N D S

	2011	2010
Debtors	7	7
Taxes and social security contributions to be received	46	31
Pre-paid pension scheme contributions	54	0
Debtors from settled inheritances	421	1,271
Receivable from other MSF-sections	671	395
Prepayments and accrued income	2,424	2,744
Balance as at 31 December	3,623	4,448

All other receivables and accrued income are short-term. All the amounts receivable concern the normal course of operations.

3.7 Cash at Bank and in Hand

IN EUROT H O U S A N D S

	2011	2010
Balance of cash at bank and in hand at headquarters	92,331	88,570
Balance of cash at bank and in hand at projects	7,583	7,728
Balance as at 31 December	99,914	96,298

The headquarters' balance of cash at bank includes immediately accessible savings accounts to the sum of € 82,349,766 (2010: € 76,044,059). These deposit on demand savings accounts are 1 monthly to 12 monthly bank deposits at the ABN-AMRO, ING Bank and van Lanschot Bankiers. MSF-Holland holds its main operating cash management accounts at ABN-AMRO Bank (NL). The contract with ABN-AMRO bank was extended as of 1st January 2011 for a period of three years under strongly improved conditions. In 2011 MSF-Holland did not use financial instruments to control currency risk on various foreign currencies.

The development of the savings deposits over a period of five years is shown below. The realised interest per year is also shown. MSF-Holland has no investments; there are subsequently no investment or exchange rate results included in this overview.

Balance of savings accounts and bank deposits	2007	2008	2009	2010	2011
Balance as at 1 January	28,729	32,563	48,909	58,981	76,044
Balance as at 31 December	32,563	48,909	58,981	76,044	82,350
Increase during the year	3,835	16,346	10,072	17,063	6,306
Net result cash at bank (interest received)	1,133	1,390	1,495	1,071	1,553

3.8 Reserves and Funds

IN EURO THOUSANDS

	Continuity reserve	Allocation reserve	Other free reserve	Appropriation reserves	Total 2011	Total 2010
Balance as at 1 January	71,000	3,323	28,411	2,574	105,308	79,856
Allocation of the result	9,000	1,077	-1,553	-1,652	6,872	25,452
Balance as at 31 December	80,000	4,400	26,858	922	112,180	105,308

3.8 a Continuity Reserves

In accordance with the Board's resolution, a continuity reserve has been formed. The amount of the reserve has been set at the average amount (over three years) of expenditures needed to ensure the unimpeded progress of the projects and the related supporting activities for a six-month period. In 2011 the Board approved an addition of € 9,000,000 to the continuity reserves. MSF-Holland's continuity reserve satisfies the various guidelines and complies with the standard set by the Board.

Within the network Médecins Sans Frontières, a reserve for at least three, and at the most twelve, months has been agreed. The lower limit of three months must also be available in cash at bank and in hand. According to the conditions of the CBF certification, the continuity reserve should not exceed a maximum of one and half times the yearly costs for the operational activities. MSF-Holland considers the expenses on the project and the

related supporting activities and the costs of fundraising as costs of the operational activities. Depreciation costs, contributions and one-off items are not included here. Payable grants to third parties are short term liabilities and are also not included.

In 2012 the Board will review the principles determining the continuity reserve. Given the size of the continuity reserve and the financial guarantees and stability which have arisen from the mutual agreements made within the Médecins Sans Frontières network, it is considered necessary to find a more appropriate rationale for basing the continuity reserves on. As part of this process the need for working capital (financing), buffer capital based on risk management, the reserves required for future investment and funding for immediate start-up of emergency aid projects will be taken into account.

	Expenditure 2010	Expenditure 2011	Budget 2012	6-month average
The extent of the continuity reserve is calculated as follows:				
Emergency aid	124,902	140,475	146,747	68,687
Preparation and Coordination	10,529	11,183	11,643	5,559
Information and Awareness raising	2,859	2,133	2,669	1,277
Own Fundraising	5,895	6,576	6,810	3,214
Actions Third Parties	502	538	559	267
Acquisition grants Institutional Donors	141	145	156	74
Management and Administration	3,962	3,516	3,856	1,889
	148,790	164,566	172,440	80,966
Deduct:				
Depreciation costs	187	177	180	91
One-off expenses (fundraising)	1,000	0	0	167
Contributions	1,281	1,069	1,072	570
Target continuity reserves (6 months) as at 31 December	146,322	163,320	171,188	80,138
Actual continuity reserves as at 31 December				80,000
Target lower limit (3 months) continuity reserves as at 31 December				40,069

At the end of 2011, 89% of the reserves were retained in cash at hand and in bank (2010: 91%). MSF-Holland needs a solid liquidity position to be able to guarantee the unhindered progress of its aid projects and to come into action quickly if need be.

3.8 b Appropriation Reserves

IN EUROTHOUSANDS

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

	Tangible fixed assets	Stocks	Total 2011
Balance as at 1 January	897	2,426	3,323
Allocation of the result	168	909	1,077
Balance as at 31 December	1,065	3,335	4,400

In 2011 the appropriation reserve increased as a consequence of the investment in hard- and software. In addition, the value of the stocks increased. The increase of the appropriation reserves is financed via the allocation of the result from 2011.

3.8 c Other Free Reserves

In 2011 the amount of € 1,552,819 was removed from the other free reserves and added to the continuity reserve. The other free reserves will be spent as much as possible on projects in 2012 and the coming years. This has been taken into account in the budget planning for the coming years (see also chapter 6, Long-term forecast).

3.8 d Appropriation Funds

IN EUROTHOUSANDS

The appropriated funds contains the funds that have been earmarked by donors for a specific purpose and which have not yet been spent. Note 2.10a gives an indication of the volume of earmarked monies that are received and spent during the year.

The balance of the appropriated funds is calculated as follows:	Unused at year end 2010	Receipts in 2011	Expenditure in 2011	Unused at year end 2011
Earmarked income from own fundraising:				
Earmarked for Somalia	0	467	-347	120
Earmarked for Pakistan	454	1	-364	91
Earmarked for Japan	0	53	-53	0
Earmarked for various countries	0	42	-42	0
Subsidies of private foundations for various countries	0	518	-518	0
Earmarked from inheritance	718	7	-14	711
Funds emergency aid January 2011 Haiti	1,188	0	-1,188	0
Earmarked income National Postcode Lottery:				
Baraka, Democratic Republic of Congo	214	0	-214	0
Balance as at 31 December	2,574	1,088	-2,740	922

The earmarked funds from inheritance concern the maintenance and use of the property in Vierhouten. This item has been increased by the interest received.

3.9 Short-term Liabilities

IN EUROTHOUSANDS

	2011	2010
Budgetary commitments (see specification below)	4,454	2,179
Accounts payable/creditors	2,816	2,024
Payable to other MSF-sections	2,846	3,053
Taxes payable	1,449	1,430
Other liabilities	4,655	3,650
Balance as at 31 December	16,220	12,336

The increase in this item relates to the higher operational volume, the settlement of costs made for the Somalia nutritional crisis at the end of the year, and the provisions made at year end for local staff costs. The item Other Liabilities primarily concerns payable vacation days, vacation allowance, pension and net salary for headquarters and expatriate staff for a total amount of € 986,764 (2010: € 947,737). Also included are payable vacation days and accumulated severance pay for local project staff for a total of € 1,047,488. These provisions are included in 2011 for the first time.

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

The item "budgetary commitments" developed in the year as follows:	2011	2010
Balance as at 1 January	2,179	1,860
Listed under long-term liabilities as at 1 January	0	0
Project grants awarded in this financial year	114,033	112,183
Exchange rate differences	225	41
Project grants from institutional donors	-17,610	-15,927
Project grants from other MSF-sections	-94,192	-95,900
Total project grants	-111,802	-111,827
Non-allocated project grants	-181	-78
Balance as at 31 December	4,454	2,179

The budgetary commitments at the end of the 2011 financial year refer entirely to the implementation of projects in 2011 and 2012 and are thus short-term commitments. There were no long-term budgetary commitments at the end of 2011.

3.10 Commitments and Assets not Included in the Balance Sheet

Commitments not included in the Balance Sheet refer to the contract for office rental (including service costs). In 2011 the running rental contract was renegotiated and extended until 30-04-2018 under improved conditions. The total amount of these commitments is € 5.1 million for 2012 up to and including 2018. € 0.8 million refers to 2012, € 4.0 million to the years 2013-2017, and € 0.3 million to the year 2018.

Bank guarantees for the benefit of third parties were granted for the rental contract of the office in Amsterdam (€ 189,326). In addition a bank guarantee of € 20,000 has been given to ADAC for the temporary registration of MSF-Holland vehicles in India.

In a number of countries where MSF-Holland implements projects, taxation and litigation procedures are pending. MSF-Holland maintains a register of these. In these financial statements provisions are made to a total of € 567,642 (2010: € 577,790). Based on legal advice obtained and the provisions made we do not expect that out of the procedures any further significant financial liabilities will arise.

The assets not included in the Balance Sheet refer to property that were awarded from yet unsettled legacies and inheritances and which are not at the disposal of MSF-Holland. As at 31 December this concerned 53 properties. The value of the proceeds to be received by MSF-Holland is estimated at € 2,606,990. See also chapter 4, Accounting principles.

4 Accounting Principles

GENERAL

This report has in particular been prepared in accordance with **Guideline 650 for the Reporting of Fundraising Institutions** (revised 2011), as published by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving) in January 2012. These financial statements are prepared on an accrual accounting, historical cost basis in accordance with the accounting principles of matching and conservatism consistently applied and fairly presented and as further explained below.

Assets and liabilities are accounted for at historical costs and unless stated otherwise are shown at their nominal value. Expenditure and revenues are allocated to the period to which they relate.

FOREIGN CURRENCY

The reporting currency is the Euro. Assets and liabilities denominated in foreign currencies are valued at the exchange rates prevailing at year end date. Transactions denominated in foreign currencies are translated at the exchange rates prevailing at the transaction date. The exchange results have been incorporated in the financial statements according to *Guideline 122 of Dutch Accounting Standards*.

CASH FLOW STATEMENT

The Cash Flow Statement has been prepared according to the direct method in order to provide better insight into the flows of funds of MSF-Holland and the Médecins Sans Frontières network. Cash flows denominated in foreign currencies have been translated into Euro at the exchange rate prevailing at the transaction date.

TANGIBLE FIXED ASSETS

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

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

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

Real Estate is valued at fair value in the current real estate market. The annual property tax value assessment is used as the basis for this valuation. No revaluation has taken place in 2011. MSF-Holland does not own any real estate in the countries in which projects are carried out.

STOCKS

Stocks are stated at cost price less a provision for obsolescence where necessary. In 2011, as in previous years, a small provision has been made for obsolescence and mentioned in the explanation. The costs of the stocks are charged on to the projects at the time they are shipped to the project countries. Costs price of the stocks is calculated based on average costing while the movement of physical stock is according to the First-In-First-Out principle.

Property held for sale acquired from inheritances may be qualified as inventory. See as well the paragraph income own fundraising - inheritances below. Property held for sale qualified as inventory is valued at the lower of costs increased with direct attributable costs. For the financial statements the value of property acquired from inheritances will normally be nil. In 2011 the property-held-for-sale in inventory is disclosed for the first time.

ACCOUNTS RECEIVABLE

Accounts receivable are stated less a provision for doubtful debtors. In 2011, no provision for doubtful debtors was included.

CASH AT BANK AND IN HAND

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

EVENTS AFTER THE REPORTING PERIOD

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

PENSIONS

The pension schemes set up for the employees are based on a career-average plan with conditional indexation. All schemes have been placed with a life assurance company and, in view of the nature of the insurance contract, are defined contribution schemes. This means that MSF's commitment towards its employees, under the insurance contract concluded with the life assurance company, is limited to payment of the agreed contributions to the life assurance company. These contributions are accounted for as expenses in the year they relate to. The explanation of the division of costs (note 2.9) shows the amount included as pension contributions for the relevant pension scheme. The pension insurance contract has been concluded for a period of five years ending 31 December 2012.

EMERGENCY AID COSTS

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

Relief supplies purchased through headquarters are charged to the projects at the time they are sent to the project country. Supplies delivered to the warehouse and being readied for transport are accounted for as project-related stocks and included in the balance sheet. Outstanding orders for purchases are not included in the accounts. Outstanding orders are internally reported as budget commitment and included in the three-way matching procedure.

PREPARATION AND COORDINATION COSTS

Costs of preparation and coordination relate to the costs incurred by headquarters for the direct support of aid projects carried out by MSF-Holland. Relevant costs include costs of departments handling the provision of medical advice, the purchase of project supplies and the recruitment and posting of staff. The costs of the Operations Director and the Medical Director are included in this category.

For aid projects in a number of countries, preparation and coordination activities has been (partly) outsourced to the sections with which MSF-Holland works collaboratively. The costs of the activities outsourced to support the projects directly in other MSF-sections (2010: Canada and Germany) are explained in more detail in chapter 5, Partnerships.

INFORMATION AND AWARENESS RAISING COSTS

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

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

- 50% of the costs of the website go to information and awareness raising and 50% to management and administration;
- 25% of the costs of the periodical *Hulp* go to information and awareness raising and 75% to costs own fundraising;
- 50% of the costs of publishing the Annual Report go to information and awareness raising and 50% to management and administration

ACTIVITIES CARRIED OUT BY THIRD PARTIES

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

COSTS THIRD-PARTY APPEALS

Costs of third-party appeals are the costs invoiced to MSF-Holland by the third parties for these fundraising activities. These costs are generally agreed in advance with the third party, and are directly related to the lotteries, actions or events which are carried out with the goal (in part) of raising funds for MSF-Holland.

COSTS OWN FUNDRAISING

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

COSTS ACQUISITION INSTITUTIONAL DONOR GRANTS

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

MANAGEMENT AND ADMINISTRATION COSTS AND OVERHEAD COSTS

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

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

The table describes how the Recommendation Application of Guideline 650 for Management & Administration costs (January 2008) as published by the Dutch Association of Fundraising Institutions VFI is used by MSF-Holland.

DIVISION OF PERSONNEL COSTS AND OVERHEAD COSTS

Personnel costs at head office have not been accounted for by MSF-Holland as direct costs but in proportion to the number of allotted full-time equivalents of personnel at head office working for certain activities. The overhead costs have been attributed in the same way to different activities. Note 2.9 in these financial statements explains the divisions of these costs.

Expenditures	Management & Administration	Overhead	Explanations
Board and Association	100%	-	
General Director, Director Resources	100%	-	The medical director and director operations are attributed to costs of preparation and coördination
Administrative support directors and heads of department	100%	-	
ICT head office	-	100%	
Housing, facilities and office utensils and supplies	-	100%	
Control, internal audit	100%	-	
Website including audiovisual material	50%	-	Other 50% to communication expenses
Annual report, corporate communication	50%	-	Other 50% to communication expenses
Bank costs	100%	-	Including bank costs related to fundraising incomes
Financial administration	100%	-	

Expenditures	Management & Administration	Overhead	Explanations
Project administration	-	-	
HRM head office Salary- and personnel contract administration	100%	-	
Salaries and personnel costs	Pro rata	Pro rata	As much as possible attributed to factual deployment
Depreciation	-	100%	
General insurances	-	100%	
Audit and audit costs	100%	-	Auditors' costs for institutional donor contracts are charged to the direct costs of emergency aid
Costs settlement and administration acquired inheritances	-	-	Costs fundraising including eventual legal expenditures
Legal expenses head office	100%	-	Costs of legalisations are attributed to costs of direct aid
Contribution to general costs MSF International	100%		

INCOME OWN FUNDRAISING

- Donations and gifts

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

- Contributions

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

- Inheritances

Inheritances are accounted for in the financial year in which the extent can be estimated with a fair degree of accuracy. However, any advances paid out before that date will be accounted for in the year in which the actual payment has been received. The extent of the inheritance can be established as reliable if a fair assessment of the proceeds can be made based on the stage of settlement of the inheritance. MSF-Holland may use the description of assets from the inheritance or the final account justification received for the basis of the accounting estimates at year-end.

As at December 31 the status of property awarded from inheritances is estimated. Disclosure in the Financial Statements depends on the stage of settlement of the inheritance and the extent to which MSF-Holland can dispose of the property. For the presentation and the valuation of property acquired from inheritances the following principles are applied:

- a) The inheritance is not fully settled and the property is for sale: disclosure as assets not included in the Balance Sheet in accordance with *Guideline 252 of Dutch Accounting Standards*. The number of properties and the estimated proceeds for MSF-Holland are disclosed.
- b) The property is held for sale and is vacant or occupied by a third party but available without restrictions: disclosure as inventory in accordance with *Guideline 220.401 of Dutch Accounting Standards*. The number of properties and the estimated proceeds for MSF-Holland are disclosed.
- c) The use or availability of the property is restricted (including encumbrances): when the property is in use by MSF-Holland this will be disclosed under tangible fixed assets in the balance sheet. For the accounting principles applied see above. When the property is held for sale and partially owned, disclosure as inventory as stated under subheading (b) above.

- Foundations, associations and private funds

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

INCOME FROM THIRD-PARTY APPEALS

Income from third-party appeals concerns amounts from the proceeds of the **National Postcode Lottery** and the proceeds of the *Tour for Life* event. Income allocated by third-parties is included as income at the time of the allocation. The proceeds of third-party appeals are based on contracts and on contractually valid financial regulations. The contract with the **National Postcode Lottery** is valid for five years and runs until 31 December 2012.

INCOME FROM WITHIN THE MÉDECINS SANS FRONTIÈRES NETWORK

Project grants allocated to MSF-Holland and the subsequent budgetary obligations arising from grants from within the network Médecins Sans Frontières are shown in the Balance Sheet from the allocation (contract) date. These grants are accounted for as income in the Statement of Expenditure and Income in proportion to the progress of the project. According to *Guideline 650* this income should be shown under Income from Third-Party Appeals. In view of the volume and the importance of income from within the network Médecins Sans Frontières, it has been decided to show this as a separate category.

GRANTS FROM INSTITUTIONAL DONORS

Project grants from governmental institutions awarded to MSF-Holland and the related budgetary obligations are shown in the Balance Sheet from the allocation (contract) date. These grants are accounted for as income in the Statement of Expenditure and Income in proportion to the progress of the project.

DONATIONS IN KIND

Donations in kind are not financially recorded and as such have not been included in the Balance Sheet. Donations in kind are disclosed in the explanatory notes in the Statement of Expenditure and Income as far as they concern goods that are essential to MSF to be able to execute its aid projects and, had they not been made available to MSF, would have been purchased. An explanation is given regarding received donations in kind for which a reporting obligation is required. An estimated total of the current purchase price of the received goods is shown in these financial statements.

5 Partnerships

In the Guideline 650 for the Reporting of Fundraising Institutions attention is given to the financial reporting of organisations that structurally work together. MSF-Holland qualifies the cooperation within the international network Médecins Sans Frontières as a continuous and structural partnership, although none of the participating entities can be viewed as a formal principal. Consequently there is no obligation to draw up consolidated accounts. However, the current governance within the partnership does imply that significant mutual influence can be exercised on policy. Annually the MSF network publishes audited combined financial statements. Key 2010 figures are included in this chapter.

5.1 Médecins Sans Frontières Partnership

MSF-Holland is part of the international network of Médecins Sans Frontières, in which 23 national organisations (MSF-sections) and a number of associated institutions are active. All MSF-sections are united in the Swiss-based association Médecins sans Frontières International. Every MSF-section is an independent economic and legal entity. The Association Médecins sans Frontières International can make decisions that, in practice, are binding for the individual organisations. The Association Médecins sans Frontières International supervises the organisation's objectives and identity, promotes mutual cooperation, and coordinates the growth of the associated organisations and the sharing and allocation of available resources.

- MSF-Holland appoints 2 of the 47 delegates of the General Assembly of the Association Médecins sans Frontières International.
- The president of MSF-Holland is 1 of the 13 members of the Board of the Association Médecins sans Frontières International.
- The annual contribution to the expenditures of the international office is based on the income from own fundraising from the previous year. In 2011, MSF-Holland's share was 9.27% of the total expenditures of the Association Médecins sans Frontières International. For 2012 the contribution has been set at 7.03%. In 2011 the contribution totalled € 593,830.

Intensive international cooperation and coordination of policy and execution are important because the activities of individual organisations both influence and depend on each other to a great extent. There is a real chain of risks in many areas. For example, there are risks of reputation, security risks and financial risks.

5.2 Operational Centre Amsterdam partnership

MSF-Holland works in particular together with the MSF-sections in Canada, Germany and the United Kingdom. These MSF-sections contribute, each in their own way, actively to the supervisory function, policy and to the executive level of the Association MSF-Holland. The collaboration in the Operations Centre Amsterdam (OCA) only concerns the execution of aid projects and there is no in these financial statements. The Board of MSF-Holland, together with the Boards of MSF-sections in Canada, Germany and the United Kingdom, established an umbrella organ: the OCA-Council. The OCA-Council has 6 voting members and one member with observer status.

- The Board of MSF-Holland delegates two of its members to the OCA-Council. The President of MSF-Holland is one of the delegates. Both are voting members.
- The President of MSF-Holland is also the president of the OCA-Council.
- The OCA-Council approves the medical and operational strategic plan for the OCA and approves the operational annual plan, including the annual plan of the operational program support departments.
- At the executive level, the General Directors of MSF-Germany and MSF-UK actively participate in the day-to-day management of the project execution. Together with the four members of the MSF-Holland team they form the OCA-management team. They constitute the part of operations and program support. The management of the office organisations is run by the individual MSF-sections.

5.3 Financial Cooperation and Financial Risks

- MSF-Holland contributes to the MSF International campaign *Access to Essential Medicines*. In 2011 the share of MSF-Holland was 9.27% of the expenditure of the campaign. MSF-Holland contributed € 222,204. For 2012 MSF-Holland's portion is set at 7.03%.
- MSF-Holland contributes 1% of the income out of own fundraising of 2008 to the international fund for innovation in projects that is managed by MSF-International. In 2011 the contribution was € 252,811.
- MSF-Holland takes part in the joint development for the purchase and development of software to improve the financial and logistics administration in the projects. The agreed budget for the projects is € 3,000,000 for the years 2011 and 2012. The financial share for MSF-Holland is 25%. MSF-Holland delegates two of the 10 members of the project board.
- MSF Holland contributes about 7% of the investment budget to the purchase and development of jointly operated software for the recruitment and posting of expatriate staff. The budget for the project is estimated at about € 5,000,000 for over the period 2012-2014. MSF-Holland delegates 2 of the 10 members of the project board.

	Share	Currency
MSF-Canada	70%	CAD
MSF-Germany	70%	EUR
MSF-United Kingdom	70%	GBP
MSF-Hong Kong	30%	USD
MSF-Austria	30%	EUR
MSF-United States	14,1%	USD
MSF-Sweden	20%	SEK

These agreements enable the risk of disappointing income results from public donor appeals to be spread more evenly, leading to better guarantees of the continuity of the aid projects implementation. Income can also increase unexpectedly in reaction to large-scale disasters, such as the earthquake in Haiti in 2010. In such cases agreements can be made within the MSF network to ensure that the income remains in good proportion to the expected expenditure. This may mean that fundraising opportunities for MSF-Holland may be limited. The financial agreement 2012-2015 includes further agreements on the amount and location of the financial reserves of the MSF-sections. The bandwidths for the growth of the expenditures on emergency aid projects and support structures are included in the agreement.

- The terms of employment and the remuneration structure for expatriate personnel have been fully aligned to both the ratio of the local cost of living as well as the social security standards. The Board of MSF International may propose changes to the terms of employment that intermittently have an effect on the costs for expatriate staff employed by MSF-Holland
- All posted staff have been insured and are covered by a worldwide health and disability insurance policy.
- In a number of countries where MSF has emergency aid projects insurance coverage is limited. For these, further agreements have been made in the MSF-network.

- A worldwide medical malpractice liability cover has been arranged that covers the entire organisation. MSF-Holland contributes 25% towards the premium of that cover. In 2011 that was € 33,961.

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

	in currency 2010	2011	2010	FTE	2011	2010
MSF-Holland Preparation and Coordination costs		11,183	10,529		111	99
Costs outsourced activities MSF-Canada	CAD 840.415	636	570		7	7
Costs outsourced activities MSF-Germany		876	847		11	10
Total Preparation and Coordination costs		12,695	11,946		129	116

5.4 Combined Financial Statements

The MSF-network has published combined financial statements since 2003. The combined financial statements 2011 will be published mid-2012 after the publication of the Dutch financial statements. The combined financial statements for 2010 has been accompanied with an unqualified opinion issued by *KPMG S.A. and Ernst & Young et autres*, Paris, France. The Balance Sheet and the Statement of Expenditure and Income are included below. The combined financial statements can be found on MSF-Holland's website www.artsenzondergrenzen.nl or www.msf.org.

Where informative and comparable to the combined figures, the contribution of MSF-Holland in the expenditure and income is presented next to the combined financial statements figures. As at 31 December 2010 MSF-Holland held 16% of the cash at bank and in hand within the network. MSF-Holland holds 17% of the total reserves available in the international network.

Médecins Sans Frontières Combined Statement of Expenditure and Income 2010

IN EUROTHOUSANDS

EXPENDITURE	2010	Share of MSF-Holland in 2010	
Expenditures for Association Goals			
Emergency Aid	555,265	124,902	22%
Preparation and Coordination	78,758	10,529	13%
Information and Awareness Raising	26,351	2,536	10%
Third-Party Appeals	5,689	65	
Subtotal Expenditures for Association Goals	666,063	138,032	21%
Other Expenditures			
Costs from Own Fundraising	103,698	6,538	6%
Management and Administration	43,119	3,257	8%
Subtotal Expenditures	146,818	9,795	7%
Total Expenditures	812,880	147,827	18%
INCOME			
Donations Public Appeals	691,984	46,306	7%
Grants from Private Organisations	166,915	14,491	9%
Subtotal Own Fundraising	858,899	60,797	7%
Grants from Institutional Donors	69,343	15,927	23%
Other Income	15,063	1,071	7%
Total Income	943,305	77,795	8%
Exchange Rate Results	2,097		
Surplus	132,522		

COMBINED EXPENDITURE AND INCOME INDICATORS	2010
Spent on Association Goals / Total Expenses	81.9%
Spent on Association Goals / Total Income	70.6%
Cost Fundraising / Income Own Fundraising	12.1%

Médecins Sans Frontières Combined Balance Sheet 2010

IN EUROTHOUSANDS

	2010	
Intangible Fixed Assets	2,900	
Tangible Fixed Assets	31,035	
Financial Assets	9,305	
Fixed Assets		43,240
Stocks	21,418	
Grants from Institutional Donors to be Received	18,983	
Contributions to be Received	16,662	
Debtors	6,078	
Other Amounts to be Received	7,883	
Cash at Bank and in Hand	600,918	
Current Assets		671,942
Total Assets		715,182
Appropriation Reserves	2,478	
Free Reserves	608,157	
Other Reserves	8,673	
Subtotal reserves		619,308
Provision and Contingent Liabilities	5,560	
Financial Debts	1,656	
Accounts Payable and Accrued Liabilities	66,470	
Deferred Income	22,188	
Subtotal Liabilities		95,874
Total Liabilities		715,182

6 Long-Term Forecast

The Long-Term Forecast is based on the medical and operational ambitions laid out in the *MSF-OCA Strategic Plan 2011-2014*, and in the multiple-year agreements made between the MSF-sections regarding resource sharing, the percentage of grants from institutional donors (15%) and the development of the expenditure on emergency aid. MSF-Holland expects a stable growth in the organisation in the coming years. In actuality the costs of emergency aid can vary since the organisations' expenditure is dependent on the need to provide medical aid in the event of conflicts or natural disasters.

6.1 Forecast of Expenditure and Income

IN EUR THOUSANDS

	Actual 2010	Actual 2011	Budget 2012	Forecast 2013	Forecast 2014	Forecast 2015
EXPENDITURE						
Spent on Association Goals						
Emergency Aid	124,902	140,475	146,747	152,640	161,798	171,506
Preparation and Coordination in the Netherlands	10,529	11,183	11,643	13,300	14,350	15,500
Information and Awareness Raising	2,859	2,133	2,669	2,300	2,350	2,525
Committed to Third Parties	318	463	253	300	300	300
Total spent on Association Goals	138,608	154,254	161,312	168,540	178,798	189,831
(in % of total available income - target is > 85%)	80%	90%	99%	96%	94%	92%
(in % of total expenditure - target is > 90%)	93%	93%	93%	93%	93%	93%
Fundraising Income						
Costs from Own Fundraising	5,895	6,576	6,810	7,500	7,800	8,000
(as a % of the income own fundraising - target is < 20%)	13%	15%	15%	16%	16%	16%
Costs from Institutional Grants	502	538	559	600	610	620
Costs actions Third Parties	141	145	156	160	165	175
Management and Administration	3,962	3,516	3,858	4,725	4,950	5,200
Total Expenditures	149,108	165,029	172,695	181,525	192,323	203,826
(as a % of the total of income)	86%	97%	106%	104%	101%	99%
INCOMES						
Income from Own Fundraising	46,306	43,165	44,000	46,500	48,500	51,000
Share in Third-Party Appeals	991	975	1,000	1,000	1,000	1,000
Proceeds from National Postcode Lottery	135,000	13,500	13,500	13,500	13,500	13,500
Income from MSF-network activities	95,900	94,192	79,142	90,000	101,500	113,500
Grants from Institutional Donors	15,927	17,610	25,000	23,000	25,000	26,000
(as a % of the emergency aid expenses)	13%	13%	17%	15%	15%	15%
Other Income and Expenditure	1,071	1,553	1,000	1,250	1,250	1,250
Total available for Association Goals	173,695	170,995	163,642	175,250	190,750	206,250
RESULT FROM OPERATIONAL ACTIVITIES	24,587	3,040	-9,053	-6,275	-1,573	2,424

6.2 Development of the Costs and Indicators

IN EUR THOUSANDS

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

which the expenditures at headquarters may not amount to more than 20% of the total expenditure. In 2011 headquarters' costs were 16% of the total expenditure (including activities outsourced to MSF-Canada and MSF-Germany). In 2012 and the coming years the increased demand from the projects will lead to an increase in the total cost of preparation and coordination.

	Actual 2010	Actual 2011	Budget 2012	Forecast 2013	Forecast 2014	Forecast 2015
PREPARATION AND COORDINATION						
Preparation and Coordination costs Amsterdam	10,529	11,183	11,643	13,300	14,350	15,500
Costs outsourced work MSF-Canada + MSF-Germany	1,417	1,512	1,195	1,255	1,320	1,385
Total preparation and coordination costs (as a % of the total spent on Association Goals - policy standard is 8-10%)	11,946 9%	12,695 8%	12,838 8%	14,555 9%	15,670 9%	16,885 9%
Information and Awareness Raising	2,859	2,133	2,669	2,300	2,350	2,525
Management and Administration plus costs Fundraising Expenditures (as a % of the total expenditures - policy standard 10- 12%)	10,500 7%	10,775 6%	11,383 6%	12,985 7%	13,525 7%	13,995 7%
Total expenditures at Amsterdam office (as a % of the total expenditures - policy standard is < 20%)	25,305 17%	25,603 15%	26,890 16%	29,840 16%	31,545 16%	33,405 16%

Part of the management of the projects carried out by MSF-Holland is outsourced to MSF-Germany and MSF-Canada (see also chapter 5, Partnerships). From 2012 onward the outsourced activities will only be carried out by MSF-Germany.

6.3 Development of Staffing

IN FULLTIME EQUIVALENTS

	Actual	Actual	Budget	Forecast	Forecast	Forecast
	2010	2011	2012	2013	2014	2015
Number of posted staff	520	602	610	625	650	650
Number of staff office Amsterdam	165	178	181	190	190	190
Number of national staff in projects	6,049	7,245	7,000	7,200	7,200	7,200

The registration and reporting on fulltime equivalents for the national staff in projects can be improved.

7 Other Information

7.1 Signing and Auditors' Report

The Financial Statements are prepared by the management. On the condition of obtaining an unqualified opinion of the auditor the Financial Statements were unanimously adopted by the Board of the Association MSF-Holland in its meeting of 16 March 2012. The Annual Financial Statements will be presented for approval to the General Assembly to be held June 2, 2012.

Amsterdam, 16 March 2012

The Association Board and the Director

INDEPENDENT AUDITOR'S REPORT

To: the director and the Association Board of Vereniging Artsen zonder Grenzen

Report on the financial statements

We have audited the accompanying financial statements 2011, as included on pages 5 to 61, of Vereniging Artsen zonder Grenzen in Amsterdam, which comprise the balance sheet as at 31 December 2011, the Statement of Expenditures and Income for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with the Fundraising Institutions Accounting Guideline (RJ 650). Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Vereniging Artsen zonder Grenzen as at 31 December 2011 and of its result for the year then ended in accordance with the Fundraising Institutions Accounting Guideline (RJ 650).

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 30 March 2012

KPMG ACCOUNTANTS N.V.

Original signed by:
W. Tjoelker RA

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

CBF	Central Bureau Fundraising (Centraal Bureau Fondsenwerving)
MSF	Médecins Sans Frontières
MSF-sectie	National Médecins Sans Frontières organisation)
NPL	National Postcode Lottery
VFI	The Association of Fundraising Institutions

Colophon

PUBLICATION

© April 2012

MSF-Holland, Plantage Middenlaan 14,
P.O. Box 10014, 1001 EA Amsterdam,
The Netherlands.

T +31 20 520 87 00

F +31 20 620 51 70

E info@artsenzondergrenzen.nl

W www.artsenzondergrenzen.nl

The Financial Statements 2011 are also published in Dutch.
De jaarrekening 2011 is ook gepubliceerd in het Nederlands.

Artsen zonder Grenzen
is supported by:

