

ICCO Foundation

ANNUAL ACCOUNTS 2017

DRAFT

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Provisional financial statements of ICCO 2017

In accordance with statutory provisions and tax legislation, ICCO is required to present its audited annual accounts within six months after the end of the financial year.

Due to circumstances, the completion of the audit of the annual accounts 2017 are still in progress. The reflected provisional financial statements presented in this document serve as the basis for the audit. As soon as the audited annual accounts are finalized, they will be uploaded to the website.

Information on our activities and programs for 2017 can be found in the annual report, as presented on www.icco-cooperation.org. Together with our partners and donors, we have accomplished many successful projects, and continue to undertake promising initiatives which will lead to our innovative solutions for the future. In keeping with statutory provisions and tax legislation, ICCO is required to present its annual accounts within six months after the end of the financial year.

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1 From the Supervisory board

2 From the Executive board

2.1 Financial statements 2017

Balance Sheet as at 31 December 2017 (After appropriation of result)

In €		31 December 2017	31 December 2016
ASSETS			
Fixed assets			
Tangible fixed assets	1	381.260	176.691
Financial fixed assets	2	9.199.932	8.922.578
		9.581.192	9.099.269
Current assets			
Accounts receivable and accrued income	3	15.833.384	13.582.094
Securities	4	3.432.947	6.327.044
Cash and cash equivalents	5	28.394.111	29.762.610
		47.660.441	49.671.747
TOTAL ASSETS		57.241.633	58.771.016
LIABILITIES			
Reserves			
Foundation Capital	6	45	45
Continuity Reserve		7.210.781	4.929.922
Appropriation Reserve		2.706.612	1.759.631
Appropriation reserve donor programs		2.822.053	3.468.511
Appropriation reserve future proof programming		-	1.370.412
Appropriation reserve Kerk in Actie themes		168.130	168.130
		12.907.621	11.696.652
Funds			
Appropriation fund projects	7	(66.226)	99.642
Appropriation fund guarantees		3.669.859	5.726.596
Appropriation fund loans and participations		6.439.552	8.035.594
		10.043.185	13.861.832
Provisions	8	2.876.055	5.363.955
Long-term liabilities	9	604.746	2.708.552
Current liabilities	10	30.810.025	25.140.025
TOTAL LIABILITIES		57.241.633	58.771.016

2.2 Statement of Income and Expenditure 2017

In €		Actual 2017	Budget 2017	Actual 2016
Income	11			
Income from private individuals		73.990	-	58.308
Income from companies		6.428.193	6.075.833	3.457.975
Income from lottery organisations		2.097.824	1.982.832	1.804.038
Income from government grants		19.039.854	14.901.000	25.619.078
Income from other non-profit organisations		10.195.181	9.636.335	10.237.753
Income raised		37.835.041	32.596.000	41.177.151
Income from delivery of products / services		417.699	-	-
Other income		468.135	1.441.000	385.746
Income from fundraising activities		38.720.875	34.037.000	41.562.897
Expenses				
Spent on objectives	12	37.957.487	32.767.000	35.668.105
Costs of generating income	13	874.797	1.015.173	1.011.982
Management and Administration		2.391.992	2.775.827	2.513.433
Total expenses		41.224.275	36.558.000	39.193.520
Result for financial income and expenditure		(2.503.400)	(2.521.000)	2.369.377
Balance of financial income and expenses	14	104.282	-	279.262
Net result		(2.607.681)	(2.521.000)	2.090.115
Appropriation of net result				
Transferred to / from:				
Continuity Reserve		2.280.858	(2.521.000)	(705.288)
Appropriation reserve		946.981	-	(64.383)
Appropriation reserve donor programs		(646.459)	-	3.468.510
Appropriation reserve proof programming		(1.370.412)	-	1.370.410
Appropriation reserve Kerk in Actie themes		-	-	168.130
Appropriation fund projects		(165.871)	-	(4.069.807)
Appropriation fund guarantees		(2.056.737)	-	(660.402)
Appropriation fund loans and participations		(1.596.042)	-	2.940.509
Appropriation fund MFS interest		-	-	(357.564)
Result		(2.607.681)	(2.521.000)	2.090.115

2.3 Cash Flow Statement 2017

Follows.

2.4 Explanatory notes to the financial statements 2017

General basic principles for preparation of the financial statements and principal activities

The financial statements consist of the statements of Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking ICCO (ICCO Foundation or ICCO), with legal statutory seat in Utrecht.

ICCO Foundation contributes to the reduction of poverty by undertaking development programs relating to four key themes: Food Security and Sustainable Consumption; Economic Empowerment; Responsible Business; and Emergency Response.

In line with ICCO's overall mission, as well as related activities and expectations from our stakeholders, we have taken efforts to adhere to the requirements contained in the Dutch Accounting Standards for Fundraising Institutions (RJ 650).

For the execution of the relevant obligations contained in the legislation Wet Normering Bezoldiging Topfunctionarissen in de (semi) publieke sector (WNT), the institution further complied with the Beleidsregel toepassing WNT, relating to financial eligibility.

The financial year coincides with the calendar year. The applied basic principles for the valuation of assets and liabilities and the result determination are based on historical costs, unless indicated otherwise. Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Going Concern

The net result for 2017 shows a positive contribution of EUR 2.3 million to the continuity reserve. This result includes positive incidental items, such as a release from a VAT provision as well as a release from the guarantee fund. However, the operational net result for 2017 is negative. Both the loss in 2017 and a negative budget for 2018 were discussed and agreed upon by the Supervisory Board; the reason for the 2-year loss situation mainly comes from the transition period for the organization due to the end of the MFS donor funding by the Dutch Government.

From 2019 onwards, it is important that the net contribution to the continuity reserve will be positive and that the transition period for ICCO – from a government funded organization to an organization with several donors – can be finalized successfully.

During the year 2018 a multi annual financial plan has been made, in which a 3-year future financial plan is included. Based on current secured and expected income less expected costs, the budget 2019 shows a positive contribution to the continuity reserve. The multi annual financial plan has been discussed within the management team and Executive Board of ICCO and has been approved by the Supervisory Board.

Based on this multi annual plan, it is expected that ICCO can work at a competitive cost level and is able to transfer the current loss situation into a positive margin situation. Therefore, ICCO is of the opinion that the financial statements can be prepared on a going concern basis.

Change of accounting policy

During the year, ICCO changed its accounting policy with respect to revenue recognition. Revenue on projects was - in the years up to 2016 - recognized up front. At the moment of collecting the receivable, 100% of the revenue was recognized, not necessarily reflecting the progress of projects done. In 2017 the revenue is recognized based on actual progress of a project (and based the actual occurring of liabilities to partners). This reflects a change in accounting policy.

The impact on revenue and relating expenditure is disclosed at the explanatory notes of the Income and Expenditure. The impact on net income is nil, as in both accounting methods the result on projects is €0 on partner payments (no margin is realized on partner payments).

2016 comparative numbers

The 2016 comparative numbers have been adjusted for comparison reasons to comply with the new Dutch Accounting Standards for Fundraising Institutions (RJ 650).

Transactions in foreign currency

Transactions are reported in Euro (EUR and €). Transactions in foreign currency are converted according to the exchange rate applying on the transaction date. Monetary assets and liabilities that are denominated in foreign currency are converted into the functional currency according to the exchange rate applying on that day. Non-monetary assets and liabilities in foreign currency that are included at their historical cost price are converted to Euro according to the exchange rate applicable on the transaction date.

Exchange rate variances are reported in the result of income and expenditure. Regarding participations, exchange rate losses are not accounted for, unless these losses relate to participations in foreign currencies from which is expected that the exchange rate will not improve. These exchange rate losses are subtracted from the value of the participation. Exchange rate profits are not accounted for. This valuation methodology and accountability applies both to transactions in foreign currency as well as the foreign operations money.

Use of estimates

The drawing up of the financial statements requires the Executive Board to form opinions and make estimates and assumptions that influence the basic principles and the reported value of assets and liabilities, as well as income and expenditure. The actual outcomes may differ from these estimates. The estimates and underlying assumptions are continuously assessed. Revisions of estimates are included in the period in which the estimate is revised and in future periods for which the revision has consequences.

Estimates are especially applied regarding the valuation of the portfolio of loans, participations and guarantees and regarding the provisions for reorganization.

Financial instruments

Financial instruments include: investments in shares and securities, trade and other receivables, cash items, loans and other financing commitments, and trade and other payables.

Financial instruments are initially recognized at fair value. After initial recognition, financial instruments are valued as described below.

Financial instruments that are held for trading

Financial instruments (assets and liabilities) that are held for trading are valued at fair value and changes in that fair value are accounted for in the statement of income and expenditure. In the first period of recognition, transaction costs are included in the statement of income and expenditure as expenditure.

Securities

ICCO has a treasury policy stating the responsibilities and controls regarding management of securities and savings. The portfolio has to meet a set of sustainability criteria that measure the level of effort invested in achieving results with respect to their social and environmental policies.

To the extent that these are listed on a stock exchange, loans and bonds are valued at fair value. Changes in that fair value are accounted for in the statement of income and expenditure. Loans and bonds that are not listed on a stock exchange will be valued at their amortized cost price on the basis of the effective interest method, less extraordinary depreciation loss.

Securities are used for the purpose of investments, amongst others to cover the amount in the continuity reserve.

Provided loans and other receivables

Provided loans and other receivables are valued at their amortized cost price on the basis of the effective interest method, less impairment losses.

Other financial commitments

Financial commitments that are not held for trading are valued at amortized cost on the basis of the effective interest rate method.

Tangible fixed assets

The tangible fixed assets are valued at their acquisition price, less the cumulative depreciations and impairment losses. The depreciations will be calculated as a percentage of the acquisition price according to the linear method on the basis of the economic lifespan, taking into account the residual value, if any.

The depreciation percentages applied are:

Furniture and installations:	20%
Hardware and software – general:	33%
Hardware and software – ERP system:	20%
Company Cars:	33%

All tangible fixed assets are used for organizational purposes.

Financial fixed assets

Subsidiaries in which significant influence can be exercised on the business and financial policy are valued according to the equity method on the basis of the net asset value. The valuation principles of the foundation will be used to determine the net asset value. Holdings with a negative net asset value will be valued at nil and ICCO will make a provision for its share in the negative equity capital of these subsidiaries in case of liabilities for debts of the subsidiary.

Subsidiaries in which no significant influence can be exercised are valued at their acquisition price or their permanently lower going-concern value. Dividends are accounted for in the period in which they are made payable. Interest income is accounted for in the period in which it is achieved, taking into account the effective interest rate of the relevant asset. Profits and losses, if any, are accounted for under financial income and expenditure.

The financial fixed assets are presented separately from the provisions for losses in the portfolio of loans and participations.

Loans and participations are related to the objectives and not used for organizational or investment purposes.

Impairment

For tangible fixed assets and financial fixed assets, an assessment is made for each balance sheet date as to whether these assets are subject to impairment. If indications to this effect are found, then the recoverable value of the asset is estimated. The recoverable value is the higher of the value in use and the net realizable value. If it is not possible to estimate the recoverable value of an individual asset, then the recoverable value of each cash flow generating unit to which the asset belongs is estimated.

Receivables

Upon initial recognition the receivables are stated at fair value and then subsequently measured at amortized cost. Provisions deemed necessary for possible bad debt losses are deducted from the carrying amount of the receivable. These provisions are determined by individual assessment of the receivables.

Securities

Stocks and bonds are initially measured at cost, which is the fair value of the consideration paid, net of transaction costs incurred.

Reserves

Continuity reserve

The continuity reserve was created to safeguard the continuity of operations in case of (temporary) losses. The amount reserved is found to be sufficient to cover for liabilities from third parties, liabilities from personnel and other short-term risks. The maximum continuity reserve is 1.5 times total operating expenses as per the Guidelines Financial Management for Charity Organizations prepared by the Dutch Association of Fundraising Organizations (Goede Doelen Nederland).

Appropriation reserve

An appropriation reserve has been created for several purposes, amongst which are: strengthening ICCO programs & products in order to make this future proof and for innovation and professionalizing purposes. The limited deployment options of the appropriation reserve have been determined by the Executive Board and are not an obligation. The Executive Board can lift these limitations if it so chooses.

Appropriation reserve donor programs

The appropriation reserve donor programs have been created for matching own ICCO contributions in donor programs. Based on proposals from donors an amount for funding can be approved by the Executive Board.

Appropriation reserve Kerk in Actie themes

This reserve is created from specific Kerk in Actie funds and therefor will be spent on specific themes.

Funds

Appropriation funds

Appropriation funds are those funds with a specific purpose, as indicated by third parties. It concerns the following funds:

- Appropriation fund project: funding received for a specific project appropriation as indicated by third parties.
- Appropriation fund guarantees (pertaining to ICCO's program objectives): a fund to cover the guarantee obligations, which exceed the level of the guarantee provisions made.
- Appropriation fund loans and participations (pertaining to ICCO's program objectives): a fund to cover provided loans and participating interests above the level of the risk provisions taken for loans and participating interests.
- Appropriation fund MFS interest: interest received on MFS funds that, pursuant to the grant scheme, will be fully spent on the MFS objectives in the future.

Provisions

Unless stated otherwise the other provisions are assessed at the face value of the amounts that are expected to be necessary for settling the related obligations.

Provision guarantee obligations

ICCO provides guarantees to (bank) institutions, which use this to provide loans to third parties. A provision has been recognized for the guarantees provided by ICCO, which is based on a risk assessment of project risk and global economy risk. In calculating the provision, the payment behavior of the relevant partner is also taken into account. While the assessed risks are based on the best practices, these risks cannot be precisely determined for some regions.

Reorganization provision ProCoDe

In 2009, within the framework of the reorganization process, ProCoDe, a Redundancy Package for the employees who were made redundant at the Utrecht office, was agreed upon.

Social Plan MFS II provision

A redundancy package was agreed within the framework of the reorganization process under MFSII in 2010, for employees at the Utrecht office. The calculated provisions were based on the number of redundant FTEs and the expected cost of termination and dismissal.

Reorganization provision Future Proof ICCO

Within the framework of the reorganization process under the current 'Future Proofing ICCO 2016-2018' strategy, another Redundancy Package was agreed for employees who were made redundant at the Utrecht office. The calculated provisions were similarly based on the number of redundant FTEs and the expected cost of termination and dismissal. The reorganization process under this latest strategy has also affected employees in the regional offices. Another addition relates to the reorganization for restructuring ICCO in preparation for the financial restructuring after the MFSII period.

Employee benefits/pensions (pledged contribution scheme) Liabilities related to contributions to pension schemes on the basis of pledged contributions are included in the statement of income and expenditure in the period in to which the contributions refer.

Long-term and short-term liabilities

Upon initial recognition, the loans and liabilities recorded are stated at fair value and then valued at amortized cost.

Income

Government / EU grants

Government grants are credited to the statement of income and expenditure of the year in which the subsidized deployment takes place. Government grants are reported as income in proportion to the expenditures.

Income from third party campaigns / Income from our own fundraising activities

This income is credited to the statement of income and expenditure in the year in which the income is received or pledged. Grants are reported as income in proportion to the expenditures.

Other income

Other income consists of income from investments, contribution from the Dutch National Postcode Lottery, and other small amounts. Investment income is credited to the statement of income and expenditure in accordance with the abovementioned valuation principles of financial instruments. Income out of interest from cash and cash equivalents is included in the statement of income and expenditure of the year to which it pertains. Other income is credited to the statement of income and expenditure in the year in which the income is received.

Expenditure

In the statement of income and expenditure, the costs of ICCO's own activities are subdivided as follows: costs spent on program objectives, fundraising costs and management and administration costs. The allocation principles used by ICCO and the allocation methods to determine this subdivision have been detailed in the explanatory notes to the financial statements.

Spent on objectives

These expenditures consist of grants to third parties, contributions and execution costs. The expenditure due to grants to third parties is charged to the statement of income and expenditure in the year in which they are spent as per RJ 650. This reflects a change in accounting policy in the

current year. In previous years expenditures were recognized in the year in which ICCO agreed to make the contribution.

Fundraising costs

These costs are charged to the statement of income and expenditure in the year to which they pertain.

Management and administration costs

These costs are charged to the statement of income and expenditure in the year to which they pertain.

Staff expenses

Pension plan for personnel

Pursuant to the Dutch pension system the plan is financed by contributions to PFZW, an industry pension fund. Participation in this pension fund has been made obligatory in the collective labor agreement applicable to ICCO.

The related accrued entitlements are always fully financed in the related calendar year through – at least – cost effective contribution payments. The pension plan is a career average plan including – for both active and inactive participants (“sleepers” and retired persons) – conditional granting of supplements. The granting of supplements depends on the investment return.

The contribution to the pension fund amounts to 24% of the pensionable salary, which is based on gross wage per employee less a fixed amount per year. The annual employee-paid contribution is 10,05% of the pensionable salary. Based on the funding ratio and expected returns the board of the industry pension fund sets the contribution every year.

The related industry pension has stated that the funding ratio is 98,6% in 2017 (2016: 90%). Based on the administrative regulations the group has no obligation to make additional contributions in the event of a deficit other than through higher future contributions.

For employees of several regional offices a monthly reservation is made which is payable when the contract is terminated or when the employee retires, in accordance with relevant local labour laws.

Financial income and expenditure

This income is credited to the statement of income and expenditure in accordance with the above-mentioned valuation principles of financial instruments. Income out of interest from cash and cash equivalents is included in the statement of income and expenditure of the year to which it pertains.

2.5 Explanatory notes to the items on the balance sheet

2.5.1 Tangible fixed assets

Movements in the tangible fixed assets are as follows:

In €	Inventory and installations	Hard- and software general	Hard- and software ERP system	Company cars	Total tangible fixed assets
Acquisition/Manufacturing cost as at January 1, 2017	315.039	986.632	1.397.398	197.813	2.896.884
Cumulative depreciation and other impairment in value as at January 1, 2017	(274.770)	(874.790)	(1.397.398)	(173.235)	(2.720.193)
Carrying amount as at January 1, 2017	40.269	111.842	-	24.578	176.691
Investments	-	126.171	126.180	88.756	341.107
Amount of disposals (acquisition)	-	-	-	-	-
Amount of disposals (depreciation)	-	-	-	-	-
Depreciation	(17.844)	(90.339)	-	(28.355)	(136.538)
Other impairments in value and reversals thereof	-	-	-	-	-
Carrying amount as at December 31, 2015	(17.844)	35.832	126.180	60.401	204.569
Acquisition/Manufacturing cost as at December 31, 2017	315.039	1.112.803	1.523.578	286.569	3.237.991
Cumulative depreciation and other impairment in value as at December 31, 2017	(292.614)	(965.129)	(1.397.398)	(201.590)	(2.856.731)
Carrying amount as at December 31, 2017	22.425	147.674	126.180	84.979	381.260
Depreciation percentages	10%-20%	33%	20%	33%	

The tangible fixed assets have been retained for our operations. The investments in Hard- and software ERP system relate to the cost from implementation of a new financial ERP system (All Solutions) and to the implementation costs of Google network throughout all regions of ICCO. The implementation phase of All Solutions and the major part of Google has been finalized as of July 2018, which will be the start date of depreciation of these assets. In 2017 therefore, the depreciation charge of these assets equal zero.

2.5.2 Financial fixed assets

Loans and participations

The financial fixed assets have been retained for meeting our objectives. The movement of this item, excluding the provision for loans and participations, is as follows:

In €	Participations in third companies	Receivables from group companies	Receivables from third companies	Other associated companies	Total
Carrying amount as at January 1, 2017	4.705.951	450.000	2.306.803	4.145.025	11.607.779
<i>Movements:</i>					
Purchases, loans granted	799.597	-	250.000	-	1.049.597
Sales, redemptions	-	-	(180.464)	-	(180.464)
Exchange rate differences	(135.909)	-	(6.489)	-	(142.398)
Write offs	-	-	(60.000)	(862.766)	(922.766)
Reversals of impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Converted loans	-	-	-	-	-
Transfer to current assets	-	-	211.454	-	211.454
Associated company dividends	51.850	-	-	-	51.850
Other changes in equity	(252)	-	-	-	(252)
Carrying value as at December 31, 2017	5.421.237	450.000	2.521.304	3.282.259	11.674.800

The movement of the provision for the financial fixed assets is as follows:

In €	Participations in third companies	Receivables from group companies	Receivables from third companies	Other associated companies	Total
Carrying amount as at January 1, 2017	535.349	-	2.149.852	-	2.685.201
Additions	26.453	-	385.169	-	411.622
Deduction	(389.624)	-	(135.017)	-	(524.641)
Correction provision 2016	(48.657)	-	(48.657)	-	(97.314)
Carrying value as at December 31, 2017	123.521	-	2.351.347	-	2.474.868
Balance of loans and participating interests	5.297.716	450.000	169.957	3.282.259	9.199.932

Participations

In 2017, 2 new participations in third companies were approved: Prothem (Burundi) and Lendahand. Total equity invested during the year 2017 is EUR 0.8 million.

ICCO purchased shares in Prothem (Burundi) from Ham Foundation for EUR 0.3 million. Prothem (Promotion de Thé de Mwaro) is a company that supports the planting of tea seedlings and the processing and marketing of green tea supplied by some 10,000 smallholder tea growers. ICCO invested EUR 0.5 million in Hands-on B.V. (trading on the name of Lendahand) as a result of the existing strategic alliance between both organizations.

In 2017 a total of EUR 51,850 was received in stock dividend income on shares of our investments in two microfinance banks in Bolivia: Banco Fie and Ecofuturo.

Loans

At year end, the loan portfolio of ICCO, managed by Capital 4 Development Partners, contained 12 (was 14 in 2016) active loans for 10 companies. In 2017 one new (bridge) loan was approved for WAAR NL (amount that was repaid at the end of 2017). In addition, one loan of Stichting Landelijke Verenigingen Cadeaubonnen had to be written-off for an amount of EUR 60.000.

The short term part of the receivables are transferred to current assets within one year.

Other associated companies

The participation in other associated companies relates to the investment in Business 4 Impact. In 2016 the value of the fund was estimated at EUR 4.1 million. In the current year a write off of EUR 0.9 million was recognized due to the negative result of the fund in the current year.

Annually, a provision for financial fixed assets is determined based on a structured risk assessment of the loan and participation portfolio. The risk assessment includes project risks based on business performance criteria. In the regions where ICCO operates, due to economic and political factors the appropriate information cannot always be established or confirmed. As a result, ICCO's risk assessment may differ significantly from the actual outcome.

The provision on loans and participation is high, resulting in a low net value due to the poor likelihood of recovering the full amount of the remaining balances. As the funds are managed by an external fund manager and due to the nature of the loans and participations, only the net value of loans and participations is presented.

The receivable of the group company amounts to EUR 450.000 and relates to a loan provide by ICCO Foundation to ICCO Group BV. ICCO Group BV invested the amount of the loan in an equity investment in Scope Insight for the same amount.

2.5.3 Accounts receivable and accrued income

The receivables have mostly been retained for meeting our objectives. The specification of this item is as follows:

In €	31-12-2017	31-12-2016
Donors	9.172.757	4.541.172
Receivables from group companies	3.890.343	6.811.417
Short term receivables loans	131.000	342.454
Deposits	33.350	94.869
Income from securities and interest	24.679	65.010
Receivables from employees	11.607	4.588
Prepayments	179.723	321.910
Other receivables and accrued income	2.389.925	1.400.675
	15.833.384	13.582.094

Donors

This item relates to the amounts to be received from government grants and third parties concerning special project grants.

Receivables from group companies

In 2017 ICCO Foundation has a receivable of EUR 3.9 million (2016 – EUR 6.8 million) with the Cooperation ICCO U.A. The amount received of EUR 3 million relates to a payment from BUZA in relation to the MFS2 contract.

2.5.4 Securities

The securities have been retained for investment purpose. The composition of this item is as follows:

In €	31-12-2017		31-12-2016	
	€	%	€	%
Stocks	1.707.906	49,8%	1.709.708	27,0%
Bonds	1.652.204	48,1%	4.545.903	71,8%
Oikocredit stocks	72.837	2,1%	71.435	1,1%
Balance as per 31 December	3.432.947	100%	6.327.044	100%

In €	Stocks	Bonds and subordinated loans	Participation Oikocredit	Total
Book value as per 1 January	1.709.708	4.545.903	71.435	6.327.045
Acquisitions	445.882	62.939	-	508.821
Dividend payment in participations	-	-	1.402	1.402
	<u>2.155.590</u>	<u>4.608.842</u>	<u>72.837</u>	<u>6.837.268</u>
Sales	(546.620)	(2.938.189)	-	(3.484.809)
	<u>1.608.970</u>	<u>1.670.653</u>	<u>72.837</u>	<u>3.352.459</u>
Value changes of the share price as a result of valuation	98.936	(18.448)	-	80.488
Book value as per 31 December	1.707.906	1.652.205	72.837	3.432.947

The return consists of the following components:

In €	Dividend and interest	Unrealised profit	Realised profit	Total
Stocks	44.249	98.936	(11.286)	131.899
Bonds	26.366	(18.448)	(31.857)	(23.939)
Participating interest	1.415	-	-	1.415
	<u>72.030</u>	<u>80.488</u>	<u>(43.143)</u>	<u>109.375</u>
Interest on cash and cash equivalents				22.164
Total income from investments				131.539

The stocks, bonds and subordinated loans have been valued at the market price at the end of the year. The value changes are accounted for under "Income from investments." At the end of the year, the nominal value of the bonds amounts to EUR 1,540,000.

ICCO's treasury strategy is expected to comprise 25% in shares (minimum of 15% and maximum of 35%) and 75% in Euro denominated bonds (minimum of 65% and maximum of 85%).

The portfolio as of December 31, 2017 is not in line with ICCO's treasury strategy. The main reason is the sale – during the year 2017 – of EUR 2.9 million in bonds. We are currently reviewing our treasuring policy. Based on the outcome of the review, we will decide on the future composition of the security portfolio.

Unrealized profit is the theoretically realized profit as per year end. Realized profit is the profit actually realized at the moment of sale of the stocks or bonds.

The securities are at the free disposal of the foundation.

Oikocredit

The Oikocredit stock is included at nominal value.

2.5.5 Cash and cash equivalents

The cash and cash equivalents have mostly been retained for meeting our objectives. The specification of this item is as follows:

In €	31-12-2017	31-12-2016
Banks	28.379.086	29.747.675
Cash	15.025	14.935
	28.394.111	29.762.610

The balance of cash and cash equivalents includes an amount of restricted cash for EUR 1,026,491 (2016: EUR 2,866,580).

2.5.6 Reserves

Continuity reserve

The changes in the continuity reserve in the financial year are as follows:

In €	31-12-2017	31-12-2016
Balance as at 1 January	4.929.968	5.635.255
Less/plus: from Guarantee appropriation fund	2.056.737	
Less/plus: from appropriation of results	224.121	(705.287)
Balance as at 31 December	7.210.826	4.929.968

The continuity reserve is intended to cover short-term risks and to ensure that ICCO can continue to meet its moral and other obligations. The size of the continuity reserve is determined as a trade-off between the desirability of deploying as much as possible of our resources for our objectives and the need to maintain a healthy financial basis for the future. We are guided in this decision by the Guidelines Financial Management for Charity Organizations prepared by the Dutch Association of Fundraising Organizations (Goede Doelen Nederland). ICCO is convinced a reservation of resources is desirable for the continuity of the support given to the charity's goals, and endeavours a continuity reserve of at least 1.0 where the Guidelines maximum is 1.5 times the annual cost of maintaining the operational structure.

Appropriation reserve

The changes in the appropriation reserve in the financial year are as follows:

In €	31-12-2017	31-12-2016
Balance as at 1 January	1.759.631	1.824.014
Less/plus: from Appropriation reserve future proof programming	1.370.412	
Less/plus: from appropriation of results	(423.431)	(64.383)
Balance as at 31 December	2.706.612	1.759.631

The appropriation reserve Future Proof Programming has been added to the general Appropriation reserve.

Appropriation reserve donor programs

The changes in the appropriation reserve in the financial year are as follows:

In €	31-12-2017	31-12-2016
Balance as at 1 January	3.468.512	-
Less/plus: from appropriation of results	(646.459)	3.468.512
Balance as at 31 December	2.822.053	3.468.512

Appropriation reserve future proof programming

The changes in the appropriation reserve in the financial year are as follows:

In €	31-12-2017	31-12-2016
Balance as at 1 January	1.370.412	-
Less/plus: from appropriation of results	-	1.370.412
Less/plus: to Appropriation reserve	(1.370.412)	
Balance as at 31 December	-	1.370.412

Appropriation reserve Kerk in Actie themes

The changes in the appropriation reserve in the financial year are as follows:

In €	31-12-2017	31-12-2016
Balance as at 1 January	168.130	-
Less/plus: from appropriation of results	-	168.130
Balance as at 31 December	168.130	168.130

2.5.7 Funds

Appropriation funds relate to funding received for a specific purpose as indicated by third parties.

The movements of the appropriation funds are as follows:

Project appropriation fund

In €	31-12-2017	31-12-2016
Balance as at 1 January	99.645	4.169.452
Less/plus: from appropriation of results	(165.871)	(4.069.807)
Balance as at 31 December	(66.226)	99.645

Guarantee appropriation fund

In €	31-12-2017	31-12-2016
Balance as at 1 January	5.726.596	6.386.998
Less/plus: from appropriation of results	(2.056.737)	(660.402)
Balance as at 31 December	3.669.859	5.726.596

The guarantee appropriation fund is used for guarantees that ICCO has provided for loans issued by financial service providers. The guarantees at risk are provided for, and the balance – being the total amount of the guarantee minus the amount provided for – is accounted for in the appropriation fund. The balance of the guarantee appropriation fund decreased as compared to 2016, with the decrease of the value of the liabilities to be covered. The amount released from the Guarantee appropriation fund (EUR 2,056,737) is added to the Continuity Reserve.

Loans and participations appropriation fund

In €	31-12-2017	31-12-2016
Balance as at 1 January	8.035.594	5.095.085
Less/plus: from appropriation of results	(1.596.042)	2.940.509
Balance as at 31 December	6.439.552	8.035.594

The appropriation fund loans and participations decreased mainly with the reduction of the fair value of the loans and participations owned by ICCO.

Appropriation fund MSF interest

In €	31-12-2017	31-12-2016
Balance as at 1 January	-	357.564
Less/plus: from appropriation of results	-	(357.564)
Balance as at 31 December	-	-

The balance of the MFS appropriation fund has – by the end of 2016 – been released and re-allocated to the continuity reserve, since the MFS financing has ended.

2.5.8 Provisions

The specification of the provisions is as follows:

In €	31-12-2017	31-12-2016
Reorganization provision ProCoDe	90.503	265.844
Social Plan MFS II provision	135.589	193.981
Provision Restructuring 2014-2016	170.942	304.755
Provision Terrafina	21.407	45.231
Reorganization provision Future Proof	800.789	871.107
Provision VAT	0	816.458
Guarantee obligations	1.656.825	2.866.580
Balance as at 31 December	2.876.055	5.363.955

The movement in the provision for reorganization ProCoDe is as follows:

In €	31-12-2017	31-12-2016
Balance as at 1st January	265.844	620.976
Less: Payments	(65.940)	(197.210)
Mutation of provision	(109.401)	(157.922)
Balance as at 31 December	90.503	265.844

A provision was made in 2009 for the costs of the Redundancy Package agreed upon for the ICCO employees who were made redundant at the Utrecht office. In 2017, an amount of EUR 65.940 was spent. Based on recalculation of the expected expenditure a mutation of EUR-109.401 was made.

The movement in the provision for the redundancy package MFSII is as follows:

In €	31-12-2017	31-12-2016
Balance as at 1st January	193.981	312.669
Less: Payments	(54.845)	(61.235)
Mutation of provision	(3.547)	(57.453)
Balance as at 31 December	135.589	193.981

A provision was made in 2010 for the reorganization, which resulted from the severe cut of government grant at the end of 2010. Based on the redundancy package agreed upon for the ICCO employees, an amount of EUR 54.845 was spent in 2017. Based on recalculation of the expected expenditure a mutation of EUR - 3.547 was made.

The movement in the provision for restructuring 2014-2016 is as follows:

In €	31-12-2017	31-12-2016
Balance as at 1st January	304.755	584.362
Less: Payments	(78.844)	(245.580)
Mutation of provision	(54.969)	(34.027)
Balance as at 31 December	170.942	304.755

A provision was made in 2015 for the reorganization that started to reshape ICCO for the period after the MFSII period. An amount of EUR 78.844 was spent in 2017. Based on recalculation of the expected expenditure a mutation of EUR- 54.969 was made.

The movement in the provision for ICCO Terrafina Microfinance is as follows:

In €	31-12-2017	31-12-2016
Balance as at 1st January	45.231	61.723
Less: Payments	(19.309)	(11.388)
Mutation of provision	(4.515)	(5.104)
Balance as at 31 December	21.407	45.231

A provision was made in 2015 for the reorganization that started to downsize ICCO for the period after the MFSII period. This reorganization related in particular to the Terrafina Microfinance department in which ICCO, Rabobank and Oikocredit worked together in a tripartite way. An amount of EUR 19.309 was spent in 2017. Based on recalculation of the expected expenditure a release of EUR -4.515 was made.

The movement in the provision for Future Proof is as follows:

In €	31-12-2017	31-12-2016
Balance as at 1st January	871.107	1.033.428
Less: Payments	(107.900)	(120.375)
Mutation of provision	37.582	(41.946)
Balance as at 31 December	800.789	871.107

A provision was made in 2015 for the reorganization that resulted from the next severe cut in the government grant at the end of the MFSII period. This reorganization had an impact on the regional offices as well as in the global office in Utrecht. An amount of EUR 107.900 was spent in 2017. Based on a recalculation of the expected expenditure an increase of EUR 37.582 was made.

The movement in the provision VAT was as follows:

In €	31-12-2017	31-12-2016
Balance as at 1st January	816.458	816.458
Less: Payments	-	-
Mutation of provision	(816.458)	-
Balance as at 31 December	0	816.458

Up to the year 2016 a provision has been made for potential VAT to be paid to the Tax Authorities relating to work done by consultants from a subsidiary (F&S Consulting BV) for ICCO Foundation. The invoices have been charged without adding VAT, as ICCO was of the opinion that, with respect to VAT, it forms one fiscal unity with its subsidiaries. However, there was no formal approval from the Tax Authorities.

In December 2018, ICCO agreed with the Tax Authorities that ICCO does form a fiscal unity for VAT purposes with all its subsidiaries. The provision is not longer required, therefor the amount provided has been released to the profit and loss statement.

The movement in the provision for Guarantee obligations is as follows:

In €	31-12-2017	31-12-2016
Balance as at 1st January	2.866.580	2.980.365
Less: Payments	(1.018.442)	(1.025.788)
Mutation of provision	(191.313)	912.003
Balance as at 31 December	1.656.825	2.866.580

The provision is determined based on a risk assessment of a guarantee being called in, on the basis of earlier experience figures. In these figures, a project risk based on payment behavior and business performance is taken into account.

The reduction of the provision in the year 2017 was mainly due to a reduction of the portfolio. The total liability was EUR 5,582,133 as per 31 December 2017 (EUR 8,593,176 as per 31 December 2016). The guarantee portfolio will further decrease the next 5 years.

2.5.9 Long-term liabilities

In €	31-12-2017	31-12-2016
Project commitments		
2018	-	1.619.660
2019	375.923	1.088.892
2020 and further	228.823	-
Balance as at 31 December	604.746	2.708.552

Project commitments consist of subsidy contracts with partners related to the objectives payable in the long term payable after one year. Commitments payable before one year are reported under current liabilities. The amount decreased significantly from 2016 to 2017, as ICCO is doing more implementation of projects by itself, thereby reducing the commitments to external partners.

2.5.10 Current liabilities

The specification of this item is as follows:

In €	31-12-2017	31-12-2016
Project commitments	17.338.326	6.993.601
Project related commitments	203.179	2.060.366
Advances from donors	6.933.536	6.152.228
Accruals and deferred income	152.044	2.950.239
Accounts payable	1.792.104	4.098.367
Liabilities to participants	-	1.341.085
Liabilities to group companies	-	-
Security contributions and taxes	680.175	503.083
Reservation for holiday allowance	125.034	124.257
Provision for holidays	223.327	138.860
Amounts owed to staff	730.400	636.181
Other liabilities	2.631.903	141.759
Balance as at 31 December	30.810.027	25.140.025

Project commitments

Project commitments consist of subsidy contracts with partners related to the objectives payable in the short term. Commitments payable after one year are reported under long-term liabilities.

Project related commitments

The amount decreased significantly from 2016 to 2017, as ICCO is doing more implementation of projects by itself, thereby reducing the commitments to external partners.

Advances from donors

Like every year, the ministry of Foreign Affairs made an advance payment for the Strategic Partnership (Civil Engagement Alliance) cost for 2018.

Liabilities to participants

Liabilities to participants regard the amounts owed to cooperative PerspActive.

Amounts owed to staff

The legal reservations consist of amounts owed to staff in some of the regions, based on local

legislative provisions and regulations. The amounts will be paid at termination of the employee's contract or at retirement.

Other liabilities

The other liabilities consist of a.o. a large number of various liabilities of global office, regional offices and the ICCO Group.

2.5.11 Related Parties

Protestantse Kerk Nederland:

- ICCO executes the international program of Kerk in Actie, which is part of the Protestantse Kerk Nederland.
- ICCO rents office space in Utrecht from the Protestantse Kerk Nederland (PKN).
- A number of departments related of ICCO and PKN, being Finances, IT and Human Resources work together in a Shared Service Center. By mid 2018, it is decided to split most of the activities done in the Shared Service Center and disentangle the services to the respective organizations.

Cooperatie ICCO U.A.:

At the end of 2017 ICCO had no receivables from its members regarding operational costs. In 2016 these receivables were included in the balance under the accounts receivable and accrued income. ICCO has no liability to her members. This liability in 2016 was included in the balance under current liabilities.

Other:

Besides her members and participations in Group companies, ICCO has not identified other related parties.

As a consequence of ICCO holding shares or has provided loans, ICCO can hold a seat on the board of organizations in which it participates. ICCO has no significant influence on these parties. The participations held by ICCO are related to the program objectives.

2.5.12 Contingent liabilities

Multi-annual financial liabilities:

First loss compensation Business4Impact

ICCO has agreed to compensate the first loss of Business4Impact to at the maximum amount of EUR 500.000. Any losses on the Fund Investments up to the amount of EUR 500.000 in the aggregate will be deducted from the Net Asset Value of the participations held by ICCO.

Rental agreement PKN

A rental agreement was entered into with the PKN for a period of five years. ICCO and Kerk in Actie jointly rent 1.858 m². This agreement was adjusted in 2016 for the period 2016-2018, based on a reduction in the rented space to 1.152 m², at a total rental price of EUR 342,840 per annum, including rent of the building and conference rooms. The rental agreement is under negotiation, as the Shared Service Center will be disentangled in 2018. From 2019 a new rent agreement is negotiated with PKN, for the years 2019 – 2021.

Liabilities to subsidize liabilities of third parties:

Issued bank guarantees

As at 31 December 2017, ICCO has issued bank guarantees for a total amount of EUR 5.177.455. Of this, an amount of EUR 1.507.596 pertains to guarantees (including the aforementioned ING loan guarantee) that are provided for as included in explanation number 9 to these financial statements.

2.5.13 Subsequent events

Receivables Governments

On 24th of May 2018, the final approval was received from the Ministry of Foreign Affairs in which the final settlement regarding the MFSII program is received. Total amount of the grants is EUR 339.343.580. The last installment, amounting to EUR 393.346 was received on 29th May 2018.

2.6 Explanatory notes to the items on the statement of income and expenditure

2.6.1 Income

In €	Actual 2017	Budget 2017	Actual 2016
Income			
Legacies	5.000		5.000
Donations & gifts	68.990		53.308
Income from private individuals	73.990	-	58.308
Income from companies	6.428.193	6.075.833	3.457.975
National Postcode Lottery	1.350.000	1.350.000	1.350.000
National Postcode Lottery - extra drawing	747.824	632.832	454.038
Income from lottery organisations	2.097.824	1.982.832	1.804.038
DGIS - Strategic Partnership	5.985.642	4.716.863	2.972.557
DGIS - Medefinancieringsstelsel (MFS)	130.664	-	9.147.122
Dutch government - Other	9.165.894	7.222.995	11.626.666
European Union	2.113.743	1.665.692	383.963
European Union - ECHO	824.435	649.679	590.943
Other governmental donors	819.476	645.771	897.827
Income from government grants	19.039.854	14.901.000	25.619.078
Dutch non-governmental organisations	5.408.734	5.175.790	5.863.655
International foundations	3.494.422	3.343.925	3.119.896
Protestante Kerk Nederland - Kerk in Actie	1.166.875	1.116.620	744.865
SHO - Samenwerkende Hulporganisaties	-	-	-
Stop Aids Now! (SAN)	125.150	-	509.336
Income from other non-profit organisations	10.195.181	9.636.335	10.237.753
Income from delivery of products / services	417.699	-	-
Other income	468.135	1.441.000	385.746
	885.834	1.441.000	385.746
TOTAL INCOME	38.720.875	34.037.000	41.562.897

General

The recognized income includes coverage for organizational costs. As a part of the income coverage for project overheads and self implementing expenses is accounted for. The related expenditure is reported in the expenses (C1-C6 categories).

2.6.2 Expenditure

The expenditure on the program objectives is divided over the themes as follows:

In €	Actual 2017	Actual 2016
Main objectives		
Food and Nutrition Security and Sustainable Food		
Program Costs	4.481.384	4.800.357
Execution costs	3.481.853	3.772.806
	7.963.237	8.573.163
Economic Empowerment and Inclusive Markets		
Program Costs	5.461.944	4.792.483
Execution costs	5.488.724	5.454.667
	10.950.668	10.247.150
Responsible Business		
Program Costs	2.465.702	2.112.112
Execution costs	2.007.593	2.190.423
	4.473.296	4.302.535
Emergency Aid		
Program Costs	4.651.219	4.860.331
Execution costs	1.853.841	2.044.186
	6.505.060	6.904.517
Other		
Program Costs	4.287.645	2.354.139
Execution costs	3.777.581	3.286.600
	8.065.225	5.640.739
Program Costs	21.347.895	18.919.422
Execution costs	16.609.592	16.748.682
Total Program Costs	37.957.487	35.668.105

Expenditure on Emergency Response

In € 1.000	2017	2016	2015
Expenditure on Disaster Management and Rehabilitat	6.505	6.905	11.712
Income from own fundraising activities	74	58	15

The expenditure on emergency response (disaster management and rehabilitation projects) is presented as a separate main objective. In the 2015 financial statements it was reported under the other main objectives they relate to.

Expenditure Utilization Rate

In €	Actual 2017	Budget 2017	Actual 2016
Total spent on objectives	37.957.487	32.767.000	35.668.105
Total expenses	41.224.275	36.558.000	39.193.520
Expenditure utilization rate	92%	90%	91%

The expenditure utilization rate is determined by dividing the total amount spent on the objectives by the total expenditure.

Income Utilization Rate

In €	Actual 2017	Budget 2017	Actual 2016
Total spent on objectives	37.957.487	32.767.000	35.668.105
Total income	38.720.875	34.037.000	41.562.897
Income utilization rate	98%	96%	86%

The income utilization rate is determined by dividing the total amount spent on the program objectives by the total income.

In both rates the costs for provisions on loans, participations and guarantees are included in the total amount spent on the objectives. Any repayments are included in the provision.

2.6.2.1 Explanation of the expenditure allocation

Specification and allocation of expenditure according to their appropriation:

In € 1.000	Spent on objectives						Generating income cost				Total 2017	Budget 2017	Total 2016
	FSSC	EE	RB	EA	Other	Total	Other grants	Government grants	M&A				
Grants & contributions	4.481	5.462	2.466	4.651	4.288	21.348	-	-	-	21.348	15.416	18.865	
Publicity and communication	C1 399	511	202	72	195	1.379	86	45	157	1.667	1.548	1.619	
Staff costs	C2 2.374	3.659	1.509	1.333	2.892	11.766	364	194	1.244	13.567	11.174	13.123	
Direct costs	C3 436	603	82	193	401	1.715	39	21	181	1.956	1.833	2.212	
Housing costs	C4 86	172	63	113	107	540	6	3	222	772	658	922	
Office- and general costs	C5 172	524	145	120	172	1.133	72	40	533	1.778	1.982	2.265	
Depreciation costs	C6 15	20	7	23	11	76	4	2	54	137	156	187	
Execution costs	3.482	5.489	2.008	1.854	3.778	16.610	571	304	2.392	19.876	17.351	20.328	
TOTAL EXPENSES	7.963	10.951	4.473	6.505	8.065	37.957	571	304	2.392	41.224	32.767	39.193	

The allocation of expenditure between the amounts spent on the objectives, on fundraising and on management and administration (M&A) is based on the actual expenditure on partner contracts as well as on time registration and FTEs. Regarding the execution costs, a separate analysis was made per cost center of the applicable percentages of costs that can be allocated to each theme, M&A and fundraising, based on time registration or on number of FTEs. The allocation method used for division of expenditure among the themes, M&A and fundraising is in accordance with the Goede Doelen Nederland guidelines.

The M&A costs as a percentage of total expenditure is 6.1% (2016: 7.2%).

Costs made for externally financed donor projects

A general observation for all C1-C6 categories is that the 2016 C1-C6 budget figures are for the regular overhead budget. The budget figures do not include the externally financed donor budgets for the 2016 part of those donor projects. In the C1-C6 categories the 2016 expenditure are made. The coverage of these donor project expenses on donor projects are part of the project income (under specification 12 Income in the annual report).

2.6.2.2 C1 Publicity and communication costs

In €	Actual 2017	Budget 2017	Actual 2016
Communication costs	1.666.799	1.548.000	1.619.336

The communication costs are higher than budgeted especially in the regional offices for Central Asia and Central and Eastern Africa because of the costs made for seminars and workshops in projects.

For the other movements we refer to 'Costs made for externally financed donor projects'.

2.6.2.3 C2 Staff Costs

In €	Actual 2017	Budget 2017	Actual 2016
Salaries	7.066.066	5.819.557	7.448.719
Holiday allowance and year-end bonus	651.925	536.920	818.135
Social security charges	894.337	736.569	966.630
Pension contributions	636.802	524.465	735.201
Staff costs	9.249.130	7.617.511	9.968.685
Hired staff	3.807.289	3.135.653	3.341.005
Compensations according to employment conditions	206.538	170.103	234.037
Recruitment and selection	19.468	16.034	76.395
Education and training	63.278	52.115	108.540
Other direct staff costs	643.320	529.834	404.263
Direct staff costs	4.739.893	3.903.739	4.164.241
Outplacement	47.001	38.710	(13.331)
Occupational health and safety service, prevention and safety	62.061	51.113	84.176
Other indirect staff costs	52.794	43.480	112.830
Indirect staff costs	161.856	133.303	183.675
Total staff costs	14.150.878	11.654.553	14.316.601
Less: settlement with projects and partners	(583.484)	(480.553)	(1.194.069)
Less: charged on to third parties	-	-	-
	13.567.394	11.174.000	13.122.532

At the end of 2017, 342 employees were employed at ICCO. The headcount increased in the regional offices with 10 employees, whereas the headcount at global office decreased with 4 employees.

Direct staff cost mainly relate to cost of hired staff. The cost increased between 2016 and 2017, due to the fact that ICCO is more becoming an own implementation organization. Other costs are in line with budget and with 2016.

Indirect staff costs are in line with 2016. ICCO spends costs to training on security, but also on ARBO.

Total staff cost include also salary and staff cost for work done for other companies and partners. These costs are deducted from the total staff costs.

2.6.2.4 C3 Direct costs

In €	Actual 2017	Budget 2017	Actual 2016
Travel- and accomodation expenses	1.651.140	1.547.517	1.614.333
External advisors	215.646	202.113	83.011
Other direct costs	51.019	47.817	749.933
	1.917.805	1.797.447	2.447.277
Passed on to projects and partners	37.934	35.553	(235.205)
	1.955.739	1.833.000	2.212.072

The amount spent on travel and accommodation expenses is in line between 2016 and 2017.

2.6.2.5 C4 Housing costs

In €	Actual 2017	Budget 2017	Actual 2016
Housing costs	771.982	658.000	921.839

The actual housing expenses refer to the rented office spaces for the global office and of the regional and country offices worldwide.

2.6.2.6 C5 Office and general costs

In €	Actual 2017	Budget 2017	Actual 2016
Office costs	949.473	725.356	884.179
Costs of ICT	368.288	281.356	601.728
Audit and consultancy costs	611.134	466.880	626.993
Legal and organizational advice	250.084	191.053	129.475
Supervisory Board and Regional Councils	10.733	8.199	17.235
Partnerships	335.906	256.618	357.861
Release VAT provision	(816.458)	-	-
Other indirect costs	91.536	69.930	(65.747)
	1.800.695	1.999.393	2.551.725
Passed on to projects and partners	(22.767)	(17.393)	(286.731)
	1.777.928	1.982.000	2.264.994

Office costs

This item accounts for the costs of general printed matter, telephone, postal charges and other costs charged to ICCO by PKN.

Cost of ICT

In 2017, part of the implementation cost for the new ERP system (All Solutions) and the network environment (Google) is activated. This amounts to approx.. EUR 250K. In 2016 similar costs were made, but in 2016 no activation was made and implementation costs were conservatively directly charged to the Profit and Loss account.

Release of VAT provision

Up to the year 2016 a provision was made for potential VAT to be paid to the Tax Authorities relating to work done by consultants from a subsidiary (F&S Consulting BV) for ICCO Foundation. The invoices have been charged without adding VAT, as ICCO was of the opinion that, with respect to VAT, it forms one fiscal unity with its subsidiaries. However, there was no formal approval from the Tax Authorities.

In December 2018, ICCO agreed with the Tax Authorities that ICCO does form a fiscal unity for VAT purposes with all its subsidiaries. The provision is not longer required, therefor the amount provided has been released to the profit and loss statement, thereby reducing the general costs with EUR 816.000

2.6.2.7 C6 Depreciation

Depreciation tangible and intangible fixed assets.

In €	Actual 2017	Budget 2017	Actual 2016
Inventory and installations	17.844	20.388	17.877
Hardware and software - general	90.338	103.215	134.930
Hardware and software - ERP system	-	-	18.362
Company cars	28.355	32.397	16.231
	136.538	156.000	187.400

Depreciation of the hardware and software related to the ERP system will start from 2018 onwards as the final implementation costs of the ERP system were made after year end.

2.6.3 Cost of generating income

In €	Actual 2017	Actual 2016
Government grants	303.684	351.567
Fundraising third party campaigns	571.113	660.415
	874.797	1.011.982

The costs for fundraising include costs made to obtain government grants and income from third party campaigns. No expenditure was made on fundraising activities in the private sector.

2.6.4 Financial expenses and income

In €	Actual 2017	Actual 2016
Bank charges	57.993	36.100
Interest cash and cash equivalents	(59.397)	(118.893)
Realized and unrealized foreign exchange results	546.274	(68.352)
Nett investment result	(822.210)	(474.568)
Result Business 4 Impact fund	862.766	904.975
Taxes	51.830	-
Results previous years	(532.974)	-
	104.282	279.262

2.7 Remuneration Executive board and Supervisory board

In 2017, the organization was managed by an Executive Board consisting of two directors, a chairman and a member. The Supervisory Board considers the employment conditions of the Executive Board to be in accordance with the ICCO Foundation policy on remuneration of the Executive Board. Furthermore the remuneration meets the requirements of the Ministry of Foreign affairs for assignment of MFSII grants and complies with the Wet Normering Topinkomens (WNT).

In €	Marinus Verweij	Wim Hart
Functiegegevens	Chair	Member
Aanvang en einde functievervulling in 2017	01/01 - 31/12	01/01 - 31/12
Deeltijdfactor in fte	1,0	0,9
Gewezen topfunctionaris?	Nee	Nee
(Fictieve) dienstbetrekking?	Nee	Nee
Bezoldiging		
Gross wages	131.181	115.348
Taxable reimbursements	4.537	3.201
Pension charges (employer part)	12.831	11.393
Other compensations	-	-
Social charges	9.655	9.655
Subtotal 2017	158.204	139.597
Individueel toepasselijke bezoldigingsmaximum	168.000	149.333
-/- Onverschuldigd betaald bedrag	N.v.t.	N.v.t.
Totale bezoldiging 2017	158.204	139.597
Reden waarom de overschrijding al dan niet is toegestaan	N.v.t.	N.v.t.

Gegevens 2016		
Aanvang en einde functievervulling in 2016	01/01 - 31/12	01/01 - 31/12
Deeltijdfactor 2016 in fte	1,0	0,9
Beloning plus belastbare onkostenvergoedingen	148.249	129.971
Beloningen betaalbaar op termijn	9.450	9.450
Totale bezoldiging 2016	157.699	139.421

The total WNT remuneration of the chair of the Executive Board and the member of the Executive Board are within the maximum norm of gross wages including holiday allowance and end of year bonus of respectively EUR 168,000 and EUR 149,000 (adjusted for part-time %).

The remunerations of the chair of the Supervisory Board and the chair of the audit committee amount to EUR 3,000, and that of the other members of the Supervisory Board is EUR 1,500. The functions, tasks and ancillary positions are reported in Annex III of the Annual Report.

As per December 31st 2017 there are no loans, advances or guarantees provided to the members of the Executive and Supervisory Boards.

In €	J.F. de Leeuw	G. van Dijk	W. Oosterom	R. Powell Mandjes	A. Knigge
Functiegegevens²	Chair	Member/Chair Audit Commission	Member	Member	Member
Aanvang en einde functievervulling in 2017	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12
Bezoldiging					
Bezoldiging ³	3.000	3.000	1.500	750	750
Individueel toepasselijke bezoldigingsmaximum ⁴	25.200	16.800	16.800	16.800	16.800
-/- Onverschuldigd betaald bedrag ⁵	N.v.t.	N.v.t.	N.v.t.	N.v.t.	N.v.t.
Totale bezoldiging	3.000	3.000	1.500	750	750
Reden waarom de overschrijding al dan niet is toegestaan	N.v.t.	N.v.t.	N.v.t.	N.v.t.	N.v.t.
Gegevens 2016					
Aanvang en einde functievervulling in 2016	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12
Beloning plus belastbare onkostenvergoedingen	3.000	3.000	1.500	750	750
Beloningen betaalbaar op termijn	-	-	-	-	-
Totale bezoldiging 2016	3.000	3.000	1.500	750	750

2.8 Proposed appropriation or result for the financial year 2017

The Executive board proposes, with the approval of the Supervisory Board, that the result for the financial year 2017 amounting € - 2.607.681 should be appropriated as follows:

Appropriation of net result	Actual 2017
Transferred to / from:	
Continuity Reserve	2.280.858
Appropriation reserve	946.981
Appropriation reserve donor programs	(646.459)
Appropriation reserve proof programming	(1.370.412)
Appropriation reserve Kerk in Actie themes	-
Appropriation fund projects	(165.871)
Appropriation fund guarantees	(2.056.737)
Appropriation fund loans and participations	(1.596.042)
Appropriation fund MFS interest	-
Result	(2.607.681)

This proposal has been included in the financial statements.

Utrecht, December 2018

Executive Board
M. Verweij, chairman
J. Wakkerman

Supervisory Board,
J.F. de Leeuw, chairman
G. van Dijk
W. Oosterom
A. Knigge

2.9 Other Information

Independent auditor's report

Reference is made to the auditor's report as included hereinafter.

Appropriation of result according to articles of association

According to article 21 of its Statute ICCO Foundation is not allowed to pay any result to its members.

Subsequent events

There are no subsequent events that have impact on this report.

2.10 Independent auditor's report

To: the General Assembly of ICCO Foundation

Report on the financial statement