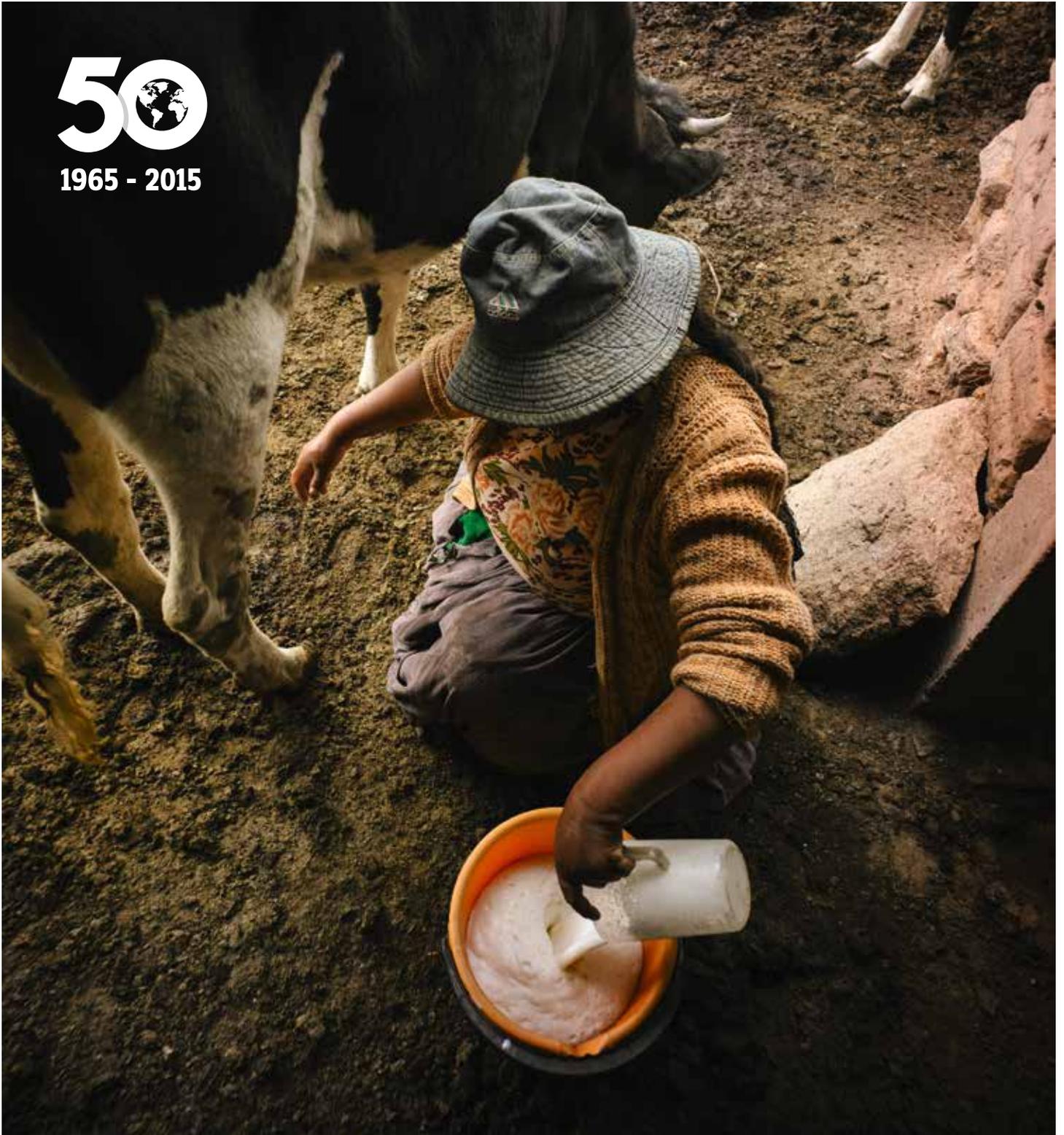


50

1965 - 2015



COOPERATION >

**ANNUAL REPORT 2014
ICCO FOUNDATION**

> MISSION

We are a faith-based non-governmental organization for international cooperation, under governance of Coöperatie ICCO U.A.

Our identity and work is characterized by three core values: compassion, justice and stewardship. Our mission is to contribute to poverty alleviation, social justice and inclusion of communities in countries where we can make a difference.

We are a global organization with local offices and the strong voice of poor and marginalized people. We focus on justice and dignity for all and securing sustainable livelihoods.

We promote, facilitate, broker and invest in the collaboration between stakeholders in development: civil society organizations, enterprises and governments.

We believe change depends on the entrepreneurial capacity of individual people, the social and political context and the capacity and willingness to join forces.

PREAMBULE

This annual report gives account of the work of ICCO Foundation in 2014. ICCO Foundation is the legal implementing organization of the ICCO cooperative (Coöperatie ICCO U.A. (cursief)). The brand name for the foundation and the cooperative is ICCO Cooperation.

Besides this report we have also publicized:

- the Annual Report and Accounts 2014 of *Coöperatie ICCO U.A.* and
- the ICCO Alliance Progress Report to DGIS (Directorate General International Cooperation of the Ministry of Foreign Affairs of the Netherlands).

These reports contain information on the achievements and performances of our programs. They can be found on our websites: www.icco.nl and www.icco-cooperation.org.

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REPORT OF THE EXECUTIVE BOARD

This year we celebrate our 50th anniversary. ICCO was established by protestant churches and organizations on 30th December 1964. Celebrating is maybe not the right word at this moment in our history.

Firstly, is there a good reason to be happy when you take into account that extreme poverty and injustice still hold a quarter of the world population in its grip? No, but true is also that due to many efforts child death rate reduced and life expectancy increased spectacular since the eighties. Our generation is the wealthiest in human history. But that wealth is also more unevenly distributed than ever.

ICCO Foundation contributed to positive changes to those affected by poverty and injustice. We are modest about our achievements, because we know development cooperation is an unexpected journey in prosperity and adversity. But speaking to partners and communities in the field and reading the letters and figures in this report, we know our work has impact and is appreciated. The newly published jubilee book 'Journey for Justice' with stories about our track record is proof of that too.

Secondly, 'celebrating' is a contentious word because it gives us a rather nasty taste. We are facing difficult times. In five years' time, we saw a dramatic decrease of the support of our largest financier, the Dutch government. Still in November we've experienced joy when being selected to become a strategic partner for the years 2016 – 2020. Baffled we were when hearing about the financial means we'll receive to execute our proposal: 6.9 million euro's, half of the means we needed. The impact on our programs and partners is very large.

Dutch development cooperation is under a lot of strain, and especially civil society organizations feel the effects. When the government cut down the expenses a couple of years ago and stopped the multi-annual co-financing program MFS II, the Minister promised to reserve 25% of the budget for civil society organizations. Three years later the 25 % is not being reached. Dutch civil society sector in development cooperation is international considered as a top sector. Our

reputation is at stake and we call upon a responsible policy to sustain knowledge and expertise.

Are we in despair? No, we continue our financial strategy we already started a couple of years ago: diversification of resources. We seek new and more various partnerships, mostly outside the Netherlands. Also the members in the cooperative will intensify coordination in fundraising, and the cooperation in program countries will get an extra push in 2015. Furthermore we extend our fundraising capacity.

We believe that we have an excellent and attractive proposition, not only to raise funds but also to be an interesting partner for multi-stakeholder programs focusing on the intersection between economic and societal development. Under the umbrella of the cooperative we are able to blend different financing instruments, funding resources, business entities and a variety of partners to meet the challenges of delivering inclusive and sustainable development.

In spite of these opportunities we can't deny that we are going through a dark time. A new restructuring of the organization is inevitable and that will be at the expense of support to partners, the number of countries in which we can work, our decentralized structure and jobs for our employees. We need to step back, hoping that after the lean years 2016 and 2017 to find the way up. We continue our journey for justice; we haven't accomplished our mission yet.

Utrecht,
23 November, 2015

Executive Board

M. Verweij, chairman
W.D. Hart, member



PART I
STRATEGY

01 STRATEGY AND POLICY

Continued globalization underlines the increased complexity of development cooperation. The traditional third world no longer exists. Rising economies of new global powers go hand in hand with extreme poverty due to unequal distribution of wealth. We also need to acknowledge the interconnectedness between global issues like climate change, economic development, conflict and migration and food security.

New realities ask for new strategies, to which a growing number of stakeholders can and must contribute to realize sustainable and enduring solutions. ICCO Foundation has to keep pace with these changes in international development cooperation. They force us to critically reflect on our organization, and adapt where needed.

Already in 2010 we started to steer our organization towards a future proof situation, e.g. by decentralization and establishing the cooperative (2012). A new focus on pathways of change and business development strategies combined with our ability to blend roles and financial instruments are key elements in this process.

1.1 EFFECTIVE PARTNERSHIPS

Tapping the opportunities as well as the challenges necessitates considered and well aligned partnerships. Within such partnerships, ICCO Foundation plays a multi-faceted role that ranges from facilitator, financier, implementer, broker to lobbyist..

In 2014 therefore we continued to build on a range of partnerships. They include:

- coPrisma, Edukans and Kerk in Actie, the members of the cooperative who intensified the cooperation. *CNV Internationaal* and Wild Geese joined the cooperative members in an application for a strategic partnership with the Dutch government;
- the world community of Christians, present in all countries via global faith-based networks like the World Council of Churches, ACT Europe and the ACT Alliance, a coalition of 144 churches and affiliated organizations. These networks gain access to us in numerous United Nations bodies, effective advocacy channels and campaigns, and joint fundraising for e.g. humanitarian relief;
- local partner organizations, rooted in the communities we work;

- local and national governments around the world;
- Dutch government in the MFS II co-financing program (2011-2015) and the new strategic partnership that will start in 2016;
- embassies of the Kingdom of the Netherlands. We collaborate to give shape to programs that combine development goals with a private sector stimulus, or build the corporate social responsibility programs of Dutch businesses. Examples of strategic cooperation are the hosting of, and participating in trade missions and discussions and information exchange on policy development and the space for civil society;
- private sector cooperation, which is an important component of our integrated approach to development cooperation. We differentiate between: private sector engagement to achieve development goals and private sector development with ICCO Foundation as a financial supporter of local micro, small or medium (social) enterprises and producer companies.

1.2 GENERAL OBJECTIVES

Since its establishment, ICCO Foundation has strived to fight poverty and injustice at the core of its practice. In our multi-annual strategic plan (Strategy 2020: Towards a Just and Dignified World), this struggle has been articulated in terms of two mutually reinforcing principles: securing sustainable livelihoods and justice and dignity for all (figure 1.1).

In all our work we do with our partners we seek to contribute to the respect and fulfillment of men and women's human rights. Our gender and rights-based approach to development is important to address the root causes of poverty and exclusion. In 2014 we continued to support the UNSCR 1325, which seeks to empower women to participate more effectively in decision-making processes. Through our strategic cooperation with BoPInc we work to strengthen the commitment of the private sector to actively

engage women as producers, entrepreneurs or consumers in the business.

We have also a strong believe in bringing together different stakeholders to work on shared goals, benefitting from the particular strengths of each. This is what we call the programmatic approach which is essentially a multi-stakeholder process.

Our overall vision of change is: “Poor and marginalized women, men and youth living in lower and middle income countries lead secure, sustainable, just and dignified lives.” This implies that ICCO Foundation invests in strengthening capacities of individuals and the empowerment of their organizations.

1.3 REORIENTING OUR STRATEGIC PATHWAYS

During 2014 we began to systematically implement measures on the base of our Strategy 2020: a leaner and more efficient organizational structure through:

- Developing larger and integrated programs.
- Brokering and facilitating broad-based and sustainable coalitions and networks that can deliver transformational social change and
- Working effectively with private sector partners to develop inclusive global value chains.

To deliver these broad objectives we have formulated 5 interconnected pathways.

1. Food and nutrition security and sustainable food production systems

The overall objective of this pathway of change is to strengthen the capacities of rural households to produce food for households consumption and markets, and to claim access to adequate right to food.

In 2014, we continued our efforts to strengthen our partner organizations at national and regional level to influence policies that favor diversified and sustainable local food systems and empower smallholders, particularly women. During the year, we also continued our efforts to explore ways to involve private sector actors in delivering services at the 'bottom of the pyramid', through for instance our work on inclusive value chains.

2. Income increase through small scale agricultural production

This pathway aims to strengthen self-organization by smallholders to move beyond subsistence farming by facilitating

Figure 1.1: Our twin core principles



their participation in fair and inclusive markets, coupled with efforts to demonstrate cost-effective and demand-based life skills training approaches.

On 2014 we focused on developing the whole system applying the 'Making Markets Work for the Poor' (M4P) approach. M4P aims to maximize the potential for sustainable impact while reducing market distortions through 'leveling the playing field' for all actors. One of the innovative business support tools that we further developed during the year to fully support the objective of this pathway was the 'Business Booster', which targets agribusinesses that are in the early phases of their operations.

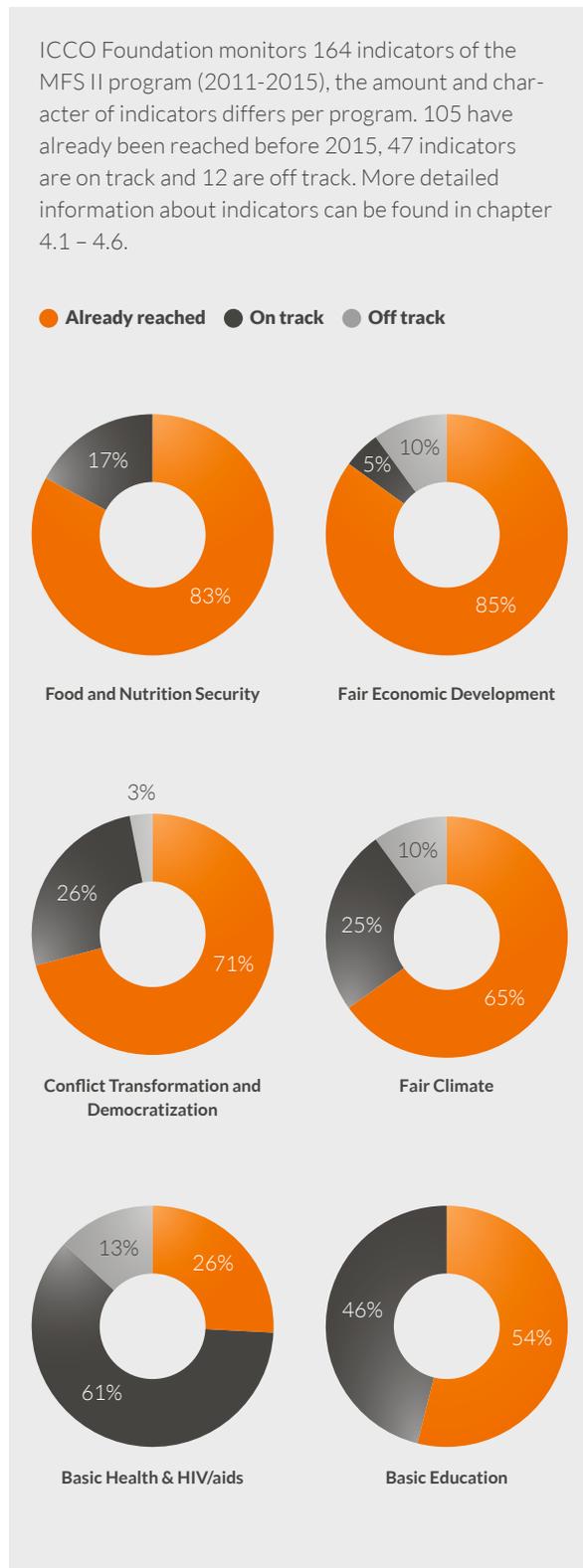
3. Private sector is pro poor, sustainable and respects human rights

This change pathway is geared towards articulating the role of the private sector in securing sustainable livelihoods and justice and dignity for all.

We focus on strengthening the capacity of private sector actors in three core areas:

1. Ensuring positive effects in diverse agricultural value chains and in production and trade on the poor at the base of the pyramid.
2. Respecting the human rights of producers, employees, consumers and people otherwise affected through the production process and
3. Using their resources sustainably throughout their business process.

Figure 1.2: Tracking our progress



4. Respect for human rights and societies with inclusive rules and regulations and civic justice

Working with a diversity of local partners to strengthen their voice and impact has been at the heart of ICCO Foundation’s intervention approach from the outset. The completion of our overarching lobby and advocacy policy has greatly facilitated our capacity development activities in this area at global, regional and country level.

A considerable part of our efforts during the year went into preparing a joint proposal with Wild Geese and *CNV Internationaal* for our post-2015 strategic partnership with the Ministry of Foreign Affairs. The proposal underscores the central role of civil society as both a watchdog and a strategic partner with the Ministry.

5. Conflict transformation and reduction of violence in communities

This change pathway recognizes that inclusive and sustainable development at local level cannot be realized without addressing the root causes of conflicts and violence, which emanate, among other causes, from unequal access to resources and power, especially for women, youth and ethnic minorities.

Our activities in 2014 continued to focus on strengthening the capacities of people to effectively build peaceful communities, transform sources of conflicts and claim their rights to access to (natural) resources through non-violent strategies.

1.4 OUR PROGRESS

The 5 pathways above encompass the 6 existing programs under the co-financing program of the Dutch government, known as MFS II. In chapter 4.1 – 4.6 of this Annual Report and Accounts 2014 we report primarily the achievements and performances of our business plan (2011 – 2015) under the MFS II monitoring protocol. ICCO Foundation monitors 164 indicators (figure 1.2). In chapter 4.1 – 4.6 more detailed indicator information is shown about the progress of the programs.

1.5 BLENDING OUR QUALITIES

In 2014, we made major strides in developing the concept of blending as a core business intervention strategy. By blending, we mean the application of different financing instruments, funding sources and business entities, and working with a variety of partners in order to address the multi-faceted challenges in achieving the twin core principles of our mission.

Blending is becoming the core of our intervention strategy and goes beyond just mixing funds from public (ICCO Foundation) and private (Fair&Sustainable Holding B.V.) sources. It is about engineering change together with companies, civil society organizations, knowledge institutions and governments. Blending is not necessarily a graduation model where grant instruments are followed by business incubation and then investments. 'Reversed graduation' is also possible, starting with business development and investments, and add grant funds to penetrate from the business side to target groups we want to include in the value chains.

The main reason for blending is that a development intervention can only be successful if all elements of the program instruments are worked on at the same time and are well coordinated. Different elements need different funding instruments, e.g. lobby and advocacy can be funded by grants, capacity building can be addressed through technical assistance, enterprise development should be funded through loans and investments, etc (see Figure 1.3). We do this more deliberately and therefore think it through at all levels.

The infographic on page 14 and 15 shows an example from Indonesia how blending for ICCO Foundation works in practice.

1.6 LOBBY AND ADVOCACY

ICCO Foundation is involved in many international lobby networks. The ACT Alliance and its European branch ACT

Europe (formerly APRODEV) work on the international debate on the changing development paradigm and the post MDGs debate. Our agenda focus on:

Corporate lobby

Development cooperation and human rights should be integrated in Dutch international policies, including trade and defense policies. To give voice to these topics amongst politicians, journalists and experts ICCO Foundation co-founded the International Cooperation Platform (*ISPoort*) in The Hague. In 2014 we participated in two meetings: one on the MINUSMA mission Mali, and one on Aid and Trade.

Human rights and business

For the 3rd time the 'Conference on Human Rights and Business' was organized, together with PwC, CNV *Internationaal* and VBDO (Association of Investors for Sustainable Development).

Political space

ICCO Foundation aims to amplify the voices of citizens and civil society and to expand the democratic space for civil society. We improved linkages with organizations as Justice and Peace and the Human Security Collective, and took part in the 'Speak Truth to Power Conference', organized by the Dutch Ministry of Foreign Affairs. Specific examples where we employed a lobby and advocacy approach in our regular programs are: land rights in Southeast Asia, West Africa and South America, and the

Figure 1.3: Example of blending our qualities*

SECTOR	PROGRAM INTERVENTION	FINANCIAL INSTRUMENT	ICCO COOPERATION BRANDS
Supporting rehabilitation of farmers after a disaster	Emergency relief	Grants	Foundation
Claiming (land) rights of farmers	Lobby and advocacy	Grants	Foundation
Enabling policies and favorable political and social environment. Facilitating the improvement of supply chains and spotting markets.	Programmatic work	Grants	Foundation
Facilitating growth of sustainable and inclusive value chains	Programmatic work Capacity building	Grants and advisory services	Foundation and Fair & Sustainable Advisory Services B.V.
Technical, vocational training and agricultural skills. Supporting farmer organizations	Programmatic work Capacity building	Grants and advisory services	Foundation and Fair & Sustainable Advisory Services B.V.
Strengthen producers organization. Improving production and productivity	Business development services	Grants and advisory services	Foundation and Fair & Sustainable Advisory Services B.V.
Supporting (small) businesses with positive social impact. Accelerate business development.	Business development services	Grants, guarantees, equity and loans	Business Booster, Guarantee Fund
Connecting (small) businesses to a market. Accelerate business development.	Enterprise development. Leverage funding for commercial and social investors	Guarantees, loans and equity	Business Booster, Guarantee Fund
Boosting and scaling up commercially viable businesses (EUR 100,000 - 1,000,000)	Investments with social impact	Loans and equity	Capital4Development Fund, Inclusive Business Fund

* This table shows how ICCO Foundation support different stages in stimulating business in developing countries. Though the distance from the first to the last box is huge and a graduation from an emergency to a commercially viable farm is not the reality, the scheme indicates how the strategies of ICCO Foundation and Fair and Sustainable Holding B.V. work: blending instruments and roles to achieve economic development with social impact.

political space for civil society in Central Asia, promoting inclusive rules, regulations and policies in all our programs and pathways, especially defending the position of human rights defenders.

1.7 FUNDRAISING

Within ICCO Foundation fundraising consists of acquiring of government grants, and contributions by donors and third parties. The spending of this income takes place in accordance with the objectives as agreed in the subsidy or donor conditions. In 2014 we expanded our capacity. Most Regional Offices developed their regional fundraising strategies, which form the core of ICCO Foundation's fundraising strategy as a decentralized organization.

One of the innovations made was bringing together different thematic experts focusing on one specific strategic relationship (e.g. Europe Aid or DGIS) to develop a corporate relationship strategy and coordinate their (fundraising) activities towards these donors. This has resulted in the increase and intensification of donor relationships, which can be seen in, inter alia: the number of strategic partnerships established during the year (such as with the World Bank's Global Partnership for Social Accountability); agreements signed (e.g. with USAID); and requests for proposals by grant makers.

ICCO Foundation sees a lot of potential to establish more and more in depth relations with organizations that are based in North America. Therefore ICCO Foundation opened an office in Washington DC in 2014 and aims to register a US-based foundation, ICCO USA, in 2015.

During 2014 ICCO Foundation has spent 88% of the total income on its objectives. Regarding the nature of the organization it is not possible to present the ratio cost of own fundraising compared to income from own fundraising activities. The costs of fundraising have mainly been spent on acquiring subsidies and of donor income. The share of income from own fundraising is only 0.25% of the total income.

National Postcode Lottery

Institutional support amounting to EUR 1,350,000 from the National Postcode Lottery, derived from the Lottery's proceeds from 2013. An additional contribution of EUR 1,480,607 was granted to ICCO's project Buen Apetito in Bolivia. This grant enabled ICCO to set up 10 cooking schools in the Bolivian city El Alto and to train local youth to become chefs who cook specifically with locally produced

ingredients. ICCO has been a beneficiary of the Lottery since 2008. See the photo story of this project on page 44 and 45.

More detailed information about institutional fundraising is presented on page 16.

1.8 MARKETING COMMUNICATIONS

ICCO Foundation works to build a coherent and identifiable public profile. That this approach is bearing fruit can be seen in the continued recognition of ICCO Foundation's expertise in several of our thematic focal areas during 2014. The campaign on cooperation with the private sector progressed from brand awareness to proposition awareness. A key vehicle for this was the publication of *ICCONomics*, a management e-book on international corporate social responsibility (CSR). An immediate result were approximately 20 new companies looking for cooperation and CSR advice. In addition: an extensive article on our work was published in the business newspaper *Financieel Dagblad*. We created two online dossiers on this topic in collaboration with two media partners.

End of 2014 preparations were made to launch ICCO Foundation's first international campaign on the occasion of our 50 years jubilee: 'Human Rights and Business: Let's get used to it!' Toolkits, adverts, radio commercials and viral marketing campaigns were produced. The campaign was rolled out in January 2015.

1.9 RESERVE FUNDS AND TREASURY

Appropriation reserves are being created based on decisions by the Executive Board. The objectives of the appropriation funds are determined by third parties, such as governments and donors. At the receipt of subsidies or contributions an appropriation fund is created, through appropriation of the annual result.

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 regarding their social and environmental policies. ICCO's treasury strategy is to have 25% shares (minimum of 15% and maximum of 35%) and 75% euro denominated bonds (minimum of 65% and maximum of 85%). Securities are used for the purpose of investments, amongst others to cover the amount in the continuity reserve.

02 RISKS AND MITIGATION

There are a number of challenges that we face in realizing our mission of a just world without poverty.

2.1 FUNDING

Our primary risks lie in the diminishing availability of funding, the stronger competition with other international NGOs for funds, and the higher demands placed on NGOs by donors. To mitigate this we invested heavily in our fundraising capacity in all of our regions we work in as well as in the USA. We aim for long term partnerships with a high success rate on our applications, preventing to invest too much in writing 'near miss' proposals. We focus on working with a few high potential (institutional) donor organizations.

In answer to diminish competition we sought and seek cooperation with other organizations. We started a cooperative, through which we share vision, allies, knowledge, finance, capacity and competences. We develop funding proposals in alliances of mutually reinforcing organizations. And we strengthen ties with other allies, such as ACT Alliance.

2.2 CHANGING LOCAL ENVIRONMENT

The biggest threat we see in the countries we work in, is the shrinking political space. Not only for faith-based organizations, but for all individuals and organizations who try to voice a (repressed) minority. In times of elections for instance, NGOs experience (even) more pressure than before. Also malfunctioning, absent or even corrupt governments put a strain on our efforts to improve the lives of the poor.

Our method is to remain in dialogue with local authorities as much as possible. We operate in coalitions where we can. We wait for the right momentum to intervene. At moments when international - both public and political - pressure demands taking a firm stand, we choose to be sensitive for the national discourse without abandoning the rights as well as the people we fight for.

2.3 IMPLEMENTATION THROUGH LOCAL PARTNERS

ICCO Foundation mostly works through civil society partners as these are best equipped work within the local context. At the same time we commit to achieving agreed development results with our institutional donors. Our challenge is to strike a balance between these donor requirements and project implementation by our partners.

We work with a range of partners, some very small and others very large. Accordingly, their experience and professional competencies vary. We therefore work closely with our partners to build capacity and avoid putting donor requirements at risk. To monitor partner strength and development, we employ several organizational scans. At the same time we assess the quality of our programs and projects by thoroughly evaluating them.

2.4 SECURITY

Our work in politically unstable and impoverished countries goes along with hazardous working circumstances. The safety of our employees has always been a priority. Fragile countries such as Mali and DR Congo get a considerable amount of attention from our security desk. We have a clear security policy. It is carefully scrutinized to see if it still fits the imminent threat.

03 FUTURE PLANS

At the end of 2015 the multi-annual co-financing program with the Dutch government, called MFS II, will end. ICCO Foundation is preparing this new oncoming reality.

Strategy 2020

All necessary organizational and programmatic measures for this new oncoming reality to be taken in 2015 will be based on our Strategy 2020 (2013) policy paper which gives us guidelines for creating a renewed, focused and flexible cooperative. In 2015 we will steer the organization further towards the intersection between the twin core principles of our Strategy 2020: justice and dignity for all and securing sustainable livelihoods.

We will continue to mobilize and to diversify back donor funds worldwide and in the countries we operate. Our international presence in countries will be critically assessed against the financial sustainability connected to back donor programs. We will adjust our presence where necessary. We seek cooperation not only with back donors, but also with the private sector. In the cooperative the relations between the members will be intensified; in the Netherlands, but also in the countries we work. Also we put extra energy in working together with like-minded faith-based European NGOs that are member of ACT Alliance, our international ecumenical network for emergencies, development and advocacy.

The spending on programs takes place in accordance with the 5 year's plan of ICCO Foundation. Per program goals have been defined. Per annum the results and progress of the goals are measured.

The contributions from governments and donors are accounted for in appropriation reserves and - funds. Expenditures and income are deducted from or added to these reserves and funds by means of appropriation of the result.

Valuable assets for future

We have a long and respected track record in multi-stakeholder programs by contributing different roles from broker, implementer to lobbyist, but also by combining financial instruments and paid services from the Foundation and the Holding. Both entities seek in 2015 and beyond more coherence within the cooperative in order to blend and utilize the best qualities.

Recent years we helped to make partner organizations strong and supported them to diversify their funding. And also in

2015 we pay full attention to prepare partner organizations for the post 2015 period. The results are various, geographically, but also when we compare our programs. Partner organizations need to develop more strategic and innovative approaches and ICCO Foundation has to take into consideration that a future strategy focuses on the more promising countries and programs to generate donor grant funds.

Finances 2015

The budget of ICCO Foundation in 2015 is based on the principles of the business plan of the ICCO Alliance 2011-2015, as well as on the strategies and policies actual in 2014. Approximately 50% of the income consists of MFS II grants. ICCO Foundation has significantly scaled up its fundraising staff and efforts, including opening up of a new office in the USA. The objective is to achieve greater diversification of funds. In order to fulfill our Strategy 2020 ambition, we aim to obtain more than EUR 39 million from institutional donors in 2015. This is a growth of 100% compared to 2014 and a great challenge for the organization.

Table 5.1: Budget 2015 and 2014 (in €)

INCOME	2015	2014
Income from fundraising activities	500,000	500,000
Income from campaigns	8,642,000	7,850,000
Government grants	89,261,285	80,424,472
Income from investments	150,000	177,936
Other income	1,000,000	1,274,828
TOTAL INCOME	99,553,285	90,227,236
EXPENSES	2015	2014
Spent on objectives	95,529,620	84,148,530
Fundraising costs	2,206,556	1,804,545
Management and administration	1,817,109	4,060,226
TOTAL EXPENSES	99,553,285	90,049,300
RESULT	0	177,936
OPERATIONAL COSTS	2015	2014
Publicity and communication costs	622,967	691,858
Staff costs	8,852,633	8,216,573
Direct costs	376,851	843,863
Housing costs	585,618	902,937
Office and general costs	1,560,459	1,236,672
Depreciation tangible fixed assets	223,433	292,457
TOTAL	12,221,960	12,184,361



PART II
GOVERNANCE AND
ORGANIZATION

04 GOVERNANCE STRUCTURE

The statutes provide a model with the functioning of an Executive Board, which is responsible for the realizing of the (strategic) objectives. The Supervisory Board of *Coöperatie ICCO U.A.* oversees the functioning of the Executive Board. ICCO Foundation functions under governance of *Coöperatie ICCO U.A.* The statutes provide a model with the functioning of an Executive Board, which is responsible for realizing the strategy and a Supervisory Board monitoring the functioning of the Executive Board.

4.1 EXECUTIVE BOARD

The Executive Board consists of two directors, a chairman and a member. The Executive Board oversees the Global Office (Utrecht) and the six Regional Offices. It manages ICCO Foundation, with due observance of the interests of other interested parties. In that respect the board members shall be responsible for determining and realizing the objectives and continuity of ICCO Foundation and for compliance with the legislation and regulations that apply to the foundation.

The board shall focus, inter alia, on the following areas:

- (i) the realization of the objective of the foundation;
- (ii) the spending of the resources in an efficient and effective manner;
- (iii) fundraising methods that are efficient, effective and appropriate;
- (iv) treating volunteers with due care; and
- (v) a professional and adequate functioning of the organization.

The members of the Executive Board of ICCO Foundation are - following the statutes - the same members as the members of the Executive Board of *Coöperatie ICCO U.A.*

4.2 THE TASK DIVISION WITHIN THE EXECUTIVE BOARD

Chair of the Executive Board: acts as chair, is figurehead, is responsible for all external, corporate communication and is first responsible for all the acting of ICCO Foundation. Besides, the chair has his own portfolio as agreed between the members of the Executive Board.

Member of the Executive Board: given his competence and mandate, is responsible for the complete internal management in the Global Office and the Regional Offices. In case of absence of the chair, replacing the chair.

The Executive Board determines the annual accounts. Following the statutes of ICCO Foundation, the Executive Board is accountable about the annual accounts to the Supervisory Board of *Coöperatie ICCO U.A.*

4.3 COMPOSITION EXECUTIVE BOARD

Drs. M. Verweij – Chairman

Ancillary positions:

- Chairman of the International Christian Medical and Dental Association Trust (ICMDA) in the United Kingdom
- Chairman of the Supervisory Board of Medrie B.V. Zwolle, organization FOR primary health care
- Chairman of the Foundation Ministerium Medici Missionare, a small fund for medical development work
- Vice-chair of the Supervisory Board of 'LuciVer' a nursing home for elderly care in Wychen
- Vice-chair of the Durlstone Zimbabwe Foundation
- Treasurer of the ACT Alliance Advocacy to the European Union
- Member of the Round Table Worldconnectors

W.D. Hart RA – Member

Ancillary positions:

- Member of the General Board of the Albert Heijn Foundation.
- Member of the Board of NPM
- Member of the Board of AgriProFocus
- Member of the Board of Terrafina Microfinance
- Treasurer ACT Alliance
- Member of the Board of Foundation GBYH
- Member of the Supervisory Board of B&C International B.V.
- Member of the Board of the Foundation Holland Moldova
- Member of the Advisory Board of Schagen

4.4 SUPERVISORY BOARD

The Supervisory Board of *Coöperatie ICCO U.A.* consists of five people. The members of the Supervisory Board are originating from the constituency and the network of ICCO Cooperation. The composition of the Supervisory Board shall be such that there is a balance in expertise and origin. The Supervisory Board meets at least four times per year. Statutory rules to prevent conflicts of interest apply to both the Executive Board and the Supervisory Board. Annually, the general lines of the executed policy of the Executive Board are discussed in a joint meeting with the Supervisory Board. The Supervisory Board has the following tasks:

- (i) To pro-actively and retro-actively supervise the policy of the Executive Board and the general run of affairs within the cooperative and the enterprise linked to it.
- (ii) To support the Executive Board with advice upon request or otherwise, inclusive of an annual evaluation of individual board members and the board as a whole.

- (iii) To appoint, suspend and dismiss members of the Executive Board.

In fulfilling their task, the Supervisory Board members shall be guided by the interests of ICCO Cooperation. Each Supervisory Board member must be able to operate independently and critically towards the other Supervisory Board members, the board and any partial interest whatsoever.

An Audit and a Remuneration Committee support the Supervisory Board. Members of the Supervisory Board are appointed by the General Assembly.

The remuneration policy is determined by the Supervisory Board and is in conformity with the prevailing VFI policy and the WNT regulations. The remuneration is audited by the Remuneration Committee.

05 ACCOUNTABILITY STATEMENT

This declaration is a summary of the complete accountability statement Central Bureau on Fundraising (CBF) and elaborates principles of good governance for charitable organizations with regard to the separation of managing, executing and monitoring (as formulated in the Code Wijffels) in three parts.

5.1 SEPARATION OF MONITORING, MANAGEMENT AND EXECUTION OF THE ICCO ORGANIZATION

ICCO Foundation

ICCO Foundation (*Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking, ICCO*) which functions under the governance structure of *Coöperatie ICCO U.A.*, implements the nonprofit, often grant based work. The commercial – for profit - activities, such as ICCO's FairClimateFund B.V., Fair & Sustainable Advisory Services B.V. and ICCO Investments B.V. are channeled through separate legal entities (in limited companies) under the umbrella of *Coöperatie ICCO U.A.*

The statutes of ICCO Foundation have an identical mission and objective as the statutes of *Coöperatie ICCO U.A.* They provide a model with the functioning of an Executive Board, which is responsible for the realizing of the (strategic) objectives. A personal union is arranged between the Executive Board of ICCO Foundation and the Executive Board of *Coöperatie ICCO U.A.* The Supervisory

Board of *Coöperatie ICCO U.A.* oversees and monitors the Executive Board and approves the annual report of the ICCO Foundation. ICCO Foundation functions therefore completely under the control and responsibility of *Coöperatie ICCO U.A.*

Advisory bodies

Advisory bodies support the Executive Board in the development of our strategy. They have an important position but are not part of the formal governance structure. The Executive Board is advised by seven Regional Councils in three continents with respect to the strategic choices of the organization and the preparation and evaluation of the regional annual plans. These Regional Councils are composed of people from the region who are independent and have expertise in one or more areas of the organization. Furthermore the Executive Board is advised by the directors of the members of *Coöperatie ICCO U.A.* On the level of international advice the Executive Board seeks advice from experts in our international network. Next to that ICCO Foundation organizes bi-annual "Talks that Matter" with experts from our international network.

5.2 OPTIMAL SPENDING OF FUNDS

ICCO Foundation is not only the implementing partner of *Coöperatie ICCO U.A.*, but also the leading partner of the ICCO Alliance MFS II. In that context a strategic policy and business plan is developed for the years 2011-2015. Accordingly, annual plans are deducted from this overall strategic plan which guides the various levels within the organization, both in the Global Office in Utrecht and in the various Regional Offices.

ICCO Foundation has several instruments to determine the effectiveness of the organization:

- Management Information.
- System risk analysis and internal audits.
- ISO 9001:2008 certification.
- Annual financial audit.
- In connection with the approval of the CBF seal for beneficiary obtaining moneys from a gaming license

5.3 OPTIMAL RELATIONS WITH STAKEHOLDERS

ICCO Foundation strives for optimal relations with stakeholders, focusing on disclosure and the intake and processing of requests, questions and complaints. The stakeholders of ICCO Foundation are the donors, the alliance partners, the partner organizations, entrepreneurs and companies, the Dutch Ministry of Foreign Affairs, the Dutch public (taxpayer) and the ultimate beneficiaries of our programs. As ICCO does not make use of volunteers nothing has been reported on a volunteers policy.

The stakeholders are provided with information in various ways. Public information is provided via the website www.icco.nl and via the website www.icco-cooperation.org. These websites provide all sorts of information, such as project results and news items. The Regional Offices all have their own website which is linked to the international website of ICCO Foundation. Six times a year ICCO Foundation sends e-zines in Dutch and English to her stakeholders. Besides this ICCO Foundation report an annual progress report on behalf of the ICCO Alliance is produced to give account to the Dutch government of the MFS II program. Both reports are sent to the Dutch Ministry of Foreign Affairs,

the European Union, alliance partners and its affiliates. The annual reports are also sent to the constituency of ICCO Foundation (e-zine readers, entrepreneurs and other stakeholders). Additionally, donors receive (including ministries and the European Union) reports of the programs and projects to which they contribute. Entrepreneurs receive reports of projects in which they participate.

On a daily basis ICCO Foundation communicates through social media all kinds of topics, usually linked to the work of ICCO Foundation and world news. Our aim is to (re)produce information that is accurate, complete, accessible and transparent for all types of media. This includes the use of photography and other images like short films.

By the end of the year around 60% publicly available in this standardized IATI format. A visualization tool was also developed to make the data provided more accessible and easier to understand.

Over the past years, ICCO Foundation has piloted client satisfaction instruments as a means to increase downward accountability among development partners and empower clients (target groups/beneficiaries) to claim their rights. More information is available via the specially developed website: www.clientsatisfactioninstruments.org.

ICCO Foundation communicates internally mostly in English. General information about projects, activities and campaigns is also provided in Dutch (to Dutch constituency).

ICCO Foundation is open to ideas, comments, requests and complaints from stakeholders concerning communication. They can contact ICCO through various ways. For example through the staff and the Executive Board, and through the email address info@icco-cooperation.org. We also provide for a response form on the website. Suggestions and requests are incorporated internally by our Service Desk and handled by the relevant employee for that topic.

ICCO Foundation has a complaints and appeals system which is accessible via the websites www.icco.nl and www.icco-cooperation.org.

06 ORGANIZATION

In 2014 we embarked on a journey towards a larger diversification of funds, and we prepared the organization by strengthening the Regional Offices and reorganizing our Global Office.

6.1 ORGANIZATIONAL STRUCTURE

Global Office

The organizational structure of our Global Office was changed in the way that a stronger division in staff services and line organization was accomplished. We strengthened the cohesion between the key staff units Policy and Strategy, Institutional Fundraising and Marketing Communications. The support units Quality and Audit Services, Information Technology, Human Resources, and Finance, Monitoring and Evaluation have become part of the Shared Service Center, a joint back-office department between ICCO Foundation and the Services Organization of the Protestant Church.

Regional Offices

Since 2009 we are a decentralized organization with Regional Offices. The range of countries where we are present with a Regional Office or a Country Office and where we have a registration as NGO varies over the years. This is constant work in progress given the changing laws and regulations, change of Regional Manager (and therefore Power of Attorney) and developing of the view on where we want to have an office or representation. See the legal structure for more information about where we had a registration as branch of Foundation ICCO and representation as of 31 December 2014 (page 88, 'Consolidated companies'). In 2014 we became registered as ICCO Foundation in Myanmar, Peru and Paraguay. Depending on the local law and regulations in a few countries we've established a local legal entity because we cannot register there as branch of an international foundation or a registration gives us not enough opportunities for all our operations. In 2014 we established a new not for profit company in India and a public foundation in Kyrgyzstan, named 'Fair and Sustainable Development Solutions'.

6.2 HUMAN RESOURCES

The management development trajectory was continued in 2014. The management team worked in this trajectory on personal leadership.

Due to the expected fall in income in 2015 we decided to reorganize in time to have our organization lined up for the

post MFS II period. Because of the impact for staffing and individual employees, a social plan called 'ICCO Restructuring Plan 2014-2016' was negotiated with the trade unions. After the first steps from the restructuring plan were implemented, more than 10 staff members unfortunately lost their jobs and the social plan was used to ensure adequate arrangements for the retrenched employees.

At the beginning of the year 109 employees had a position at the Global Office in Utrecht and at the end of the year this number was down to 95.

In the Regional Offices a growth of staff was realized. At the beginning of the year 229 employees were employed in the regions and at the end of the year this number mounted to 256, a growth of nearly 12%.

6.3 QUALITY AND AUDIT

In addition to our existing ISO 9001:2008 certification on quality management systems, ICCO was also certified against the Partos 9001:2008 standard for member organizations in 2014. The certificate includes ICCO's seven Regional Offices. In 2014 external ISO audits were held in 2 Regional Offices as well as the Global Office.

During the year 19 internal audits were implemented. Internal audit subjects are selected via a multi-annual risk based audit plan. 5 of these audits were complete system audits of Regional Offices. During these audits all aspects of programs, operations and management were looked at.

Table 8.1: Employees per 31-12-2014

	NR. OF EMPLOYEES	FTE
GLOBAL OFFICE		
Employees per 31-12-2013	109	99.57
New employees in 2014	14	12.34
Out of service in 2014	28	25.4
Employees per 31-12-2014	95	86.51
Average 2014	102	93.04
<i>N.B. Data are excluding volunteers, 0-hour contractants, interns, FSS Holding, and Dutch expats.</i>		
REGIONAL OFFICES		
Employees per 31-12-2013	229	
New employees in 2014	79	
Out of service in 2014	52	
Employees per 31-12-2014	256	
Average 2014	242.5	
<i>N.B. Regional Managers and Dutch expats are included in the number of employees per the end of the year.</i>		

The other 14 internal audits focused on a specific subject such as detailed file checks of MSFII projects and of projects funded by other donors; financial audits (in support of KPMG's annual audit); ICCO Foundation's Guarantee Fund projects; the feedback letter process (progress assessment of projects) and ICCO Foundation's Employee Performance Management cycle.

As part of the strategic planning process for ICCO Foundation's Strategy 2020, a SWOT and risk analysis were made with the involvement of internal and external stakeholders. This analysis was used to compile a risk top 10 with appropriate risk response activities. These were approved by *Coöperatie ICCO U.A.* Supervisory Board and will be monitored quarterly and updated annually.

6.4 PLANNING, MONITORING, EVALUATION AND LEARNING

As part of the management information system planning, monitoring, evaluation and learning (PMEL) activities help keep a close watch on budgets, progress and targets of programs. In 2014 focus was on the following areas:

Management information and innovation

In early 2014, a project team started to work on a new post-2015 reporting system. The policy and architecture provide the basis for the development of a new ICT environment, also using innovative web-based info graphic tools. A strategic partnership with AKVO led to a number of interesting initiatives. First, the use of AKVO FLOW (data collection with mobile devices) was scaled up to 14 countries and is increasingly used in the FED program. Second, ICCO Foundation played a key role in setting up a 'Food

and Nutrition Security Portal' as part of the wiki section in AKVOpedia. Third, in late 2014 AKVO launched Caddisfly – a tool to test water quality using mobile devices, with ICCO Foundation contributing through preparing for an on-the-ground pilot, planned for 2015 in Eastern Africa.

Program and partner support

In 2014 the upgraded organization scan (O-scan) was launched. The revision included a number of new topics in order to better assess our partner organizations. These topics especially deal with downward accountability, (financial) transparency, participation and legitimacy. During the year a detailed report and specific plan was drafted to train partners in PMEL skills.

Evaluations

A strong boost was given to the program evaluations of the six MFS II programs (see Chapter 4.1 – 4.6). These evaluations represent a crucial learning instrument as they provide insights into the actual working of the theory of change. The second measurement for the MFS II evaluation, as coordinated by Partos, took also place in 2014. Reports were made for each partner organization, as input for the country studies scheduled for the first quarter of 2015.

Partner level evaluations are usually carried out once every three to five years, under the responsibility of the partner organizations themselves but with guidance from the project officers. A total of 96 project evaluations were held in 2014, which is a slightly higher number than in the preceding years.

Learning and development

In 2014 our learning activities focused on theory of change development in relation to our Strategy 2020. Face-to-face meetings addressed among others future perspectives in organizational policy and practice in view of the post-MFS II agenda. In December representatives of the Regional Offices came to the Netherlands to be trained by our Dutch strategic partner SAI on how to implement the UN Guiding Principles and the role that civil society plays in this. The trainees will in turn train colleagues in the Regional Offices.

Transparency and downward accountability

In 2014 a big step was taken towards full transparency of our activities by publishing project information according to the IATI standard. By the end of the year, around 60% of all ICCO Foundation projects since 2012 were publicly available in this standardized format. A visualization tool was also developed to make the data provided more accessible and easier to understand.

Several initiatives were developed related to client satisfaction Instruments. One of these is a documentary to capture results in Northern Uganda.

6.5 SAFETY AND SECURITY

ICCO Foundation takes safety and security very seriously. In 2014 security services were extended to spin-off organizations and members of the cooperative. ICCO Foundation chairs the ACT Alliance Safety & Security Community of Practice and is active member of the Dutch Security Network and the European Interagency Security Forum.

In total, 134 national and international staff of ICCO Foundation were trained in basic safety and Security, including dealing with aggression. 30 staff members of ACT organizations and 78 staff members of non-ACT staff members were also trained. By providing security training in the Netherlands and abroad a great sum of funds is saved on external training providers.

Overall, 19 incidents were reported. Less than other years, which is explained by the fact that minor incidents are reported and handled locally. Most types of reported incidents related to political turmoil, robberies and medical. The majority took place in Central and Eastern Africa. The crisis management team was activated two times:

- Following up the re-entry of all South Sudan international staff in early 2014.
- Responding to the Ebola outbreak in Mali in late 2014.

6.6 WORKS COUNCILS

The International Works Council represents all employees of ICCO Foundation, drawn from the Regional Offices and Global Office. In the first full year of its existence the emphasis of the IWC work was on the restructuring of ICCO Foundation, the merger of the two Regional Offices in Latin America and a discussion about a minimum package of reasonable compensation benefits for employees who become redundant. Six regional staff representations, each comprising two to four members, were involved in the policy decision processes in the Regional Offices.

The Works Council of the ICCO Foundation was involved in the major restructuring of the Global Office, including the restructuring of the Shared Services Center. The Council and the Executive Board worked on acceptable solutions for employees who lost their jobs, and on the quality of the remaining organization, for instance in the field of knowledge management. In this respect the Works Council did not support the plan for closing down the Policy & Development.

07 CORPORATE SOCIAL RESPONSIBILITY

ICCO Foundation assumes responsibility for the social, ecological and economic consequences of its activities, and strives to be accountable and transparent towards its stakeholders.

In 2014, our CSR activities continued to be implemented as part of our overall corporate policy. In this report we highlight our CSR achievements in 2014.

Organizational governance and standards

We adhere to the Code Wijffels (including separation of governance and supervisory functions, audit committee), the CBF requirements (page 51), and the ISO 9001 standard. In addition to the ISO 9001:2008 certificate, in 2014 ICCO was also certified against the Partos 9001:2008 standard.

Partnership policy

The partnership policy of ICCO Foundation forms the framework for our codes of conduct, contractual conditions and complaint procedures. In the case of evaluations, investigations or audits, partners always have the right to react.

Financial policy

Sound financial management is not only necessary in order to comply with ICCO requirements and good stewardship of our resources. It also ensures financial accountability and

transparency towards back-donors, and ensures sustainability and viability in the long run. In 2014, we continued to work with our partners to ensure adherence to sound financial management throughout the program cycle.

Treasury

Our treasury policy seeks to ensure that our investment portfolio meets a set of sustainability criteria that measures the level of effort invested in achieving results. Our Global Office is to have 25% shares (minimum of 15% and maximum of 35%) and 75% euro denominated bonds (minimum of 65% and maximum of 85%).

The investment portfolio with the ING bank is termed the sustainable portfolio, based on a ranking of the companies or funds invested when compared to other companies in the same sector along more than hundred nonfinancial indicators (NFI) on social and environmental responsibility. At the end of 2014, based on this NFI-score the bank rates 98% of the companies in ICCO Foundation's portfolio as a strong leader or leader on social and environmental responsibility in the sector.

Climate neutrality

The standard mode of travel for ICCO Foundation personnel in the Netherlands is public transport, for Europe it is the train and for the rest of the world CO₂-compensated flying. In 2014 the CO₂ footprint of all ICCO Foundation offices combined was 2,091 tons of CO₂, 215 tons more than in 2013. This is mainly caused by an increase in the number of flights. Emissions were offset by purchase of carbon credits from the FairClimateFund. These are produced by the equivalent of 1,610 households in South Africa. Thanks to trainings provided by NOVA Institute, these households are cooking and heating more efficiently. The results are less CO₂ and soot emissions, many health benefits as well as annual savings in heating costs up to EUR 80,000.

Sustainable purchasing and office management

ICCO Foundation expects its suppliers to adhere to several ethical, environmental and labor standards amongst others. Office space is rented from the Services Organization of the Protestant Church in the Netherlands. The building is managed in a sustainable way, which includes: green electricity, compensating the CO₂ footprint of our gas consumption through reforestation projects, introducing energy efficient measures throughout the building, a telework arrangement at the Global Office and convenient and secure arrangements to make it easy for staff to bike to work and basing travel remuneration on public transport.

The following are additional achievements in 2014:

- We installed a digital display in the lobby to track total energy consumption. For the second year in a row we accomplished a reduction in energy consumption.
- The number of air miles fell sharply.
- CO₂ emissions due to printing and other use of paper as well as sending mail, was only 2% of the total emissions of the organization.
- The emission of CO₂ as a result of the use of water and the disposal of waste both decreased compared to the previous year. Water and waste cause only 1% of the emissions of the organization.
- For the first time since 2012, we established a decrease in emissions per employee. Emissions now stand at 3.28 tons per full time employee.

PART III
FINANCIAL STATEMENTS
ICCO FOUNDATION

08 FINANCIAL STATEMENTS

8.1 BALANCE SHEET AS AT DECEMBER 31ST 2014 (after appropriation of result)

ASSETS	31-12-2014		31-12-2013	
	€	€	€	€
Fixed assets				
Tangible fixed assets	1	518,410	455,682	
Financial fixed assets	2	1,214,240	1,436,702	
		1,732,650	1,892,384	
Current assets				
Accounts receivable and accrued income	3	18,828,642	34,173,593	
Securities	4	5,796,333	5,104,014	
Cash and cash equivalents	5	37,606,251	25,714,821	
		62,231,226	64,992,428	
TOTAL ASSETS		63,963,876	66,884,812	
LIABILITIES				
Reserves	6			
Continuity Reserve		5,244,675	4,374,971	
Appropriation Reserve		1,754,333	995,415	
		6,999,008	5,370,386	
Funds	7			
Appropriation fund projects		4,260,758	3,899,503	
Appropriation fund guarantees		5,324,678	6,860,497	
Appropriation fund loans and participations		1,518,143	1,436,702	
Appropriation fund MFS interest		288,742	154,278	
		11,392,321	12,350,980	
Provisions	8	4,243,139	3,997,777	
Long-term liabilities	9	4,477,645	13,071,890	
Current liabilities	10	36,851,763	32,093,779	
TOTAL LIABILITIES		63,963,876	66,884,812	

8.2 STATEMENT OF INCOME AND EXPENDITURE 2014

	ACTUAL 2014	BUDGET 2014	ACTUAL 2013
INCOME			
Government grants - via Coöperatie ICCO U.A.	69,195,532	77,153,210	77,518,902
Income from third parties	8,941,183	7,350,000	7,630,865
Other income	1,223,448	-	20,611,458
Income from investments	814,495	170,235	322,595
Income from own fundraising activities	200,305	939,797	520,211
Total income	80,374,963	85,613,242	106,604,030
EXPENSES			
Spent on objectives	73,201,285	82,541,534	83,463,985
Fundraising costs	2,329,196	1,076,416	1,775,862
Management and Administration	4,174,518	2,325,058	3,642,816
Total expenses	79,704,999	85,943,007	88,882,664
RESULT	669,964	329,765-	17,721,366
APPROPRIATION OF NET RESULT			
Transferred to / from:			
Continuity Reserve	869,703	-	4,374,971
Appropriation reserve	758,919	-	995,415
Appropriation fund projects	361,255	-	3,899,503
Appropriation fund guarantees	1,535,819-	-	6,860,497
Appropriation fund loans and participations	81,441	-	1,436,702
Appropriation fund MFS interest	134,465	-	154,278
RESULT	669,964	-	17,721,366

8.3 CASH FLOW STATEMENT 2014

	31-12-2014	31-12-2013
Result	669,964	17,721,366
Unrealized result securities	595,223-	72,360-
Change in other provisions	245,362	524,034
Depreciation	240,137	270,090
Change of grants receivables	15,293,492	5,505,326
Change of other receivables	51,459	1,109,325
Change of project obligations	4,535,060-	622,122
Change of other liabilities	698,798	453,810
Transfer of assets and liabilities from Coöperatie ICCO U.A.	-	19,835,639-
Cash flow from operational activities	12,068,929	6,297,874
Investments in tangible fixed assets	302,865-	146,839-
Investments in financial fixed assets	222,462	641,768-
Investments in securities on balance	97,096-	1,039,753
Cash flow from investment activities	177,499-	251,146
Transfer of cash and cash equivalents from Coöperatie ICCO U.A.	-	19,165,801
Cash flow from financing activities	-	19,165,801
TOTAL	11,891,430	25,714,821
Cash and cash equivalents at the end of the financial year	37,606,251	25,714,821
Cash and cash equivalents at the start of the financial year	25,714,821	-
Changes in cash and cash equivalents	11,891,430	25,714,821

8.4 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS 2014

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*, with legal statutory seat in Utrecht.

The foundation is primarily involved in the reduction of poverty through development programs in the themes: Fair Economic Development, Fair Climate, Conflict Transformation & Democratization, Basic Education, Food and Nutrition Security, Basic Health, Water and ICT for Development.

The financial statements have been prepared in accordance with the Guideline 650 for Fundraising Institutions in the Netherlands.

For the execution of the *Wet Normering Bezoldiging Topfunctionarissen in de (semi)publieke sector (WNT)* the institution complied with the *Beleidsregel toepassing WNT*, regarding 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 expenditure are attributed to the period to which they pertain.

Going Concern

These financial statements have been prepared on the basis of the going concern assumption.

Transactions in foreign currency

Transactions are reported in Euro's. 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 Euros according to the exchange rate applicable on the transaction date.

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, and of 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.

The credit risk is small as most of the receivables are from the Ministry of Foreign Affairs or the EU.

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, attributable 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 regarding their social and environmental policies. ICCO's treasury strategy is to have 25% shares (minimum of 15% and maximum of 35%) and 75% euro denominated bonds (minimum of 65% and maximum of 85%).

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:

Inventory and installations - 10% or 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 net 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 an assessment is made as of each balance sheet date as to whether there are indications that these assets are subject to impairment. If there are such indications, 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.

Reserves

Continuity reserve

The continuity reserve has been created to safeguard the continuity in case of (temporary) highly disappointing income. The amount reserved is found to be sufficient to cover for liabilities from third parties, liabilities from personnel and other short term risks. This is in accordance to the *Vereniging van Fondsenwervende Instellingen (VFI)* guidelines for Financial Management.

Appropriation reserve

The appropriation reserve has been created with funding acquired from the National Postcode Lottery. 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 itself.

Funds

Appropriation funds

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

- Project appropriation fund: concerns funding received for a specific project appropriation as indicated by third parties.
- Guarantee appropriation fund (pertaining to ICCO's program objectives): concerns a fund to cover the guarantee obligations which exceed the level of the guarantee provisions made.
- Loans and participations appropriation fund (pertaining to ICCO's program objectives): concerns a fund to cover provided loans and participating interests above the level of the risk provisions taken for loans and participating interests.
- MFS interest appropriation fund: concerns 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 provisions are valued at the face value of the expenditures that are expected to be necessary for settling the related obligations.

Guarantee obligations provision

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 country risk, project risk and global economy risk. In calculating the provision, the payment behavior of the relevant partner is also taken into account. The risks are based on the best practices, however, in some regions these risks cannot be determined precisely.

Reorganization provision

In 2009, within the framework of the decentralization process, ProCoDe, a redundancy package for the employees who were redundant at the Utrecht office was agreed upon. In addition, within the framework of the reorganization process under MFS II, another redundancy package for the employees who were made redundant at the Utrecht office was agreed upon. The calculated provisions have been based on the number of redundant FTEs and the expected cost of termination and dismissal.

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.

Income

Government 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.

Funds from the MFS II program of the Dutch Ministry of Foreign Affairs are received through *Coöperatie ICCO U.A.* For guarantees, loans, participations and inventories the amounts that are added to the risk provisions and the residual part of the amounts pursuant to provided principals and guarantees are accounted for as income and appropriated to the guarantees appropriation fund and the loans and participations appropriation fund through result appropriation.

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

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.

Income from investments

This 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.

Interest received on the bank account that is specifically used for income and payments related to the MFS program are added to the MFS appropriation fund through result appropriation.

Expenditure

In the statement of income and expenditure, the costs of ICCO's own activities are subdivided as follows: spent on 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 ICCO agrees to the grants and/or makes the contribution.

In 2014 the MFS commitments to partners for 2015 were confirmed and therefore the amounts planned for 2016 and further were not included in the project commitments. This has consequences for income, expenditure, receivables and payables with MFS funds. The expenditure and income related to MFS II grant in the financial statements therefore consist of both:

- The expenditure due to grants to third parties (ICCO's share of the grant) charged to the statement of income and expenditure in the year in which ICCO agrees to the grants and/or makes the contribution and the funds are confirmed; and
- The expenditure for the liability resulting from the budget allocated to the Alliance members charged to the statement of income and expenditure in the year in which ICCO receives the MFS II budget from the Ministry of Foreign Affairs.

The following applies specifically to the guarantees provided by ICCO: ICCO will designate an amount pertaining to the risk of the relevant guarantee actually leading to expenditure as expenditure in the year in which the guarantee is provided. In ICCO's balance sheet, the possible liabilities that arise from the provided guarantees are reflected in the guarantee obligations provision. The financial consequences of changes in the risks pertaining to the provided guarantees and/or the amount in guarantees provided lead to an adjustment of the provision in the year in which the change occurs. Additions to and/or deductions from the guarantee obligations provision are processed through the "Spent on objectives" item in the statement of income and expenditure.

The following applies specifically to the payments made by ICCO related to loans and participations: ICCO will designate an amount pertaining to the risk of value depreciation of the relevant asset as expenditure in the year in which the value depreciation occurs. In ICCO's balance sheet, the possible value depreciations are reflected in the loans and participations provision (this provision is balanced against the level of the loans and participations). The financial effect of changes in the risks and/or the amount of outstanding loans and participations leads to an adjustment of the provision in the year in which the change occurs. Additions to and/or deductions from the loans and participating interests provision are processed through the "Spent on objectives" item in the statement of income and expenditure.

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

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.

Personnel expenses

- Pension plans personnel

As at year-end 2014, there are no obligations for which a pension provision has been included, as was the case as at year-end 2013. The pension contribution charged to the profit and loss account amounts to EUR 1,129,367 over 2014 (2013: EUR 1,148,159).

Pursuant to the Dutch pension system this plan is financed by contributions to pension fund PFZW, an industry pension

fund. Participation in this pension fund has been made obligatory in the collective labor agreement applicable to ICCO Foundation.

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 it the investment return.

The annual accrual of the pension entitlements amounts to 24,8% of the pensionable salary that is based on the gross wage net of a deductible (of EUR 9,460,043). The annual employer-paid contribution is at least 14,37% 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 102% in 2014. 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 regional offices a monthly reservation is made which is payable when the contract is terminated or when the employee retires. There is need to provide for pension obligations.

Cash Flow Statement

The cash flow statement was drawn up on the basis of the indirect method. Cash flows in foreign currency were converted to Euros, using the weighted average conversion rates for the relevant periods.

Cash and cash equivalents consist of current accounts in the Netherlands and for the regional offices, saving accounts and cash held at the global or regional offices. The bank balance of the Investment account is classified as cash and cash equivalents.

8.5 EXPLANATORY NOTES TO THE ITEMS ON THE BALANCE SHEET

1 TANGIBLE FIXED ASSETS

The movement of this item is as follows:

	INVENTORY AND INSTALLATIONS	HARD- AND SOFT- WARE GENERAL	HARD- AND SOFT- WARE ERP SYSTEM	COMPANY CARS	TOTAL
	€	€	€	€	€
Book value as per 1-1-2014	118,803	193,215	84,906	58,758	455,682
Acquisitions and desinvestments	1,215	286,874	-	14,776	302,865
	120,018	480,089	84,906	73,534	758,547
Depreciation	27,733	134,520	45,684	32,200	240,137
BOOK VALUE AS PER 31-12-2014	92,285	345,569	39,222	41,334	518,410
Cumulative acquisition value	1,012,634	1,170,699	1,416,400	240,370	3,840,103
Cumulative depreciation and other impairment	920,349-	825,130-	1,377,178-	199,036-	3,321,693-
BOOK VALUE AS PER 31-12-2014	92,285	345,569	39,222	41,334	518,410

The investments relate to hardware acquired for the global office and the regional office Southern Africa and company cars bought for the regional offices Central America and Southern Africa.

2 FINANCIAL FIXED ASSETS

Loans and participations

The movement of this item, excluding the provision for loans and participating interests, is as follows:

	PARTICIPATIONS IN THIRD COMPANIES	RECEIVABLES FROM THIRD COMPANIES	OTHER ASSOCIATED COMPANIES	TOTAL
	€	€	€	€
Carrying amount as at January 1, 2014	1,189,601	3,180,565	t0	4,370,166
Movements:				
Purchases, loans granted	54,695	630,584	0	685,279
Sales, redemptions	0	-273,407	0	-273,407
Exchange rate differences	0	0	0	0
Write offs	-350,859	-896,199	0	-1,247,059
Reversals of impairments	0	0	0	0
Revaluations	0	0	0	0
Transfer to current assets	0	-303,883	0	-303,883
Associated company dividends	0	0	0	0
Other changes in equity	0	0	0	0
CARRYING VALUE AS AT DECEMBER 31, 2014	893,437	2,337,660	0	3,231,096

The loans granted regards the imbursement of 7 loans. The repayment relates to a repayment of two loans, from Graine and Triodos Investment Management. The devaluation in 2014 relates mainly to write-offs of loans and five participations. The receivables within one year have been reported as current assets.

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

	PARTICIPATIONS IN THIRD COMPANIES	RECEIVABLES FROM THIRD COMPANIES	OTHER ASSOCIATED COMPANIES	TOTAL
	€	€	€	€
Carrying amount as at January 1, 2014	495,227	2,438,237		2,933,464
Additions	39,357	333,171		372,527
Deduction	-370,482	-918,653		-1,289,135
Carrying value as at December 31, 2014	164,102	1,852,754	0	2,016,856
BALANCE OF LOANS AND PARTICIPATING INTERESTS INCLUDING PROVISION	729,335	484,906	0	1,214,240

The provision for the financial fixed assets is based on a risk assessment of country risk, project risk and global economy risk.

The provision is determined on an annual basis by ICCO based on a systematic method that takes into account the above mentioned risks. However, in the regions where ICCO operates, the appropriate information cannot always be determined, due to economic and political factors. As a result in some regions it is not possible to determine the exact risks. As a consequence the actual outcome might significantly differ from ICCO's estimate.

3 ACCOUNTS RECEIVABLE AND ACCRUED INCOME

The specification of this item is as follows:

	31-12-2014	31-12-2013
	€	€
Donors	17,187,736	32,481,228
Short term receivables loans	303,883	-
Income from securities and interest	207,411	238,586
Receivables from employees	67,475	87,633
Receivables from group companies	105,581	-
Other receivables, prepayments and accrued income	956,556	1,366,146
	18,828,642	34,173,593

Donors

This item concerns the amounts to be received from Coöperatie ICCO U.A. regarding the MFS II grant and other amounts to be received based on the approval given by EU, DGIS and third parties concerning special project grants. The amounts to be received from the cooperative regarding MFS grants are to be used after 2014 to finance payments resulting from project commitments, provisions and allocation of the appropriation funds guarantees, loans and participations as stated in the balance sheet at December 31st 2014.

Other receivables, prepayments and accrued income

This item consists of general accounts receivable and receivables regarding costs transferred to other parties such as the participants in Coöperatie ICCO U.A.

4 SECURITIES

The composition of this item is as follows:

	2014		2013	
	€	%	€	%
Stocks	1,512,560	26.1%	1,359,451	26.6%
Bonds	4,215,063	72.7%	3,677,175	72.0%
Oikocredit participation	68,710	1.2%	67,388	1.3%
BALANCE AS PER 31 DECEMBER	5,796,333	100%	5,104,014	100%

	STOCKS	BONDS AND SUB-ORDINATED LOANS	PARTICIPATION OIKOCREDIT	TOTAL
	€	€	€	€
Book value as per 1 January	1,359,451	3,677,175	67,388	5,104,014
Acquisitions	302,621	1,154,112		1,456,732
Dividend payment in participations			1,323	1,323
	1,662,072	4,831,287	68,711	6,562,069
Sales	327,754-	1,033,205-		1,360,959-
	1,334,317	3,798,082	68,711	5,201,109
Value changes of the share price as a result of valuation	178,242	416,981		595,223
BOOK VALUE AS PER 31 DECEMBER	1,512,560	4,215,063	68,711	5,796,333

The return consists of the following components:

	DIVIDEND AND INTEREST	UNREALISED PROFIT	REALISED PROFIT	TOTAL
	€	€	€	€
Stocks	31,223	178,242	6,819-	202,646
Bonds	99,104	416,981	4,543	520,628
Participating interest	1,335			1,335
	131,662	595,223	2,276-	724,609
Interest cash and cash equivalents				89,886
TOTAL INCOME FROM INVESTMENTS				814,495

The securities are at the free disposal of the foundation.

Stocks, bonds and subordinated loans

The stocks, bonds and subordinated loans have been valued at the current share 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 3.65 million.

Oikocredit participating interest

The Oikocredit participating interest is included at nominal value.

5 CASH and CASH EQUIVALENTS

The specification of this item is as follows:

	31-12-2014		31-12-2013	
	€	€	€	€
Banks	37,572,231		25,689,746	
Cash	34,020		25,075	
ICCO balances		37,606,251		25,714,821
		37,606,251		25,714,821

The balance of cash and cash equivalents includes an amount of restricted cash of EUR 5,482,067. The banks of the foundation have blocked these amounts for outstanding guarantees arising from loans, participations and guarantees and also from donors such as EU.

6 RESERVES

Continuity reserve

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

	31-12-2014	31-12-2013
	€	€
Balance as at 1 January	4,374,971	-
Less/plus: from appropriation of results	869,703	4,374,971
BALANCE AS AT 31 DECEMBER	5,244,674	4,374,971

The appropriation of results to the Continuity reserve relates to the result of 2014 including the result of investments EUR 724,609 (2013:EUR 284,935).

Appropriation reserve

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

	31-12-2014	31-12-2013
	€	€
Balance as at 1 January	995,415	-
Less/plus: from appropriation of results	758,919	995,415
BALANCE AS AT 31 DECEMBER	1,754,334	995,415

The movements in this reserve relate to the actual movement of income and expenditure for this reserve in 2014.

The appropriation reserve as at 31 December 2014 consists of the funds received from the National Postcode Lottery, for which the Executive Board has determined a specific purpose. In 2014 an amount of EUR 1,215,000 was recognized as income which is the contribution from National Postcode Lottery over the year 2013, received in 2014. An amount of EUR 456,081 was spent on projects and overhead.

7 FUNDS

Appropriation funds concern funding received for a specific purpose as indicated by third parties. The movement of the appropriation funds is as follows:

PROJECT APPROPRIATION FUND	31-12-2014	31-12-2013
	€	€
Balance as at 1 January	3,899,503	-
Less/plus: from appropriation of results	361,255	3,899,503
BALANCE AS AT 31 DECEMBER	4,260,758	3,899,503

The appropriation fund projects consists of several contributions from third parties (non-governmental) which can only be used for specific purposes as specified by these parties.

The movement in the appropriation fund Projects relates to the positive mutation in the income and expenditure of the fund in 2014.

GUARANTEE APPROPRIATION FUND	31-12-2014	31-12-2013
	€	€
Balance as at 1 January	6,860,497	-
Less/plus: from appropriation of results	1,535,819	6,860,497
BALANCE AS AT 31 DECEMBER	5,324,678	6,860,497

The movement in the appropriation fund Guarantees consists of the decrease of the fund resulting from a lower liability in the guarantee portfolio as at December 31st.

LOANS AND PARTICIPATIONS APPROPRIATION FUND	31-12-2014	31-12-2013
	€	€
Balance as at 1 January	1,436,702	-
Less/plus: from appropriation of results	81,440	1,436,702
BALANCE AS AT 31 DECEMBER	1,518,142	1,436,702

The movement in the appropriation fund Guarantees consists a higher provision for loans and participations at December 31st 2014.

APPROPRIATION FUND MFS INTEREST	31-12-2014	31-12-2013
	€	€
Balance as at 1 January	154,278	-
Less/plus: from appropriation of results	134,464	154,278
BALANCE AS AT 31 DECEMBER	288,742	154,278

The movement in this fund relates to interest received on MFS bank accounts in the foundation in 2014.

8 PROVISIONS

The specification of the provisions is as follows:

	31-12-2014	31-12-2013
	€	€
Reorganization provision ProCoDe	786,196	1,017,898
Social Plan MFS 2 provision	349,004	374,616
Guarantee obligations	3,107,939	2,605,263
	4,243,139	3,997,777

An amount of approximately EUR 2,050,432 is due after one year.

Reorganization provision ProCoDe

In 2009, a provision was made for the costs of the redundancy package agreed upon for the ICCO employees who were redundant at the Utrecht office. An amount of EUR 231,702 was spent in 2014. Based on recalculation of the expected expenditure it was not necessary to make any additional provisions.

Social Plan MFS II provision

In 2010, a provision was made for the reorganization which resulted from the severe cut of government grant. Based on the redundancy package agreed upon for the ICCO employees, an amount of EUR 34,949 was spent in 2014. Based on recalculation of the expected expenditure it was not necessary to make any additional provisions.

Guarantee obligations provision

This provision is determined on the basis of an assessment of the risk of a guarantee being called in, on the basis of earlier experience figures. In these figures, the risk per country is taken into account, where necessary increased with the risk per partner, based on the partner's payment behavior. On December 31st 2014, ICCO guarantees payment of an amount of EUR 8,432,617. The risk assessment consists of country risk, project risk and global economy risk. The total risk of the portfolio amounts to 28%. Changes in the provision go through the statement of income and expenditure.

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

Reorganization Provision ProCoDe

	31-12-2014	31-12-2013
	€	€
Balance as at 1st January	1,017,898	1,569,467
Less: Payments	231,702-	551,569-
Mutation of provision		-
BALANCE AS AT 31 DECEMBER	786,196	1,017,898

The reduction of the provision was mainly due to a reduction of the portfolio.

Social plan MFSII provision

	31-12-2014	31-12-2013
	€	€
Balance as at 1st January	374,616	467,558
Less: Payments	25,612-	92,942-
Mutation of provision	-	-
BALANCE AS AT 31 DECEMBER	349,004	374,616

Provision Guarantee Obligation

	31-12-2014	31-12-2013
	€	€
Balance as at 1st January	2,605,263	-
Transfer of liabilities from Coöperatie ICCO U.A.		2,791,309
Less: Called guarantees	209,139-	391,521-
Plus: Addition to provision	711,815	205,475
BALANCE AS AT 31 DECEMBER	3,107,939	2,605,263

9 LONG-TERM LIABILITIES

This item consists of long-term project commitments.

PROJECT COMMITMENTS	31-12-2014	31-12-2013
	€	€
2015	-	9,258,977
2016	3,460,166	3,812,913
2017 and further	1,017,479	
	4,477,645	13,071,890

10 CURRENT LIABILITIES

The specification of this item is as follows:

	31-12-2014	31-12-2013
	€	€
Project commitments	31,461,663	27,269,886
Project related commitments	863,703	996,295
Accruals and deferred income	2,059,967	1,736,931
Accounts payable	108,232	343,446
Liabilities to participants	259,543	-
Liabilities to group companies	301,087	-
Security contributions	573,490	482,771
Reservation for holiday allowance	182,358	215,626
Provision for holidays	214,998	258,382
Amounts owed to staff	3,893-	88,981
Other liabilities	830,615	701,461
	36,851,763	32,093,779

Project commitments

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

Accruals and deferred income

In 2014 the amount for overhead covered in projects is € 270,000 higher than in 2013.

Related Parties

Stichting ICCO is related to *Coöperatie ICCO U.A.* The cooperative is the lead agent in the ICCO Alliance and funds from the Ministry of Foreign Affairs are received through the cooperative. As at December 31st 2014 *Stichting ICCO* has an amount of EUR 8,490,326 (15,855,800) receivable from *Coöperatie ICCO U.A.* regarding MFS funds and transferred organizational costs. We refer to the paragraph in the general basic principles for preparation of the financial statements and principal activities, in which the activities between the foundation and *Coöperatie ICCO U.A.* are explained and the consequences of the Deed of Donation between these parties.

In a limited number of cases ICCO has a seat in the board of organizations in which ICCO has a participation. ICCO has no significant influence on these parties. The participations held by ICCO are related to the objectives.

Liabilities not included in the balance sheet

- Multiannual financial liabilities:

Rental agreement PROTESTANT CHURCH / PLD

A rental agreement was entered into with the Protestant Church, for a period of 5 years. ICCO and Kerk in Actie jointly rent 1,858 m². This agreement is adjusted in 2013 for 2013-2015, based on reduction to 1,283 m² and a total rental price of EUR 560,000, which includes rent of the building and conference rooms.

- Liabilities to subsidize liabilities of third parties:

Issued bank guarantees

As at December 31st 2014, ICCO has issued bank guarantees for an amount of EUR 5,534,801. An amount of EUR 2,843,193 of this pertains to guarantees (including above mentioned ING Loan guarantee) and are part of the amount of provided guarantees of EUR 8,432,617 as included in explanation number 8 to these financial statements. The remaining EUR 2,638,874 concerns the value of bank guarantees for liabilities that were not included in the balance sheet.

- Conditional project commitments

As a result of a new contract condition added in 2011 for the MFS funded projects all MFS commitments after the first calendar year were made conditional to confirmation of ICCO. In 2014 the MFS commitments for 2015 were confirmed but commitments for 2016 and further are conditional and therefore not included in the financial statements of 2014. The conditional project commitments as per December 31st 2014 are:

CONDITIONAL COMMITMENTS	
	€
ICCO Alliance	2,503,374
WASH Alliance	39,175
Connect4Change Alliance	-
TOTAL	2,542,549

Reorganization

In November 2014, the Dutch government published the entities which were selected for their strategic partnerships. In February 2015, the total amount of grants for which ICCO was selected as strategic partner has been published for a preliminary amount of annual 7 million Euro for the 2016-2020 period. In the 2011-2015 period the annual MFS II grants handled by ICCO amounted to approximately EURO 55 Million.

As a consequence, it is likely that ICCO will have to reduce the level of its operations but it is also depending how successful ICCO is in other fundraising. As many obligations to staff and partners exist, it is obvious that ICCO has a contingent liability now and will have to form a reorganization provision in the near future. However:

1. Plans to adapt to the new situation have not yet been formally agreed upon. The Executive Board and Supervisory Board expect to take final decisions on how to shape the ICCO organization in 2016 in 3rd quarter 2015.
2. The amount of outflow of resources caused by this change in operational size cannot yet be reliably estimated. Thus, the criteria for recognizing a provision have not yet been met.

8.6 EXPLANATORY NOTES TO THE ITEMS ON THE STATEMENT OF INCOME AND EXPENDITURE

11 INCOME

	ACTUAL 2014		ACTUAL 2013	
	€	€	€	€
Subsidies of governments				
BUZA MFS II via ICCO Coöperatie U.A.				
- ICCO Alliance	53,769,532		52,883,490	
- WASH Alliance	2,504,354		1,727,177	
- Connect for Change Alliance	2,075,135		931,358	
DGIS - special projects	8,327,399		17,529,020	
PSO	-		78,305	
Total Dutch government	66,676,420		73,149,349	
EU grants	2,519,112		4,369,553	
		69,195,532		77,518,902
Income from third party campaigns		8,941,183		7,630,865
Other income/ interest MFS				
Interest cash and cash equivalents MFS	134,465		154,278	
Income Loans, Participations & Guarantees	156,127		515,188	
Other income	932,856		19,941,992	
		1,223,448		20,611,458
Investments income				
Investment results	724,609		275,190	
Interest cash and cash equivalents	89,886		47,405	
		814,495		322,595
Income from own fundraising activities		200,305		520,210
TOTAL INCOME		80,374,963		106,604,030

General

The recognized income includes any organizational costs.

Subsidies of governments

The income from grants is composed by income from the Dutch government's co-financing program (MFS II) received through Coöperatie ICCO U.A., income from DGIS and the EU.

Within the MFS II program ICCO participates in three Alliances: the ICCO Alliance (as lead agent), the WASH Alliance and the Connect4Change Alliance. In 2014, an amount of EUR 67,506,542 was pledged for the whole ICCO Alliance.

An amount of EUR 42,873,450 was recognized as income for ICCO as a result of project commitments and as coverage for organizational costs. As of 2011 the MFS funds transferred to our ICCO Alliance partners are recognized as income (and expenditure). In 2014 this represents an addition of income of EUR 10,896,082.

For the WASH and Connect4Change Alliances ICCO recognized respectively EUR 2,504,354 and EUR 2,075,135 as income.

For DGIS an amount of EUR 8,327,399 was recognized as income as a result of new project funds raised mainly by the regional offices Central and Eastern Africa, South Asia and Central America. An amount of EUR 2,519,112 was recognized as income from the European Union as a result of new project commitments approved by the EU.

Income from third party campaigns

Income from third party campaigns includes funds received from Stop Aids Now!, National Postcode Lottery, Rabobank Foundation, Albert Heijn Foundation, Church of Sweden and others. The amounts pledged by Stop Aids Now! and National Postcode Lottery are respectively EUR 500,000 and EUR 1,350,000. In addition ICCO received € 1.480.607 from National Postcode Lottery for a project in Bolivia, 'Buen Apetito'. ICCO received an amount of EUR 50,000 from Utrecht for the Millenniumregeling in 2014.

Other Income

Other Income consists of interest, income from the portfolio of Loans, Participations and Guarantees and of the share of the income of Fair & Sustainable that is not from consolidated parties.

The income in the foundation is allocated to the reserves and funds through result appropriation.

Income from our own fundraising activities

This amount includes the estates received for the benefit of ICCO, as well as other fundraising income, such as donations, legacies and contributions.

12 EXPENDITURE

The expenditure related to the objectives is divided over the themes as follows:

MAIN OBJECTIVES	ACTUAL 2014		ACTUAL 2013	
	€	€	€	€
Fair Economic Development				
Program Costs	16,098,666		15,808,266	
Execution costs	6,409,618		3,222,638	
		22,508,284		19,030,904
Fair Climate				
Program Costs	4,071,003		3,157,561	
Execution costs	772,033		550,946	
		4,843,035		3,708,507
Conflict Transformation & Democratisation				
Program Costs	14,179,793		13,420,013	
Execution costs	2,894,575		1,943,512	
		17,074,368		15,363,525
Basic Education				
Program Costs	1,389,154		4,383,225	
Execution costs	350,854		336,752	
		1,740,008		4,719,977
Food and Nutrition Security				
Program Costs	6,116,191		22,579,773	
Execution costs	2,513,793		1,829,735	
		8,629,983		24,409,509
Basic Health & HIV - AIDS				
Program Costs	1,936,435		948,171	
Execution costs	411,457		269,218	
		2,347,893		1,217,389
Water				
Program Costs	2,108,326		1,424,297	
Execution costs	357,976		194,576	
		2,466,302		1,618,873
ICT for Economic Development				
Program Costs	1,746,135		611,358	
Execution costs	212,920		227,601	
		1,959,055		838,959
Planning, Monitoring and Evaluation				
Program Costs	290,886		492,344	
Execution costs	445,389		11,916	
		736,276		504,261
Alliance Partners				
Program Costs	10,896,082		12,052,082	
Execution costs				
		10,896,082		12,052,082
Program Costs	58,832,670		74,877,091	
Execution costs	14,368,616		8,586,894	
TOTAL PROGRAM COSTS		73,201,285		83,463,985
Payments in the financial year		62,011,195		73,911,302
Changes in the project commitments to partners, reorganization provision, warranty provision, loans provision and participating interests and execution costs		11,190,090		9,552,683
TOTAL		73,201,285		83,463,985

Expenditure on Disaster Management and Rehabilitation

IN 1,000 EUR	2014	2013
Expenditure on Disaster Management and Rehabilitation	2,369	7,605
Income from own fundraising activities	200	520

The expenditure on Disaster Management and Rehabilitation projects is not presented as a separate objective but is spread over the objectives they relate to. The total expenditure that can be classified as Disaster Management and Rehabilitation is EUR 2,369,239.

Expenditure Utilization Rate

	ACTUAL 2014	BUDGET 2014
	€	€
Total spent on objectives	73,201,285	82,541,534
Total expenses	79,704,999	85,943,007
Expenditure utilization rate	92%	96%

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

Income Utilization Rate

	ACTUAL 2014	BUDGET 2014
	€	€
Total spent on objectives	73,201,285	82,541,534
Total income	80,374,963	85,613,242
Income utilization rate	91%	96%

The income utilization rate was determined by dividing the total amount spent on the 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.

13 FUNDRAISING

	ACTUAL 2014	ACTUAL 2013
	€	€
Fundraising subsidies	1,257,766	1,314,138
Fundraising third party campaigns	1,071,430	461,724
	2,329,196	1,775,862

The costs for fundraising include costs made to obtain subsidies and income from third party campaigns. In 2014 no expenditure was made on fundraising activities in the private sector.

8.7 EXPLANATION OF THE EXPENDITURE ALLOCATION

Specification and allocation of expenditure according to their appropriation:

List C

All amounts * EUR 1,000

	SPENT ON THE OBJECTIVES						
	EDUCATION	HEALTH HIV/AIDS	CT&D	CLIMATE	FED	FOOD	
Expenditures objectives		1,389	1,936	14,180	4,071	16,099	6,116
Publicity and Communication	C1	11	25	163	22	574	120
Personnel costs	C2	246	277	2,039	531	3,427	1,481
Direct costs	C3	40	46	283	66	1,329	566
Housing costs	C4	11	18	129	80	245	183
Office- and general costs	C5	39	40	242	60	771	138
Depreciations and interest	C6	4	6	39	13	63	26
Execution Costs		351	412	2,895	772	6,409	2,514
TOTAL EXPENSES		1,740	2,348	17,075	4,843	22,508	8,630

	SPENT ON THE OBJECTIVES					
	ICT	WATER	PME	ALLIANCE PARTNERS	TOTAL OBJECTIVES	
Expenditures objectives		1,746	2,108	291	10,896	58,832
Publicity and Communication	C1	2	6	15	-	938
Personnel costs	C2	179	291	366	-	8,837
Direct costs	C3	9	19	49	-	2,407
Housing costs	C4	4	12	4	-	686
Office- and general costs	C5	17	28	11	-	1,346
Depreciations and interest	C6	1	3	1	-	156
Execution Costs		212	359	446	-	14,370
TOTAL EXPENSES		1,958	2,467	737	10,896	73,202

	FUNDRAISING COSTS				TOTAL 2014	BUDGET 2014
	THIRD PARTY CAMPAIGNS	SUBSIDIES	M&A			
Expenditures objectives					58,832	67,053
Publicity and Communication costs	C1	197	235	79	1,449	1,017
Personnel costs	C2	580	915	3,259	13,591	9,119
Direct costs	C3	47	84	478	3,016	1,866
Housing costs	C4	27	41	60	814	1,067
Office- and general costs	C5	74	110	233	1,763	1,401
Depreciations and interest	C6	7	12	65	240	323
Execution Costs		932	1,397	4,174	20,873	14,793
TOTAL EXPENSES		932	1,397	4,174	79,705	81,846

The allocation of expenditure between the amounts spent on the objectives, on fundraising and on management & 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 centre 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 VFI guidelines.

The M&A costs as a percentage of total expenditure is 5,2%.

C1 Publicity and Communication Costs

	ACTUAL 2014		BUDGET 2014		ACTUAL 2013	
	€	€	€	€	€	€
Communication costs	1,438,023		685,769		1,059,602	
Documentation costs	11,196		6,089		8,787	
	1,449,219		691,858		1,068,389	

The communication costs are higher than budgeted especially in de Regional Office South and Central Asia and Central and Eastern Africa because of the costs made for DGIS projects. As a result of the adjusted accounting procedure the expenses include EUR 872,241 (2013 EUR 155,200) for Management & Support.

C2 Personnel Costs

	ACTUAL 2014		BUDGET 2014		ACTUAL 2013	
	€	€	€	€	€	€
Salaries	9,460,043		10,200,514		9,044,079	
Holiday allowance and year-end bonus	1,089,362		1,249,281		1,108,765	
Social security charges	1,221,489		1,565,011		1,404,180	
Pension contributions	1,129,369		1,129,423		1,148,159	
Staff costs		12,900,263		14,144,229		12,705,183
Hiring of staff	688,228		27,345		471,498	
Compensations related to employment conditions	396,069		385,198		215,318	
Recruitment and selection	80,997		64,386		151,919	
Education and training	198,312		336,120		142,782	
Other direct staff costs	722,746		376,914		305,387	
Direct staff costs		2,086,352		1,189,964		1,286,903
Outplacement	211,418		-		448,221	
Occupational health and safety service, prevention and safety	37,163		25,350		23,649	
Other indirect staff costs	134,227		164,537		120,503	
Indirect staff costs		382,808		189,887		592,373
Total staff costs	15,369,423		15,524,080		14,584,459	
Less: settlement with projects and partners	1,209,652-		3,197,265-		2,746,175-	
Less: withdrawal provision reorganization					644,511-	
Less: charged on to third parties	569,004-		1,643,326-		1,060,877-	
	13,590,767		10,683,489		10,132,896	

At the end of 2014, 343 FTEs were employed at ICCO of which 87 in the Global Office in Utrecht and 256 at the Regional Offices. In 2014, the average total staffing amounted to 336 FTEs.

In 2014, the average cost per FTE for salaries, social charges and pensions was EUR 38,450.

Hiring personnel

The costs for hiring temporary workers are significantly higher than budgeted. The difference is related to the charges of personnel of the Protestant Church to ICCO which were budgeted under staff costs. Also the costs related to replacement due to sickness were higher than budgeted.

Compensations related to employment conditions

This item contains compensation paid to employees as laid down in the employment conditions. This includes: commuting allowance, anniversary bonuses, relocation allowances, childcare, the company savings scheme and the fixed expense allowance.

Recruitment and selection

This item was higher than budgeted due to unforeseen recruitment costs in India and Bangladesh.

Outplacement

Costs of outplacement are presented in this table but partially charged to the provisions for reorganization, as stated in the line "withdrawal provision reorganization".

Settlements with projects, partners and third parties

This item includes the costs transferred to PKN, NPM, MicroNed, Terrafina, IDH and others. It also includes the execution costs made regarding donor projects (such as EU, DGIS funded) which are charged to these donors. The personnel expenses are accounted for in the respective budget line and subsequently transferred.

C3 Direct costs

	ACTUAL 2014		BUDGET 2014		ACTUAL 2013	
	€	€	€	€	€	€
Travel and accomodation expenses	2,250,607		1,562,713		1,600,347	
External advisors	608,689		173,902		683,447	
Other direct costs	518,163		82,452		441,003	
	3,377,458		1,819,067		2,724,797	
Passed on to projects and partners		361,509-		897,854-		1,975,273-
	3,015,949		921,213		749,523	

Costs passed on to projects and partners

These costs refer to settlements of direct costs with partners such as NPM, Microned and the Protestant Church and with projects. In 2014 a significantly higher amount was charged to projects and partners. The increase in costs as well as the increase in the amount charged to project relates mainly to new projects with DGIS and EU and other donors whose costs were primarily administrated in cost centers and afterwards charged to projects. In relation to the lower income from DGIS less projects have been done with partners. As a result the amount passed on is lower than in 2013.

As a result of the adjusted accounting procedure the expenses include EUR 1,805,392 (2013 EUR 1,291,858) for Management & Support.

C4 Housing costs

	ACTUAL 2014	BUDGET 2014	ACTUAL 2013
	€	€	€
Housing costs	814,390	902,937	694,248

The housing expenses consist of the rented office spaces for the global office and those of the regional offices worldwide. Part of the costs is transferred to subtenants.

As a result of the adjusted accounting procedure the expenses include EUR 257,923 (2013 EURO 185,711) for Management & Support.

C5 Office and general costs

	ACTUAL 2014		BUDGET 2014		ACTUAL 2013	
	€	€	€	€	€	€
Office costs	402,602		625,014		714,701	
Costs of ICT	241,610		399,848		265,261	
Audit and consultancy costs	418,614		299,568		340,335	
Legal and organizational advice	403,120		158,240		262,711	
Supervisory Board and Regional Councils	45,459		51,148		53,423	
Partnerships	144,858		63,777		59,934	
Other indirect costs	374,483		38,418		341,315	
		2,030,747		1,636,014		2,037,681
Passed on to projects and partners		268,574-		330,278-		947,255-
		1,762,173		1,305,736		1,090,426

Office costs

This item accounts for the costs of general printed matter, telephone, postal charges and other costs charged to ICCO by the Protestant Church Services Organization. The office costs are higher due to not budgeted currency losses.

Legal and organizational advice

The costs for legal and organizational advice were higher among others because of organizational advice sought for the implementation of a Shared Service Center and legal advice for the establishment of an investment fund.

Other indirect costs

The other indirect costs are lower than in 2014 due to the fact that in 2013 Income Tax and Service Tax has been booked which was due in India regarding previous years.

Costs passed on to projects and partners

Especially the Regional Offices showed an increase in costs passed on to projects because of the office and general costs of a few new DGIS and EU projects which were charged to the respective projects at the end of the year.

2014	DELOITTE	OTHER	TOTAL	2013	KPMG	OTHER	TOTAL
	AUDITORS	DELOITTE	NETWORK		AUDITORS	KPMG	NETWORK
	EUR	EUR	EUR		EUR	EUR	EUR
Audit of the financial statements	131,077	0	131,077	Audit of the financial statements	163,350	0	163,350
Other audit engagements	17,854	0	17,854	Other audit engagements	93,297	0	93,297
Tax advisory services	0	0	0	Tax advisory services	0	0	0
Other non-audit services	0	0	0	Other non-audit services	48,723	0	48,723
	148,931	0	148,931		305,370	0	305,370

The above mentioned numbers are based on actual invoiced amounts.

As a result of the adjusted accounting procedure the expenses include € 613,923 (2013 € 318,647) for Management & Support.

C6 Depreciation tangible fixed assets

	ACTUAL 2014		BUDGET 2014		ACTUAL 2013	
	€	€	€	€	€	€
Inventory and installations	27,733		34,303		35,802	
Hardware and software - general	134,215		157,983		131,006	
Hardware and software - ERP system	45,684		43,943		43,828	
Company cars	32,200		56,228		59,455	
		239,832		292,457		270,090

As a result of the adjusted accounting procedure the expenses include EUR 2,745 (2013 EUR 70,384) for Management & Support.

8.8 REMUNERATION EXECUTIVE BOARD AND SUPERVISORY BOARD

In 2014, 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 policy on remuneration of the Executive Board. Furthermore the remuneration meets the requirements of the Ministry of Foreign affairs for assignment of MFS II grants and comply with the *Wet Normering Topbestuurders (WNT)*.

NAME POSITION	MARINUS VERWEIJ CHAIR	WIM HART MEMBER
EMPLOYMENT CONDITIONS		
Nature	Definite	Definite
Number of hours	36	32
Part-time percentage	100	89
Period	1/1-31/12	1/1-31/12
REMUNERATION		
Gross wages	126,975	111,649
Taxable reimbursements	4,537	9,948
Pension charges (employer part)	16,642	14,630
Other compensations	-	-
Remuneration WNT	148,154	136,227
Benefits regarding termination of contract	-	-
TOTAL WNT	148,154	136,227
Social charges	8,941	8,941
TOTAL REMUNERATION 2014	157,095	145,168
TOTAL REMUNERATION 2013	157,018	144,484

The gross wages of the chair of the Executive Board and the member of the Executive Board are within the maximum income according to the VFI Remuneration Requirement of respectively EUR 140,046 and EUR 124,233.

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 2014 there are no loans, advances or guarantees provided to the members of the Executive and Supervisory Boards.

Utrecht, 23 November 2015

Executive Board

M. Verweij, chairman
W.D. Hart

Supervisory Board

J.F. de Leeuw, chairman
G. van Dijk
M.T.H. de Gaaij Fortman
W. Oosterom

PART IV
OTHER INFORMATION

09 INDEPENDENT AUDITOR'S REPORT

To the Board of foundation ICCO (Stichting Interkerkelijk Organisatie voor Ontwikkelingssamenwerking)

Report on the financial statements

We have audited the accompanying financial statements 2014 of foundation ICCO Utrecht which comprise the balance sheet as per December 31, 2014, the statement of income and expenditure for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Executive Board's responsibility

The Executive Board is responsible for the preparation and fair presentation of these financial statements and for the preparation of the Executive Board's report, both in accordance with the Guideline for annual reporting 650 "Fundraising organisations" of the Dutch Accounting Standards Board and the "Beleidsregels toepassing Wet normering bezoldiging topfunctionarissen publieke en semi publieke sector (WNT)". The Executive Board is likewise responsible for preparing the financial statements in compliance with the WNT requirements regarding financial regularity as laid down in the WNT Audit Protocol of the "Beleidsregels toepassing Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)".

Furthermore the Executive Board 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 and compliance with those WNT requirements regarding financial regularity 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 and the "Beleidsregels toepassing Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)", including the audit protocol WNT. 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 audi-

tor'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 as well as for compliance with WNT requirements regarding financial regularity 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, the applied WNT requirements regarding financial regularity and the reasonableness of accounting estimates made by the Executive Board, 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 with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of foundation ICCO as per December 31, 2014 and of its result for the year then ended in accordance with Guideline for annual reporting 650 "Fundraising organisations" and the "Beleidsregels toepassing Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)".

Moreover we are of the opinion that in all material aspects the 2014 financial statements comply with the WNT requirements regarding financial regularity, as laid down in the WNT Audit Protocol of the "Beleidsregels toepassing Wet normering bezoldiging topfunctionarissen publieke en semi publieke sector (WNT)".

Amsterdam, December 17, 2015



Deloitte Accountants B.V.

Signed on the original: M.G.W. Quaedvlieg

10 APPROPRIATION OF RESULT ACCORDING TO ARTICLES OF ASSOCIATION

It is proposed to appropriate the 2014 result as follows:

APPROPRIATION OF NET RESULT	
TRANSFERRED TO/FROM:	€
Continuity reserve	869,703
Appropriation service	758,919
Appropriation reserve Founding costs	0
Appropriation fund projects	361,255
Appropriation fund guarantees	-1,535,819
Appropriation fund loans and participations	81,411
Appropriation fund Voluntary Emission Rights	0
Appropriation fund MSF interest	134,465
Appropriation fund MSD	0
RESULT	669,964

This proposal has been included in the financial statements.

11 BRANCHES

REGIONAL OFFICES	STATUS	COUNTRY OFFICE	STATUS	EXPLANATIONS
Foundation ICCO	Foundation			Under governance of <i>Coöperatie ICCO U.A.</i>
SOUTH EAST ASIA				
Denpasar, Bali	NGO			Under articles of association of Foundation ICCO
SOUTH ASIA				
Kathmandu, Nepal	NGO			Under articles of association of Foundation ICCO
		India	Local Trust	Foundation ICCO full owner
		India	Section 25 Company (not for profit company)	
		Bangladesh		Under articles of association of Foundation ICCO
		Pakistan		Under articles of association of Foundation ICCO
CENTRAL ASIA				
Bishkek, Kyrgyzstan	NGO			Under articles of association of Foundation ICCO
Fair and Sustainable development solutions' public foundation	Public Foundation	Kyrgyzstan		
WEST AFRICA				
Bamako, Mali	NGO	Mali		Under articles of association of Foundation ICCO
CENTRAL AND EASTERN AFRICA				
Kampala, Uganda	NGO			Under articles of association of Foundation ICCO
		DR Congo	NGO	Under articles of association of Foundation ICCO
		South Sudan	NGO	Under articles of association of Foundation ICCO
		Rwanda	NGO	Under articles of association of Foundation ICCO
		Burundi	NGO	Under articles of association of Foundation ICCO
SOUTHERN AFRICA				
Pretoria, South Africa	Registered Non Profit Company			
		Madagascar	NGO	Under articles of association of Foundation ICCO
		Malawi	NGO	Under articles of association of Foundation ICCO
CENTRAL AMERICA				
Managua, Nicaragua	NGO			Under articles of association of Foundation ICCO
SOUTH AMERICA				
La Paz, Bolivia	NGO			Under articles of association of Foundation ICCO
		Peru		Under articles of association of Foundation ICCO
		Paraguay		Under articles of association of Foundation ICCO

12 SUBSEQUENT EVENTS

13.1 REORGANIZATION

In November 2014, the Dutch government published the entities which were selected for their strategic partnerships. In February 2015, the total amount of grants for which ICCO was selected as strategic partner has been published for a preliminary amount of annual 7 million Euro for the 2016-2020 period. In the 2011-2015 period the annual MFS II grants handled by ICCO amounted to approximately 55 Million euro.

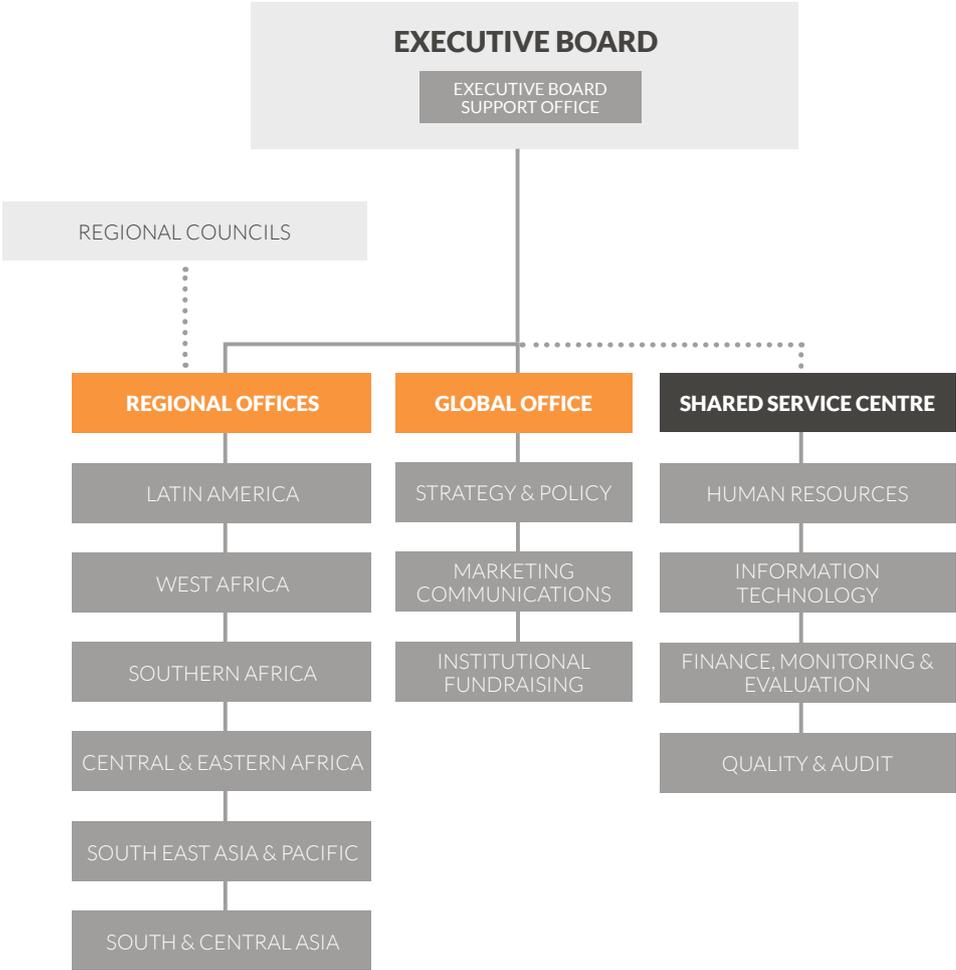
As a consequence, it is likely that ICCO will have to reduce the level of its operations but it is also depending how successful ICCO is in other fundraising. As many obligations to staff and partners exist, it is obvious that ICCO has a contingent liability now and will have to form a reorganization provision in the near future. However:

1. Plans to adapt to the new situation have not yet been formally agreed upon. The Executive Board and Supervisory Board expect to take final decisions on how to shape the ICCO organization in 2015.
2. The amount of outflow of resources caused by this change in operational size cannot yet be reliably estimated. Thus, the criteria for recognizing a provision have not yet been met.

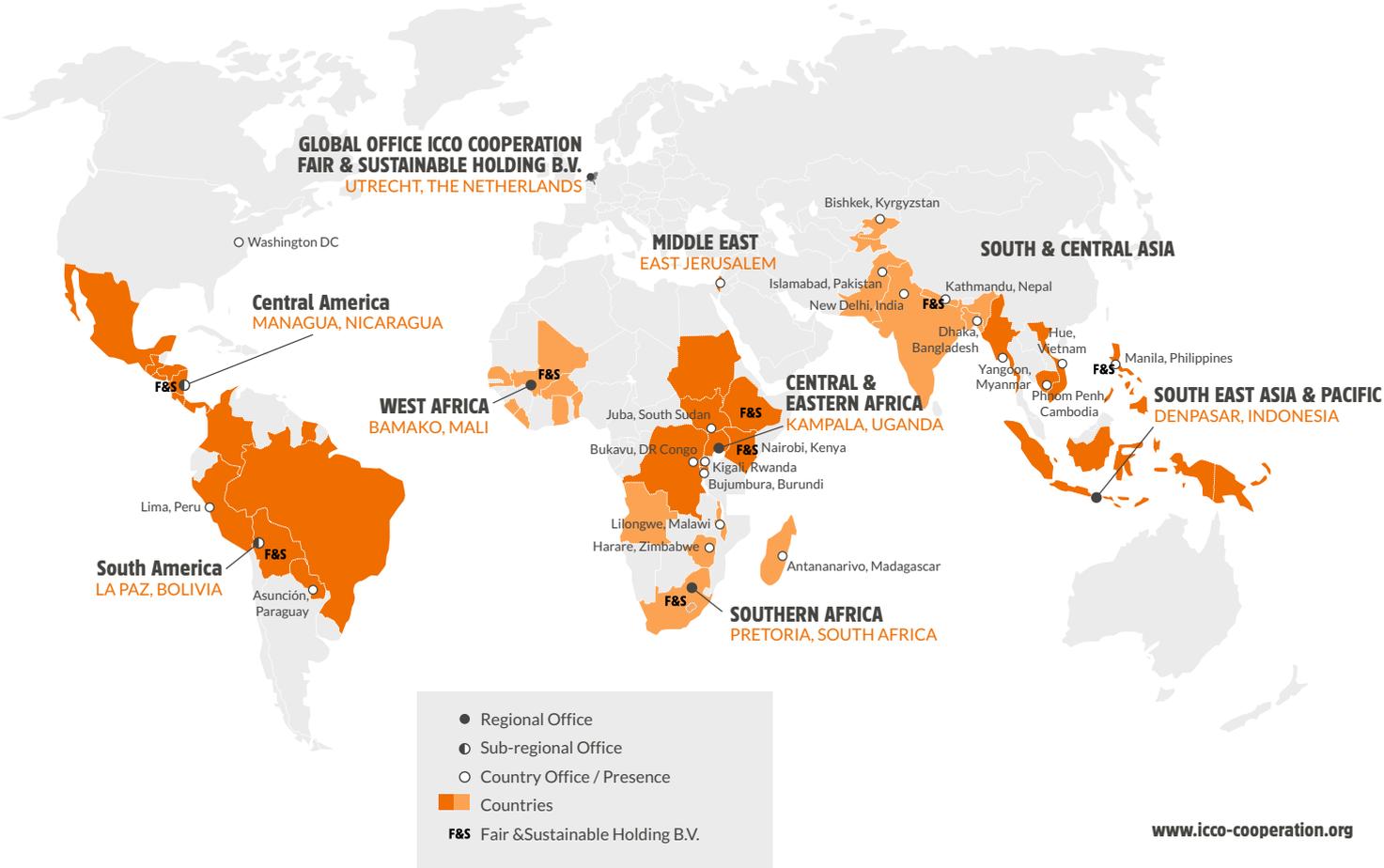


> APPENDICES

I ORGANIZATION CHART ICCO FOUNDATION



II MAP OF REGIONS AND COUNTRIES



COLOPHON

EDITION

ICCO Foundation, October 2015

In this report ICCO Foundation gives account of its work in 2014. You can order a pdf of this report at ICCO Cooperation Service Desk: + 31 (0)30 6927811 or info@icco-cooperation.org

You can also download the report at www.icco.nl

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Main funders of ICCO Cooperation in 2014:



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