



FOUNDATION >



2017

ANNUAL REPORT AND ACCOUNTS

Our Manifest

**We believe in investing.
Investing in enterprising people.
Because they can make a difference.
The difference between despair and optimism.
Between mere survival and creating something new.
Between grinding poverty and a dignified life.**

**Let's partner with these people.
Stimulate their entrepreneurial spirit.
Invest in their dreams.
So that they can reach their personal best.
And proudly give their community a solid future.**

**We are ICCO Cooperation.
We empower entrepreneurial people.
And connect them with businesses, governments and civil society.
Together we turn ambitions into reality.
And if needed, we take it upon ourselves to implement.
Because if you believe in something, you don't just watch.
You make it progress.**

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FROM THE SUPERVISORY BOARD

There is still a world to win

The future of the ICCO was the item most frequently discussed within the Supervisory Board in 2017. Due to the major changes in the external environment and the ending of the co-financing framework with the Dutch government, the membership of the ICCO cooperative felt the architecture of the legal entity needed to be adjusted. In 2016 the cooperative was transformed into a new legal cooperative, named PerspActive, with ICCO Foundation as a member.

In 2017 we discussed various scenarios for our future, ranging from continuing as a standalone organization with many strategic alliances and partnerships working towards a far-reaching cooperation with other organizations. The Board is convinced that ICCO is well prepared for the future changes in our sector.

We thank our public and private partners for the support and cooperation in 2017. Without our shared commitment, we would not have been able to realize our goals. Let us continue our efforts in the coming years for a good cause. And we thank our colleagues for all the support and work done in 2017.

J. de Leeuw, chairman

FROM THE EXECUTIVE BOARD

Universal values such as safety and security for every citizen of the world are increasingly under pressure. Faced with rapid globalization, nationalism is gaining ground and citizens are under pressure to accept authoritarian regimes as the “safest” option in uncertain and frightening times. Ultimately, these “own-country-first” instincts fly in the face of international cooperation and solidarity and the reality that we are dependent on the world around us to survive. Anyone who turns away from the world will also be alone in the world.

Refinement of Strategy

At ICCO we choose to take the path of solidarity and mutual dependence that views the world as an integrated whole. This is reflected in the two pillars of our multi-year strategy (2015 - 2020): securing sustainable livelihoods, and justice and dignity for all. At the beginning of 2018, we further refined our strategic focus under these two pillars and contribute in particular to SDG 2 and 8. We believe that this focus is crucial in meeting our overall objectives of increasing access to quality food and a decent work for smallholder farmers, producer organizations and small- and medium-sized enterprises around the world.

More Collaboration on Development

ICCO’s vision is in line with the policy document 'Investing in Perspective' by Sigrid Kaag, the Dutch Minister for Foreign Trade and Development Cooperation. In the broadest sense of the word, development cooperation is about fairness and inclusion. Sustainable trade, job creation, environmental protection, good governance, education and infrastructure, and the interlinkages among them, all deserve renewed attention if we are to make the world a safe and sustainable home for all.

This is why we must mention “the elephant in the policy room”: migration. There can be no genuine development cooperation if we are not striving to combat social inequality and the exhaustion of the earth. While both the causes and solutions to migration are complex, we cannot deny that a growing number of migrants are forced to move due to the loss of their livelihoods. This is linked to environmental degradation and competition over increasingly scarce resources, which further exacerbates poverty. The sheer scale of this issue requires a flexible, coordinated and long-term response that is currently largely missing in the international development dialogue. This means addressing the root causes and creating longer term perspective, also for young people, towards dignified and sustainable livelihood opportunities. We should be asking why, despite the efforts of some countries, we are continuing to witness human misery and suffering at such an epic scale.

Geodata

For ICCO, “enough is enough.” In 2017 we continued in our efforts to pursue “development with a conscience” and to convince our partners – across government, the private sector and civil society – to strive to make a difference in the world. We have gained a lot of experience from our participation in such public-private partnerships to address societal challenges in an integrated way. A critical factor in this is good data, as exemplified by the Geodata for Agriculture and Water (G4AW) collaborative project. Five G4AW projects are underway, combining information technology and geodata with land use mapping, responsible business and food security. The link with information and communication technologies is particularly appealing to younger generations. This is not only creating new income opportunities in rural areas, but strengthening the entire agricultural value chain, from farmer to fork.

Confidence in the Future

Through our continuing and new projects in 2017, the foundation was able to reach more than 600,000 vulnerable people, and enhance their prospects for a better life. It should also be said in this place that our finances in 2017 were not yet at the level where we want them. We are on the move from a situation with a lot of government support in the past to a situation in which the turnover of the company will start to grow again. Our financial result for 2017 shows a negative net result, which is in line with the budgeted net result for 2017. Also for the year 2018 and 2019, we expect a negative result.

We need these 3 years to change from an organisation with government support to an organisation that works for many different donors. We are confident that the correct route has been set out. By 2019, we have budgeted for a limited negative financial result and in 2020 we trust that our accounts will be “back in the black.”

Finally, as a development organization, we need to take a long and honest look in the mirror. Emerging evidence of the scale of sexual misconduct within the development sector highlights that we do not have the moral authority to point fingers but must be accountable as well. As an organization, we are taking responsibility, alongside the government and other organizations. Recognizing that protocols are not enough – after all, as the saying goes, “paper is patient” – ICCO has opened up discussions at all levels in the organization. As highlighted elsewhere in this annual report, we are determined to create and maintain a transparent culture in which people can report violations without fear. This must hold true even for cases of corruption and abuse of power. Only then can we regain public and political confidence.

We hope that ICCO will have the opportunity in the coming years to continue to contribute to a better world, in collaboration with governments and donors, private companies and civil society organizations. We do not want anything else.

We take this opportunity to thank both Marinus Verweij and Wim Hart as former Executive Board for their contribution to ICCO; they left ICCO in 2019. And of course we also thank our colleagues in all countries for their contribution to work towards a better future.

Utrecht, October 31, 2019

Sybren Attema, Chief Executive Officer
Jolanda Wakkerman, Chief Financial Officer

1.1 VISION AND STRATEGY

ICCO Foundation believes in a society that is free of poverty and injustice, and where all people have equitable access to economic opportunities. However, achieving this vision presents huge challenges in a world where the population is projected to grow to nine billion by 2050, and where the livelihoods of an estimated two billion people in Asia, Latin America and Sub-Saharan Africa are dependent on small- scale farming and agricultural labor.

Justice and Dignity for All

In 2015, we developed our “Future Proofing ICCO” strategy to complement the current multi-annual strategic plan, ‘Strategy 2020. Towards a Just and Dignified World’ (2016 - 2020). Both strategic frameworks acknowledge the interconnectedness of two core pillars in our vision of change: ‘Securing Sustainable Livelihoods’ and ‘Justice and Dignity for All.’

ICCO aims to empower smallholder farmers, agripreneurs, their organizations and small- and medium-sized enterprises (SMEs) that build sustainable agricultural systems, within a society that upholds people’s rights (see Figure 1). We aim to enhance the viability of small-farm economies, which make a significant contribution to fighting poverty and undernourishment in developing countries.

Furthermore, we have closely aligned our vision and pathways with the Sustainable Development Goals (SDGs). While our work contributes to a number of SDGs, ICCO’s primary focus is on:

- SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Priority Themes

ICCO monitors results on 119 indicators. Our Theory of Change towards our overall impact of people is broken down into four distinct, interconnected pathways or priority themes:

- ‘Food Security and Sustainable Consumption’;
- ‘Economic Empowerment’;
- ‘Responsible Business’; and
- ‘Emergency Response’.

The overall strategic target is to reach 950,000 men, women and youth between 2016 - 2020. By 2017 already just over 1 million people were reached (ICCO Group excluded).

Food Security and Sustainable Consumption

This theme aims for a future without hunger, in which people have access to and control over resilient and sustainable food systems. We also contribute to awareness raising on the importance of healthy diets to prevent all forms of malnutrition. Indicators contribute to SDG 2.

Our lobby and advocacy interventions paid particular attention to women’s empowerment and the use of efficient indicators and methodologies to measure the food and nutrition security of targeted communities, households and individuals. One such tool is the *Household Food Insecurity Access Scale (HFIAS)*. Through our active participation in the Netherlands Working Group on International Nutrition, we contribute towards the evidence base, as well as broader knowledge sharing on how to use these robust measurement tools in food and nutrition-related advocacy.

Economic Empowerment

Through economic empowerment we support poor farmers and producer organizations to seize economic opportunities to improve and sustain farm-based livelihoods, without jeopardizing food and nutrition security. Indicators contribute to SDGs 2 and 8.

In 2017, ICCO contributed to further research on bottlenecks and opportunities for upgrading promising value chains in selected countries (e.g. rice, mung bean, shea, coffee, spices). Through practical application across diverse programs, ICCO also enhanced its experience with the use of

cutting-edge ICT and geodata-led solutions to develop information services for smallholder farmers, as well as the accompanying business models and infrastructure that drive these innovations. ICCO facilitated practitioner-led learning and exchange on inclusive business development, with a particular focus on the role of international NGOs in this emerging space.

Responsible Business

The objective of this theme is to contribute towards more inclusive value chains and a rise in private sector actors who sustainably contribute to social impact. Our indicators contribute to SDGs 4 and 12.

In 2017, ICCO, together with Fair & Sustainable Consulting, developed a practical guide for SMEs to respect human rights. The guide is designed to provide support for SMEs sourcing internationally to make their supply chains more sustainable and minimize the risks of negative impacts on human rights. In 2017, ICCO was also involved in negotiations to develop an ICSR-Covenant on Food, facilitated by the Social Economic Council (SER). The covenant is due to be signed in 2018. In collaboration with the MVO Platform, ICCO also lobbied the Dutch Parliament to sustain momentum in the implementation of the UN Guiding Principles on Business and Human Rights UNGPs.

Emergency Response

Our theme emergency response creates resilient communities that are adequately prepared for, and can effectively respond to disasters. Indicators contribute to SDGs 2, 6 and 11.

ICCO is a member of Charter4Change, which aims to enhance the role of local partners, including through ensuring that a greater proportion of funding goes directly to local partners. The Charter seeks to ensure that international organizations do not “subcontract” local partners but treat them as equals and provide enough funding for their functioning (www.charter4change.org)

Impact Measurement

ICCO strives to be a data informed and evidence based organization, generating high-quality evidence to underpin our program implementation and impact. We regularly collect a set of uniform data, organized under the core ICCO themes, and linked to a number of validated questionnaires, such as the Household Food Insecurity Access Scale (HFIAS), the Minimum Dietary Diversity for Women survey (MDD-W), the Poverty Probability Index and other tools. The data can be easily connected to the SDGs monitoring framework to provide evidence of progress towards the global goals.

In 2017 ICCO launched a new knowledge management and learning system. To improve internal dissemination of knowledge and lessons learned, internal websites were developed on PMEL approaches as well as thematic experience and expertise, fed by a network of thematic focal points.

1.2 RESULTS

Latin America

ICCO Latin America works in a region where violence in society is high and affects the communities in terms of exclusion, poverty, food insecurity and limited economic opportunities. ICCO's various projects in the region are therefore focused on four Sustainable Development Goals (SDGs) that place a major emphasis on inclusion and reduced inequalities, namely: SDGs 2 (zero hunger); 8 (decent work and economic growth); 10 (reduced inequalities); and 16 (peace, justice and strong institutions). As a social enterprise, ICCO encourages the emergence of an entrepreneurial culture. Also, programs that blend investments in local enterprises and combine donor funding have had a greater chance of success. Equally important is the cooperation with the Civic Engagement Alliance to ensure that ICCO's engagement to its projects stay footed in the region's political and economic context. Further focus was on expanding and deepening existing programs to turn them into validated models. Besides the two priority themes of Food Security and Economic Empowerment, ICCO's lobby and advocacy activities around human rights issues are fully integrated into thematic programs.

ICCO implemented a regional program addressing sexual exploitation of children in collaboration with Kerk in Actie, a strategic partner on youth and indigenous programs. In the forest ecosystems of Amazon, Chaco and Biosfera Maya, work with indigenous people to design climate-resilient food systems continued. By working with important and established stakeholders, such as Melting Pot, the Bolivian and Colombian government, the Dutch embassy in Colombia, the European Union, Kerk in Actie and the Mesoamerican Alliance of Peoples and Forests, ICCO strengthens its position as a value player in the field.

South East Asia

Over the year of 2017, the offices in South East Asia have been enduring tougher national legislation, restricting some of their work. Economically, the region is growing, and as in other parts of the world, resource mobilisation is becoming increasingly competitive. In this context, ICCO has made some strategic adjustments: the organisation continued to shift towards a more diversified way of working with donors and solidifying its role as a co-implementer, rather than a funder of projects. Through creating viable sustainable business models together with private partners and other stakeholders, ICCO has become a specialist in Public-Private Partnerships (PPPs). By working with the Civic Engagement Alliance program, which focuses on lobbying and advocacy, ICCO is able to target the right players at the right time to ensure project objectives. Strategies such as "value for money" and "unique selling points" are of crucial importance to ICCO. As part of ICCO's response to restrictive legislation, it has set up a local entity in Indonesia (Synergy Indonesia Foundation), which has more room to operate in the field, but will be connected to ICCO globally through its shared vision, strategy and branding.

South and Central Asia

The region has witnessed dynamic economic growth over the last decades, albeit often based on unsustainable practices with negative impacts for the most vulnerable communities and the environment. Climate change and political instability are further contributing factors of escalating inequality. Inclusive growth has therefore been ICCO's main focus by economic empowerment and raising awareness among vulnerable groups about their rights. As a step towards institutionalizing inclusion as a focus area, the region initiated collaboration with like-minded partners such as Mission East and Light for the World through a strategic partnership. As a result, this collaboration jointly developed a guideline on gender, disability and social inclusion called 'Towards Inclusion'.

ICCO applied a two-prong approach of supporting private sector development and strengthening governance at the local and national level through collaboration with the public sector has been a success. Furthermore, successful fundraising resulted from profiling ICCO's niche and a strong track-record with donors, such as the Embassy of the Kingdom of the Netherlands, the European Union, the World Bank and several foundations. Also, existing partnerships were strengthened and new partnerships were formed to further shape and structure our programs. ICCO organized practical workshops to enhance fundraising skills and capacities on program designs and proposal writing.

West Africa

West Africa has been afflicted by extreme poverty and jobless growth. Considering the fact that youth is the largest represented population group, ICCO's focus has been on empowering youth through jobs and supporting agricultural developments. Reducing its coverage to five countries in the region, with a specialization in value chain development, economic empowerment and private-public partnerships, is allowing ICCO to gain visibility and appreciation in the region. ICCO has built durable partnerships with internationally renowned donors such as Danida, USAID, and the EU, resulting in successful fundraising in 2017, when the West Africa team tripled its budget for 2018, securing the continuance of its programs. By professionalising the staff and improving implementation of procedures, the West African team has become very effective.

Central, Eastern and Southern Africa

This region has made remarkable growth overall, but political instability and climate change challenges threaten sustainable development.

ICCO has invested in strengthening existing partnerships and expanding its network in order to explore new opportunities. A strategic choice to position ICCO as a key actor in the sustainable development of small-scale farmers, producers and entrepreneurs. As a result, ICCO is implementing a pilot project exploring business development opportunities in a refugee setting, focusing on host communities in Uganda who have taken up to 1 million refugees from South Sudan. The STARS program (Strengthening African Rural Smallholders) linked farmers to a specific value chain which boosted the farmers' confidence and motivation to increase the quality and quantity of their production. Another success is the introduction of risk management tools, such as A-CAT, which has helped financial institutions to better understand risk in their agri-sector investments, and has enhanced their relationship with clients. With the MAVC program in Burundi, the initiation of contracts between producer organizations and buyers facilitated access to credit for farmers from MFIs. The integrated value chain approach initiated is inspiring other food security actors to design new projects that help improve income for rural people and increase financial inclusion by promoting agribusiness rather than subsistence agriculture.

1.3 ORGANIZATION

ICCO consists of a cooperative, a foundation and the ICCO Group BV, all established under Dutch law. The statutes of ICCO Foundation are closely linked to the statutes of Coöperatie ICCO U.A. Both have an identical mission and objective and a “personele unie” is arranged between the Executive Board of the cooperative and the Executive Board of ICCO Foundation. The Supervisory Board of Coöperatie ICCO U.A. oversees the Executive Board and approves the annual report of ICCO Foundation. The members of the Executive Board are both directors of the ICCO Group BV.

ICCO Foundation has carried the “seal” of the Central Bureau on Fundraising (CBF) since January 1, 2012. In 2016 the CBF converted its system into an accreditation system, under which ICCO was reviewed and recognized as a charity. Unlike most CBF-qualified organizations, which raise funds from individuals, we are not a traditional charity. However, we are proud of being recognized by the CBF because we want to show accountability to our donors – such as the *Nationale Postcode Loterij*, as well as the Dutch public – by demonstrating that we follow the ‘Code Wijffels for Good Governance.’

Structure and Organizational Chart



ICCO Foundation is executed from the global office in Utrecht and five regional offices. Through its International Program department, ICCO’s global office also coordinates the regional program for the Middle East, which operates under the joint management of ICCO and Kerk in Actie. Other key departments at the ICCO global office are Corporate Strategy and External Relations, and the Shared Services Center, of which the latter bundles the back office activities of ICCO and the Protestantse Kerk Nederland.

In 2016 PricewaterhouseCoopers (PwC) was asked to audit our control systems. They advised us to start with an organization-wide trajectory to better align our systems and processes. The resulting project, was named ‘ICCO in Control,’ and involved *all ICCO departments and regional offices*. There were some major challenges with the implementation of ‘ICCO in Control’ in 2017. The project required introducing AllSolutions, an Enterprise Resource Planning (ERP) system, from the beginning of the year. The design and operationalization of the system together with the changing demands of our back donors took more time than planned.

Executive Board

The Executive Board consists of two board members, Marinus Verweij (chairman) and Wim Hart (member) and form a collegiate board. Both Verweij and Hart are appointed indefinitely. All tasks of the Executive Board are laid down in detail in its articles of association. In the fulfilment they make effective use of the advisory function of the Supervisory Board. The tasks of the Executive Board are executed in consultation with the team of managers of the regional offices and managers in the global office. Members of the Executive Board are appointed by the Supervisory Board.

Task Division within the Executive Board

The Executive Board is a collegiate board which is jointly responsible for the whole organization. The members have agreed upon a different portfolio: the chair is figurehead with responsibility for strategy, policy, HR of the global and regional offices and external communication of the organization. The member is responsible for Finance, IT and acts as chair in the absence of the chair. The management of the regional offices and fundraising is a shared portfolio.

Composition and Ancillary Positions Executive Board

Marinus Verweij - Chair

- Vice Chair, ICCO USA
- Chair, ACT EU
- Member, Supervisory Board Human Cities Coalition
- Member, Supervisory Board Eucord
- Chair of the Board, PerspActive
- Member, World Connectors
- Member of the Supervisory Board, LuciVer Nursing Home
- Chairman, International Christian Medical and Dental Association Trust (UK)
- Vice-chair, Durlstone Zimbabwe Foundation
- Chairman, Supervisory Board of Medrie

Wim Hart - Member

- Board member, Capital 4 Development Fund
- Board member, ACT Alliance
- Member, Supervisory Board New World Campus
- Board member, NpM
- Board member, AgriProFocus
- Member, Supervisory Board B&C International B.V.
- Board member, Foundation GBYH
- Board member, Foundation Holland Moldava
- Member, Advisory Board Schagen
- Board member, Business4Impact

Wim Hart has left the organization as of January 1, 2019 and Marinus Verweij has handed over the CEO position as per July 1, 2019. Jolanda Wakkerman has taken the role of member Executive Board as of December 1, 2018 and Sybren Attema has taken the role of chair of the Executive Board as of July 1, 2019.

Board Remuneration

The Supervisory Board has set the remuneration policy, the level of board remuneration and the level of other remuneration components. The policy is updated periodically. When determining the remuneration policy and determining the remuneration, the Supervisory Board follows the 'Regeling belonging directeuren van goededoelenorganisaties' (Remuneration of Directors of Charity Organizations Regulation) (established in 2017, see www.goededoelennederland.nl) and the WNT2 norm (Scheme Remuneration Top Managers in Development Cooperation Sector).

The Regeling belonging directeuren van goededoelenorganisaties sets a maximum standard for annual income based on various criteria. The weighing of the situation of the two members of the Executive Board of ICCO was done by the Supervisory Board. This led to a so-called BSD score (Basis Score voor Directiefuncties) of 580 points for ICCO (=100%). In the financial statements, a disclosure is provided of the income for both the Supervisory Board members and the Executive Board members.

Supervisory Board

The Supervisory Board has the following tasks:

- Pro-actively and retroactively supervise the policy of the Executive Board and the general run of affairs within the foundation and the enterprises linked to it.
- 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.
- Appoint, suspend and dismiss members of the Executive Board.

In fulfilling their tasks, the Supervisory Board members shall be guided by the interests of ICCO Foundation. 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.

Appointment term and composition

The Supervisory Board consists of five persons. There is one vacancy. The members are drawn from the constituency and the network of ICCO Foundation. The composition shall be such that there is a balance in expertise and origin. When a vacancy arises, the Supervisory Board sets an individual profile and makes every effort to supplement its membership to five members.

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.

An Audit Committee and Remuneration Committee supports the Supervisory Board. Members of the Supervisory Board are appointed by the General Assembly of Coöperatie ICCO U.A.

Composition and Ancillary Positions Supervisory Board

Ir. J.F. de Leeuw – Chair, and Chair of the Remuneration Committee (term ends January 2021)
Chairman, CTGB (*College Toelating Gewasbeschermingsmiddelen en Biociden*)

Ancillary positions:

Member, Board of the *Abraham Kuyperfonds*

Chair, Supervisory Board *Qua Wonen* (Krimpenerwaard)

Member, Wageningen Ambassadors

Chairman, Foundation IZZ

Member, Advisory Board of *Staatsbosbeheer*.

Member, Board of *Stichting Beheer LZ Agro Kwaliteitsborging*

Drs. W. Oosterom - Member, and Member of the Audit and Remuneration Committees (term ends January 2021)

Consultant, Oosterom Advies BV

Ancillary positions:

Member, Supervisory Board and Audit Committee *Reinier Haga Groep*

Member, Supervisory Board and Chairman, Audit Committee *Ziekenhuis Gelderse Vallei*

Member, Supervisory Board and Chairman, Audit Committee *Stichting Rivierduinen*.

Chairman, Audit *Commissie Federatie Medisch Specialisten*

Treasurer, *Protestantse Gemeente Amersfoort*

Advisor to the Board, *World Association of Eye Hospitals (WAEH)*

Prof. dr. G. van Dijk – Member, and Chair of the Audit Committee (term ends January 2020)
Professor, Social Venturing Economics & Cooperative Entrepreneurship, TIAS, Tilburg University
Visiting professor, Agribusiness Management, International Center for Advanced Mediterranean
Agronomic Studies (Chania, Greece)
Managing Director, The Netherlands Institute for Cooperative Entrepreneurship

Ancillary positions:

Member, Advisory Board *BergToys BV*
Member, Governing Board *Metgezel Beheer BV*
Member, Advisory Board *Schuiteman Accountants*
Chairman, Advisory Board *Koninklijke Polak*
Chair, *Foundation Rabobank Certificates*
Chair, KIC! *Kennis en Innovatie Coöperatieve Creatieve Industrie U.A.*

Mrs. R. Powell Mandjes - Member (term ended January 2018)
Principal, Powell Mandjes Associates

Ancillary positions:

Member, Corporation of the Woods Hole Oceanographic Institution
Chair, ICCO USA

Mr. A. Knigge - Member (term ends January 2020)
Partner, Litigation and Arbitration – Houthoff
Member, Board of Management - Houthoff

Ancillary positions:

Member, Board of Trustees, Research Centre *Onderneming & Recht*
Member, Board of Trustees, *Zuidas Master (Vrije Universiteit / Universiteit van Amsterdam)*
Treasurer, *Nederlandse Vereniging voor Procesrecht and the Stichting Procesrecht*

Meetings Supervisory Board

The Supervisory Board held four regular meetings in 2017. Issues addressed during the regular meetings of the Supervisory Board included reviews of the financial statements, the budget for 2018 and the annual report. Furthermore the Board discussed the possibilities of changing the shareholders structure regarding Fair & Sustainable Participations and Capital 4 Development Partners. Early 2018 ICCO Group B.V. will transfer fifty percent of the shares of Fair & Sustainable Participations to the Limited Management Company of the managing director, Jaap Jan Verboom.

Johan de Leeuw (chairman of the Board) and Wim Oosterom (member) were re-appointed for a new term. Robin Powell Mandjes (member) ended her term in January 2018.

Advisory Bodies

Until 2017 we worked with regional councils, advisory bodies to the Executive Board and the regional management. This was an expression of our commitment to more co-responsibility. Due to the changing (financing) landscape the role of the regional councils has changed over the years. Increasingly, ICCO has become a co-implementing organization with many back donors. As a result, we decided to change the role of the regional councils to ICCO ambassadors. Every region will have ambassadors' meetings in which independent advisors will give their views on the ICCO regional strategy and programs. The flexible structure of the ambassadors helps to provide relevant input to our regional offices.

The Executive Board also receives advice from the Corporate Works Council, which consists of elected staff from every regional office and represents regional staff in discussions with the Executive Board and the Dutch Works Council. With regard to international advice, the Executive Board seeks input

from experts in our international network.

Personnel

At the beginning of 2017, 60 staff were employed at ICCO’s global office in Utrecht. This number had been reduced to 56 by the end of the year 2017. At the regional level, staff numbers increased from 252 at the beginning of the year to 262 employees on 31 December 2017. In 2017 ICCO offered internship positions to 16 trainees, most of whom were based in the IT department and the Corporate Strategy and External Relations department. Some interns were also attached to the ICCO Group company Truvalu.

Employees	Employees per 31-12-2016	new employees in 2017	employees out in 2017	Employees per 31-12-2017
Employees Regional Offices	252	85	75	262
Employees Global Office	60	8	12	56
Total ICCO Foundation	312	93	87	318

In 2017, one staff member at global office left, due to the reorganization of the Programmatic working, Co-responsibility and Decentralization (ProCoDe) social plan. The positions of four more staff members in the global office were affected by the implementation of ‘Future Proofing ICCO 2016 – 2018.’ Three of the staff members lost their jobs, while the contract of one staff member was reduced to 60%. A social plan was put in place to ensure adequate arrangements for the employees who were made redundant.

As part of the process of adapting to the new organizational environment, we encourage all staff members to better formulate their development needs during individual meetings with a mobility coach. The development of staff competencies will be reviewed each year during the employee performance reviews.

Also in 2017 the integration of all global office staff in a new employee performance review system was linked to ICCO’s staff information system. This will ensure that all actions taken by staff are filed automatically and monitored better.

Working Conditions and Welfare

In 2017 an independent organization carried out a ‘Health and Safety Risk Evaluation’. ICCO is required to implement the resulting recommendations and action plan, which is intended to address sustainable employability, and work pressure/stress. The proposed follow up measures will be presented to the organization in 2018 and will be implemented from that moment on.

Works Council

In 2017, employees continued to be represented by a Corporate Works Council that had regular formal meetings with the Executive and Supervisory Boards. At the regional level, staff were also represented in works councils who met regularly with the respective regional managers. A core focus of discussions during the year was on the financial well-being of ICCO, and on topics related to employees’ status, such as workload, internal communication, and integration within the ICCO organization around the world. While not having legal status in the Netherlands, the regional works councils functioned well and their importance was underlined by all the parties involved. In the Netherlands, the Works Council did not attract enough candidates to meet the legal requirements. Nevertheless the non-compulsory representation of staff, in both the global and regional offices, proved to have worked satisfactorily.

Quality Standards and Code of Conduct

ICCO promotes the use of standards, guidelines and certificates to collectively improve or develop our work. Since our inception, we have implemented clear policies for the prevention of wrongful conduct in accordance with international norms. All staff members with regular and temporary contracts, as

well as consultants and partners are required to sign a contract indicating that they will adhere to these codes.

We adhere to the following Codes and Policies:

- ACT Alliance Code of Conduct for the Prevention of Sexual Exploitation and Abuse, Fraud and Corruption, and Abuse of Power (in place since 02-05-2010, revised in 2012).
- Code of Conduct for the International Red Cross and Red Crescent Movement (ICRC) and NGOs in relief (in place since 02-05-2010, revised in 2012).
- ICCO and Kerk in Actie Child Safeguarding Policy (since 2016), guided by the ACT Alliance.
- Anti-Fraud and Corruption Management Paper (revised mid 2017).
- Whistleblower policy (2018).

Fraud and Financial Incapacity Procedure

Under the auspices of the 'ACT Alliance Code of Conduct for the Prevention of Sexual Exploitation and Abuse, Fraud and Corruption and Abuse of Power,' ICCO implements its own 'Fraud and Financial Incapacity Procedure.' We try to prevent fraud and corruption through:

- Close monitoring; and
- Abiding by strict contracting procedures, which stipulate releasing instalments of the fund only after receiving sound financial and narrative reports.

In 2017 we detected four cases of fraud and financial incapacity. The cases broadly involved misuse of funds and financial mismanagement at the level of the partner organizations. All cases were handled correctly in accordance with our procedures. The unaccounted funds were partly recovered by ICCO. In one case ICCO went to court and won the case.

Integrity Codes

In 2017 we found two incidents of sexual conduct that were dealt with according to our codes of conduct. In one case a staff member was dismissed after engaging in improper behavior. The second case concerned an allegation of sexual misconduct from a former employee. After intensive investigation, both parties decided to settle the case without a declaration of fault from one of the parties. In light of this experience ICCO decided to review its codes of conduct. We adjusted our whistleblower policy to cover cases of (sexual) misconduct, including the possibility of anonymous notification.

In spite of these adjustments, we are aware that having codes of conduct is not enough in itself to fully prevent abuses. We therefore decided to join other initiatives seeking to increase accountability in this area, including the Ministry of Foreign Affairs and organizations such as Dutch Relief Alliance and Partos. Our efforts aim to strengthen our policies, and even more important, to improve communication, training and sustaining our policies and codes. This area of work will be further elaborated upon in 2018.

Complaints

ICCO has a complaints and appeals system that is accessible via the website for all our stakeholders and partners(www.icco-cooperation.org). ICCO received one complaint about the behaviour of a staff member from a partner organization in the Central Eastern and Southern Africa region. Following investigation, ICCO concluded that the staff member had acted fraudulently and the case was handled correctly in accordance with our procedures. The staff member was dismissed and the case was reported to the police. In addition, ICCO embarked on a civil lawsuit to reclaim the misused funds. No other complaints or appeals were lodged in 2017.

Legal Cases

In 2017 ICCO was involved in five legal cases. Four of the cases were in relation to the application of labor laws in regional offices. The final case was lodged by a former partner organization that opposed the transfer of contracted activities to another party due to non-fulfilment of the contract conditions

Safety and Security

ICCO's security desk provides travel advice for staff, managers and security focal points; training and support for security policy development; and managing of security incidents. Gender and security, and dealing with aggression are a core part of the training agenda.

The practical training modules cover relevant ICCO policies and codes of conduct, including how to prevent and/or address sexual harassment and violence in different cultural contexts. In 2017, 81 staff members of ICCO and related organizations participated in training sessions in the Netherlands. Regular security trainings lasting three to five days were provided to 211 staff of ICCO and partner organizations at regional and country offices in Greece, Colombia, Nigeria, Nepal, Bali, Czech Republic (EU volunteers), Mali, Ethiopia and Cameroon.

The number of officially reported incidents declined slightly in 2017 compared to previous years. Thirteen security incidents were formally reported. Overall, operational program management is increasingly challenged by security incidents and threats in complex situations.

Quality and Audit

In 2017 ICCO moved to the ISO/Partos 9001:2015 standard. External ISO audits were held in two regional offices and the global office. Internal audit subjects were selected via a multi-annual risk-based audit plan, approved by the Executive Board and the Audit Committee of the Supervisory Board. In 2017, nineteen internal audits were implemented. Four of these audits were complete system audits of regional offices, while nine audits were so-called 'Future Proofing' audits. Future proofing is a governance tool used to determine if managers of regional offices or department are adequately preparing for the future. The tool was developed in 2016 and evaluated and improved in 2017. The question list for the Future Proofing Audit was aligned with the organization of ICCO's Quality Management System, and now places more emphasis on programme management and (programme) control. The other internal audits focused on specific procedures. The Quality and Audit Services unit (Quality and Audit) also verified the effectiveness of follow up of 89 recommendations by previous audits.

Another activity undertaken was developing a performance audit manual. The manual provides guidance on how to execute performance audits within ICCO's projects. Performance audits focus on the risks that could affect the project's performance. The audits also make observations about the project to which activities are efficient, effective and equitable. In the last quarter of 2017 a pilot performance audit was done on one of ICCO's donor-funded projects.

In 2017 Quality and Audit began to undertake specific assignments for donor projects or third parties. In total three assignments were realized.

Information Technology

Implementation All Solutions and delay of audited financial statements

By the end of 2016, the decision was made to implement a new ERP system, All Solutions. This ERP system went into production from January 1, 2017, but was not fully operational as of January 1, 2017. This is the reason why the finalization of the financial statements of ICCO took so long. The implementation of the ERP, including a proper opening balance sheet, was only finalized by summer 2018.

Due to the delays in the implementation of All solutions, the disentanglement of the Finance department from the Shared Service Center with PKN, due to new employees working in the finance department, the audit was seriously delayed.

All Solutions is connected to the Project Monitoring and Evaluation application, ProMEva. Due to severe delays surrounding the implementation of AllSolutions, the rollout of Google Apps for Business to the regional offices experienced delays as well.

In addition, ICCO migration to the Google environment at the global office, which took place in 2016, was supported with in-company trainings, workshops, tailor-made upgrades, a helpdesk and site and introduction of more Google applications. The new intranet, providing a personalized integrated platform for internal communication, was finalized for testing in 2018.

The choice for Google Apps was based on the need to improve efficiency and team collaboration by harnessing the extensive possibilities for sharing and jointly editing documents. Moreover, the transfer also opened up new opportunities to share information online through the use of Google Sites.

Corporate Social Responsibility

ICCO's corporate social responsibility (CSR) policy is based on the criteria of ISO 26000. ISO 26000 is a universally accepted guideline how to define and implement CSR. It applies to companies, the public sector and civil society organizations across the world.

Green ICCO

We pay attention to sustainability in our own business operations. Some of the central concepts in this include reducing, clean energy and offsetting carbon emissions. With regards to the first two concepts ICCO promotes less working places, reduced air travel, telework and flexible work arrangements and the use of bicycles. The remuneration of travel policy is based on public transport. The offices have new applications in office automation to encouraging paperless work through facilities for charging electric cars, LED lighting and in 2018 solar panels are installed.

To achieve our aim to be a climate neutral organization we offset our carbon emissions. Our CO₂ emissions increased by 5.5%. This was mainly caused by more staff in our regional offices compared to 2016. On the other hand the number of flights by the global office decreased with 17%. The result was based on data collected throughout all regional offices and the global office, which covered business travel, office use and commuting. FairClimateFund B.V. then merged this data and calculated the carbon emissions. The sum of all emissions, 1,697 tonnes of CO₂, have been offset with Gold Standard carbon credits from the "Chulika" cook stoves project in Raichur, India.

1.4 RISK MANAGEMENT

Risk management is part of the planning and control cycle and is recorded in a register that is annexed to the ICCO annual plan. Monitoring with mitigation actions take place through management information analyses that are conducted every four months. Risks are identified and assessed at program, region or department and corporate/strategic level. At the corporate level, risk analysis by the Executive Board is combined with a compilation of the underlying risks at the regional level, which results in an overview of the main strategic risks.

Strategic Risks 2017 (in no particular order)	Mitigation actions 2018
1. The availability of funds is limited while there is a strong competition	<ul style="list-style-type: none"> ● Redefining our strategy to focus on fewer themes with a distinct proposition ● Delivering value with a range of financial instruments ● Diversifying our funding sources
2. Non-compliance with requirements (for new types) of donors	<ul style="list-style-type: none"> ● Creating a compliance team ● Conducting client audits to ensure careful monitoring of implementation
3. The organization does not sufficiently focus its strategic capacity for effective resource mobilization	<ul style="list-style-type: none"> ● Putting in place a new resource mobilization plan with account managers responsible for relations with relevant donors
4. The equity level of the organization is too low	<ul style="list-style-type: none"> ● Developing strategies to build up reserves by increasing the income ● Cutting operational costs
5. Weak partner selection undermines the performance	<ul style="list-style-type: none"> ● Monitoring the quality and effectiveness of cooperation agreements and contracts with the use of updated checklists (o-scan)
6. Insufficient reporting on track record due to the lack of qualified datasets	<ul style="list-style-type: none"> ● Monitoring data entry in the ProMEva app ● Fully operationalizing AllSolutions, the Enterprise Resource Planning (ERP) system
7. The political and societal space across the countries and regions in which we work is deteriorating	<ul style="list-style-type: none"> ● Conducting continuous monitoring of the safety and security policy ● Creating a special committee to assist with backup locations and registrations
8. High turnover of staff contributes to brain drain	<ul style="list-style-type: none"> ● Introducing positive incentives to create a conducive work environment ● Supporting and recruiting middle management staff where necessary ● Implementing a digital knowledge sharing system

These risks underscore both the variety, as well as the scale of sector-related risks, that ICCO – as a global development organization – is increasingly confronted with. In particular, we anticipate a rise in:

- **Situations of insecurity:** We work in fragile countries, such as Mali, where we had to close temporarily our office in 2017, Guatemala or South Sudan. ICCO is well aware, but also prepared to respond adequately to sudden and slow-onset insecurities. Our safety and security procedures are of a high standard and constantly updated and trained.
- **Fluctuating donor money:** Donor funding, especially from governments, is highly sensitive to social developments and political decision-making. To minimize the effects of such shifts on our operations we have placed increased emphasis on diversifying funding sources, including through public-private partnerships and collaboration with the private sector. These strategies will be intensified in 2018 and beyond, and will include exploring synergies across the ICCO regions to replicate successful ideas and programs.
- **Being in the picture:** The number of players in international cooperation is still growing. In defining our niche, it is important to effectively showcase our work and impact. In coming years, we will intensify our efforts to increase the visibility and awareness of ICCO among different stakeholder groups, including donors.

1.5 2017 FINANCIAL PERFORMANCE HIGHLIGHTS

Income from Project Funding

The total income in 2017 was EUR 35.5 million, a decrease of EUR 9.0 million compared to 2016. The decrease of income was due to the decrease of Income from Government Grants (MFS II), which was foreseen and expected.

Income from Companies increased by EUR 2.4 million in 2017. This growth is in line with the budget. For 2018 we have realized a further growth in the Income from Companies.

Analysis of the Results for 2017 in Comparison to 2016 and the Budget for 2017

The net result is worse in 2017 compared to 2016. The approved budget for the year 2017 included a net operational loss of EUR 2.521K; the actual net result for the year is a negative EUR 4.983K. Important to understand is that in the operational budget no financial result from investments is included.

The net result in 2016 amounts to a positive EUR 2.038K, whereas the net result in 2017 amounts to a negative EUR 4.983K. This decrease in net result is due to several reasons including:

- 2016 earmarked the year in which the final settlement with the Dutch Ministry of Foreign Affairs on MFS II was accounted for. This resulted in an incidental positive result for 2016 of EUR 2 million, as a result of many - administrative - settlements;
- In 2017, the total income from projects from government grants (including BUZA decreased with EUR 10.2 million), which had a significant negative effect on the financial result;
- in 2017, ICCO executed several projects with a very low overhead percentage;
- write off of net fair value in the Loans & Participations (EUR 863K);
- a negative foreign currency exchange result (546K);
- a provision amounting to EUR 737K has been made for potential bad debt;
- an amount of EUR 713K has been written off, relating to incidental unforeseen overspends in several programs;
- additional costs due to the delayed implementation of All Solutions, causing additional audit fees and consultant fees relating to the audit;
- the release of the VAT provision amounting to EUR 816K contributed in a positive way to the result for 2017;
- An amount of EUR 2.047K has been used from matching funds from the appropriation reserve donor programs. The use of matching funds is based on approval from EB at start of programs. All matching funds used were based on approvals from the EB;
- With the repayment of the loans to which ICCO has provided guarantees, the guarantee fund can be reduced with EUR 2.0 million. The balance has been added to the appropriation reserve.

Outlook Financial Performance

Budget and expectations 2018

The 2018 organizational cost budget is prudently based on the already secured income for 2018 and a part of the income we are confident we will achieve. This budget shows, although lower than in 2017, a deficit. The deficit amounts to EUR 1.5 million. The Supervisory Board agreed with the negative result in the budget, as the organization needs time to transfer from a mainly government funded NGO to an NGO with more individual donors. The main challenge in 2018 is to secure more funds for the year and beyond, to be able to be fully operational at the current scale.

The forecast for the year 2018 indicates that the actual result from operations is slightly worse than budget, that the result will be approximately EUR 1.700K negative. Although still negative, it is a significant improvement compared to 2017.

Budget and expectations 2019

The budget for the year 2019 shows a limited negative result of EUR 350K. The projection 2019 shows, based on current secured and expected income less expected costs, a limited negative result of EUR 700k.

MultiAnnual Financial Plan and going concern

A multi annual financial plan has been made, in which a 3-year future financial plan is included (2019-2021). The continuity reserve of the Foundation can cover the loss for the organization for the years 2018 and 2019. The years 2020 and 2021 indicate a positive net result. The multi annual financial plan has been discussed within the management team and Executive Board of ICCO and has been approved by the Supervisory Board.

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

We trust that ICCO will have the opportunity in the coming years to continue to contribute to a better world, in collaboration with governments and donors, private companies and civil society organizations. We do not want anything else. There is still a world to win.

1.6 OUTLOOK AND FUTURE DEVELOPMENTS

Future Proofing ICCO

The reorganization plan, 'Future Proofing ICCO 2016-2018,' and our multi-annual strategic paper 'Strategy 2020: Towards a Just and Dignified World' (which will be further sharpened in 2018) chart our future path. This reorganization document states that 2016 and 2017 would be transition years for ICCO Foundation. One of the main features of this transition was making the shift from a funding organization that was dependent on grants from the Dutch government, towards a (co)- implementer of projects financed by multiple donors. Another important shift was the focus on fewer themes in order to consolidate our expertise and niche.

We finalized the reorganization plan in 2017, with the aim of adapting our organizational structure, processes and systems to new realities in 2018.

Strategic Focus

In line with changes at the global level, ICCO's regional programs were further streamlined to reflect the strategic focus on four priority themes and fewer countries. Another important consequence of the organizational restructuring process was the need for ICCO's regional and country offices to make the transition from being grant managers to program co-implementers. Existing staff profiles at the regional offices were therefore adjusted to allow for the recruitment of program staff to support the new focus on project implementation.

At ICCO, we implement our programs in close collaboration with our partners in the Netherlands (for example Kerk in Actie), as well as in Europe and globally, on the basis of complementarity and scale-up potential. Our decentralized organizational model and our innovative approach as a social enterprise are important assets. We will further increase our role as a (co-) implementer of programs, and expand our ambition to increasingly explore blended solutions to development challenges, both with the ICCO Group companies, as well as between different programs. To better facilitate such innovative approaches, ICCO will continue to strengthen connections with Dutch and local SMEs and grow its social enterprise activities.

The majority of our projects focus on achieving two Sustainable Development Goals (SDGs): SDG 2 (Zero Hunger); and SDG 8 (Decent Work and Economic Growth). This focus underscores the close link between food and nutrition security, and economic development for smallholders, producer organizations and SMEs, with the empowerment of women and youth as a unifying thread. Across our programs and partnerships we will continue to emphasize our added value, including our experience in: public-private partnerships and Making Markets Work for the Poor (M4P) approaches; integrating diverse financial tools and instruments; and specific commodity chains.

We will also continue to pay attention to 'Human rights and business' aspects in our work, and, where essential and achievable, we will link our disaster preparedness and emergency response work to our economic development programs. Building on our work in recent years, we will increasingly use *enriched (geo)data* to design, monitor, evaluate and improve programs. We are especially keen to explore opportunities to replicate or expand successful programs and to cooperate with private sector partners.

Outlook Financial Performance

MultiAnnual Financial Plan and going concern

The budget 2018 shows, although lower than in 2017, a deficit. The deficit amounts to EUR 1.5 million. Starting from the budget 2018, a multi annual financial plan has been made, in which a 3-year future financial plan is included (2019-2021).

The projection for the year 2018 and 2019 show, based on current secured and expected income less expected costs, a negative result for 2018, amounting to approximately EUR 1.700K. And for 2019 a limited negative result of EUR 700k.

The lower than budgeted negative result in 2019 is due to the delay in the start of several projects which caused higher overhead cost as a result of employees not working for projects, and is due to incidental costs in relation to employees that have left the organization and incidental high audit fees.

The continuity reserve of the Foundation can cover the loss for the organization. The years 2020 and 2021 indicate a positive net result. The multi annual financial plan has been discussed within the management team and Executive Board of ICCO and has been approved by the Supervisory Board.

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

We trust that ICCO will have the opportunity in the coming years to continue to contribute to a better world, in collaboration with governments and donors, private companies and civil society organizations. We do not want anything else. There is still a world to win.

2 FINANCIAL STATEMENTS 2017

2.1 BALANCE SHEET AS AT 31 December 2017 (After appropriation of result)

In €		31 December 2017	31 December 2016
ASSETS			
Fixed assets			
Tangible fixed assets	2.5.1	381,260	176,691
Financial fixed assets	2.5.2	9,260,232	8,922,578
		9,641,492	9,099,269
Current assets			
Accounts receivable and accrued income	2.5.3	12,101,523	14,202,273
Securities	2.5.4	3,432,947	6,327,044
Cash and cash equivalents	2.5.5	28,181,292	29,686,428
		43,715,762	50,215,745
TOTAL ASSETS		53,357,254	59,315,014
LIABILITIES			
Reserves			
	2.5.6		
Foundation Capital		45	45
Continuity Reserve		6,864,290	4,929,923
Appropriation Reserve		3,396,605	3,109,631
Appropriation reserve donor programs		1,421,003	3,468,512
Appropriation reserve future proof programming		-	1,370,412
Appropriation reserve Kerk in Actie themes		168,130	168,130
		11,850,073	13,046,653
Funds			
	2.5.7		
Appropriation fund projects		177,625	262,106
Appropriation fund guarantees		3,721,113	5,726,596
Appropriation fund loans and participations		6,338,957	8,035,594
		10,237,695	14,024,296
Provisions	2.5.8	2,675,572	5,363,955
Current liabilities	2.5.10	28,593,914	26,880,110
TOTAL LIABILITIES		53,357,254	59,315,014

2.2 STATEMENT OF INCOME AND EXPENSES 2017

In €		Actual 2017	Budget 2017	Actual 2016
Income	2.6.1			
Income from private individuals		373,563	-	58,308
Income from companies		5,287,513	5,700,192	2,858,635
Income from lottery organisations		2,091,758	2,255,016	1,804,038
Income from government grants		17,317,403	14,901,000	27,561,461
Income from other non-profit organisations		9,034,657	9,739,792	10,632,130
Income raised		34,104,894	32,596,000	42,914,572
Income from delivery of products / services		1,253,471	1,441,000	1,447,425
Other income		185,950	-	132,390
Total Income		35,544,315	34,037,000	44,494,386
EXPENSES				
Spent on objectives	2.6.2	35,983,079	32,767,000	38,543,394
Costs of generating income	2.6.3	994,003	1,006,498	944,280
Management and Administration	2.6.2	2,749,934	2,784,502	2,689,422
Total expenses		39,727,016	36,558,000	42,177,096
Result before financial income and expenses		(4,182,701)	(2,521,000)	2,317,290
Balance of financial income and expenses	2.6.4	800,482	-	279,262
Net result		(4,983,183)	(2,521,000)	2,038,029
Appropriation of net result				
Transferred to / from:				
Continuity Reserve		1,934,367	(2,521,000)	(705,288)
Appropriation reserve		286,974	-	(64,383)
Appropriation reserve donor programs		(2,047,509)	-	3,468,510
Appropriation reserve future proof programming		(1,370,412)	-	1,370,410
Appropriation reserve Kerk in Actie themes		-	-	168,130
Appropriation fund projects		(84,484)	-	(4,121,893)
Appropriation fund guarantees		(2,005,483)	-	(660,402)
Appropriation fund loans and participations		(1,696,637)	-	2,940,509
Appropriation fund MFS interest		-	-	(357,564)
Result		(4,983,183)	(2,521,000)	2,038,029

2.3 CASH FLOW STATEMENT 2017

In €		2017	2016
Result		(4,983,183)	2,038,029
Unrealized result securities	2.5.4	(80,488)	(221,648)
Change in other provisions	2.5.8	(2,688,383)	(1,046,025)
Depreciation	2.5.1	136,538	187,423
Change of donor receivables	2.5.3	(889,499)	(1,244,606)
Change of other receivables	2.5.3	2,990,249	(26,062)
Change of project obligations	2.5.10	4,517,371	3,658,453
Change of other liabilities	2.5.10	(2,803,567)	2,521,846
Cash flow from operating activities		(3,800,962)	5,867,410
Investments in tangible fixed assets	2.5.1	(341,107)	(28,043)
Investments in financial fixed assets	2.5.2	(337,651)	(3,995,185)
Investments in securities on balance	2.5.4	2,974,584	(78,524)
Cash flow from investment activities		2,295,826	(4,101,752)
Changes in cash and cash equivalents		(1,505,135)	1,765,658
Cash and cash equivalents at the end of the financial year	2.5.5	28,181,292	29,686,428
Cash and cash equivalents at the start of the financial year	2.5.5	29,686,428	27,920,770
Changes in cash and cash equivalents		(1,505,136)	1,765,658

2.4 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS 2017

General Basic Principles for Preparation of the Financial Statements and Principal Activities

The financial statements consist of the statements of Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking ICCO (ICCO Foundation or ICCO), having its legal address in Utrecht (Joseph Haydnlaan 2A), is a foundation registered in the Trade Register under number 56484038.

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

The financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. In line with ICCO's overall mission, as well as related activities and expectations from our stakeholders, we have taken efforts to adhere to the requirements contained in the Dutch Accounting Standards for Fundraising Institutions (RJ 650).

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

The financial year coincides with the calendar year. The applied basic principles for the valuation of assets and liabilities and the result determination are based on historical costs, unless indicated otherwise.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the organization and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Foundation. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the statement of income and expenses, taking into account any provisions related to the transaction.

If assets are recognised of which the organization does not have the legal ownership, this fact is being disclosed.

Income is recognised in the statement of income and expenses when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises of which the size can be measured reliably.

Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises of which the size can be measured with sufficient reliability. Revenues and expenses are allocated to the respective period to which they relate.

Going Concern

The net result for 2017 shows a negative net result of EUR 4.983K. For 2018 a negative net result of EUR 1.700K is projected. Both the loss in 2017 and 2018 were discussed and agreed upon by the Supervisory Board; the reason for the 2-year loss situation mainly comes from the transition period for the organization due to the end of the MFS donor funding by the Dutch Government.

From 2018 onwards, it is important that the net result will continuously improve and that the transition period for ICCO – from a government funded organization to an organization with several donors – can be finalized successfully by the end of 2019.

During the year 2018 a multi annual financial plan has been made, in which a 4-year future financial plan is included. Based on current secured and expected income less expected costs, the budget 2019 shows a limited negative result of EUR 350k. The years 2020 and 2021 indicate a positive net result. The multi annual financial plan has been discussed within the management team and Executive Board of ICCO and has been approved by the Supervisory Board.

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

Change of Accounting Policy

During the year, ICCO changed its accounting policy with respect to cost and revenue recognition in accordance with guideline '650' (RJ650). In the years up to 2016, costs relating to partner commitments were recognized as cost, and therefore the related income, the moment a multiple year contract was signed.

As of 2017, the partner commitments are recognized as cost at the moment an installment is transferred. Due to this change, costs - and therefore revenue - are recognized based on actual progress of a project.

This reflects a change in accounting policy. The impact on revenue and related expense is disclosed at the explanatory notes of the Income and Expenses. The impact on net income is nil, as in both accounting methods the result on projects is €0 on partner payments (no margin is realized on partner payments).

2016 Comparative Numbers

The 2016 comparative numbers have been adjusted for comparison reasons to comply with the new Dutch Accounting Standards for Fundraising Institutions (RJ 650). In the overview below the difference from the balance in the Annual report 2016 is compared to the balance in the Annual Report 2017. A reference is made to a number, where an explanation is provided (1,2,3).

	Balance 2016 in Ann Rep 2017	Balance 2016 in Ann Report 2016	Difference	Explanation
Balance Sheet				
Accounts receivable and accrued income	14,202,273	13,588,695	613,578	1
Cash and cash equivalents	29,686,428	29,762,610	(76,182)	3
Appropriation reserve	3,109,631	1,759,631	1,350,000	1
Appropriation fund projects	262,106	99,642	162,464	1
Long term liabilities	-	2,708,552	(2,708,552)	1
Current Liabilities	26,880,110	25,146,628	1,733,482	1
Income				
Income from private individuals	58,308	-	58,308	2
Income from companies	2,858,635	-	2,858,635	2
Income from Lottery Organisations	1,804,038	-	1,804,038	2
Income from government grants	27,561,461	19,747,716	7,813,745	2
Income from other non-profit organisations	10,632,130	-	10,632,130	2
Income from third parties	-	20,464,476	(20,464,476)	2
Income from investments	-	348,111	(348,111)	2
Other Income	132,390	1,515,924	(1,383,535)	2
Total Income	44,494,386	42,134,534	2,359,852	1
Expense				
Spent on objectives	38,543,394	35,614,030	2,929,364	1
Management and Administration	2,689,422	2,513,433	175,989	1
Balance of financial income and expenses	279,262	(904,975)	1,184,237	2
Cash Flow				
Result 2016	2,038,029	2,090,115	(52,086)	1
Change of other receivables	(26,062)	(1,967)	(24,095)	1

Explanation:

1 change of accounting policy / RJ650

2 Change in presentation of source of income, as part of change in RJ650

3 Correction 2016 as cash balance is not owned by ICCO, but by organization that is hosted by ICCO. The comparable liability has been eliminated

Transactions in Foreign Currency

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

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

Use of Estimates

The drawing up of the financial statements requires the Executive Board to form opinions and make estimates and assumptions that influence the basic principles and the reported value of assets and liabilities, as well as income and expenses. 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

During the normal course of business, ICCO uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risk. To control these risks, ICCO has instituted policies and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of ICCO.

The financial statements include the following financial instruments: investments in shares and securities, trade and other receivables, cash items, loans and other financing commitments, and trade and other payables. The foundation has no derivative financial instruments embedded in contracts.

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originated. Financial instruments are derecognised if a transaction results in a considerable part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through the statement of income and expenses, then directly attributable transaction costs are directly recognised in the statement of income and expenses at the initial recognition. After initial recognition, financial instruments are valued as described below.

Financial instruments that are held for trading

Financial instruments (assets and liabilities) that are held for trading are valued at fair value and changes in fair value are accounted for in the statement of income and expenses. In the first period of recognition, transaction costs are included in the statement of income and expenses as expenses. Purchases and sales of financial assets that belong to the category held for trading are accounted for at the transaction date.

Securities

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

To the extent that these are listed on a stock exchange, loans and bonds are valued at fair value. Changes in the fair value are accounted for in the statement of income and expenses, to the extent that the result of the individual investment is cumulatively positive. Upon derecognition of the investment, the accumulated result recognised in equity is transferred to the statement of income and expenses. Any accumulated decrease in fair value below cost is recognised in the statement of income and expenses. Purchases and sales of financial assets that belong to the category investments in listed equity instruments are accounted for at the transaction date. 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. The effective interest and impairment losses, if any, are directly recognised in the statement of income and expenses.

Current liabilities and other financial commitments

Current liabilities are valued at amortized cost on the basis of the effective interest rate method. The effective interest is directly recorded in the statement of income and expenses.

Tangible Fixed Assets

The tangible and intangible fixed assets are valued at cost, less the cumulative depreciation and impairment losses. The cost comprises the price of acquisition, plus other costs that are necessary to get the assets to their location and condition for their intended use. Expenses are only capitalised when it extends the useful life of the asset. The depreciations will be calculated as a percentage of the acquisition price according to the linear method on the basis of the economic lifespan, taking into account the residual value, if any.

The depreciation percentages applied are:

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

Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment. Assets retired from active use are measured at the lower of book value or net realisable value.

All tangible and intangible fixed assets are used for organizational purposes. Maintenance expenses on tangible and intangible fixed assets are accounted for as office and general costs.

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. Participations 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.

The measurement at nil also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the results of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed.

Subsidiaries in which no significant influence can be exercised are valued at the lower of cost or realisable value. Dividends are accounted for in the period in which they are declared. Dividends from participating interests that are carried at cost, are recognised as income from participating interests

(under financial income) in the period in which the dividends become 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 expenses.

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

The further accounting policies for other financial fixed assets are included under the heading 'Financial instruments'.

Impairment

For tangible fixed assets and financial fixed assets, an assessment is made for each balance sheet date as to whether these assets are subject to impairment. If indications to this effect are found, then the recoverable value of the asset is estimated. The recoverable value is the higher of 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.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount.

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the latest impairment loss. In such a case, the carrying amount of the asset (or cash-generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit).

Disposal of Fixed Assets

Fixed assets available for sale are measured at the lower of their carrying amount and net realisable value.

Receivables

The accounting policies applied for the valuation of trade and other receivables and securities are described under the heading 'Financial instruments'.

Cash and Cash equivalents

Cash and cash equivalents are measured at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies. Cash and cash equivalents that are not readily available to the Foundation within 12 months are presented under financial fixed assets.

Reserves

The additions and withdrawals from the reserves and funds take place from the destination of results.

Continuity reserve

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

Appropriation reserve

An appropriation reserve has been created for several purposes, amongst which are: strengthening

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

Appropriation reserve donor programs

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

Appropriation reserve Kerk in Actie themes

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

Funds

Appropriation funds

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

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

Provisions

Several provisions have been accounted for in the financial statements, relating to several reorganizations that ICCO has gone through. Below an overview is provided, including a background as to the reason to the reorganization and the period in which the provision was established.

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

A provision is recognised if the following applies:

- the Foundation has a legal or constructive obligation arising from a past event; and
- the amount can be estimated reliably;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Reorganization provision ProCoDe

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

Social Plan MFS II provision

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

Restructuring 2014-2016 provision

A redundancy package was agreed within the framework of the reorganization process under MFSII in the years 2014-2016, for employees at the Utrecht office. The calculated provisions were based on the number of redundant FTEs and the expected cost of termination and dismissal.

Reorganization provision Future Proof ICCO

Within the framework of the reorganization process under the current 'Future Proofing ICCO 2016-2018' strategy, another Redundancy Package was agreed for employees who were made redundant

at the Utrecht office. The calculated provisions were similarly based on the number of redundant FTEs and the expected cost of termination and dismissal. The reorganization process under this latest strategy has also affected employees in the regional offices. Another addition relates to the reorganization for restructuring ICCO in preparation for the financial restructuring after the MFSII period.

Provision guarantee obligations

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

Provision Terrafina

A redundancy package was agreed for the employees working in Utrecht for ICCO Terrafina. Terrafina is a joint initiative from ICCO, the Rabobank and Oikocredit. The 3 parties involved decided to end the collaboration on this initiative. The calculated provisions were based on the number of redundant FTEs and the expected cost of termination and dismissal.

Provision VAT

The provision relates to the potential liability for VAT to be paid for services rendered between the ICCO entities. Formally, ICCO had not been granted the status of a fiscal unity between the ICCO entities.

Current Liabilities

The valuation of current liabilities is explained under the heading 'Financial instruments'.

Income

General

Income grants from donors have - due to the nature of these grants - an incidental character.

Income from private individuals

Occasionally, private individuals donate small amounts. The income is not directly related to projects. The income is credited to the statement of income and expenses in the year they originate.

Income from companies

Company grants are credited to the statement of income and expenses of the year in which the subsidized deployment takes place. Company grants are reported as income in proportion to the expenses. The unused portion of received amounts are accounted for as advances from donors under current liabilities on the balance sheet.

Income from lottery organizations

The regular contribution from the Dutch Postcode Lottery is recognized in the year to which the income in question relates. Proceeds from the 'Extra Drawing' are recognized in the year in which the funds are pledged.

Government / EU grants

Government grants are credited to the statement of income and expenses of the year in which the subsidized deployment takes place. Government grants are reported as income in proportion to the expenses. The unused portion of received amounts are accounted for as advances from donors under current liabilities on the balance sheet.

Income from other non-profit organizations

This income is credited to the statement of income and expenses in the year in which the income is received or pledged. Grants are reported as income in proportion to the expenses. The unused portion of received amounts are accounted for as advances from donors under current liabilities on the balance sheet.

Other income

Other income consists of the outcome from service level agreements, co-assisting in (non ICCO) projects and other small agreements. This income is recognized in the year to which the income in question relates.

Expenses

In the statement of income and expenses, the costs of ICCO's own activities are subdivided as follows: expenses on program objectives, fundraising expenses and management and administration expenses. 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.

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

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

Expenses on objectives

These expenses consist of grants to third parties, contributions and execution costs. The expenses due to grants to third parties is charged to the statement of income and expenses in the year in which they are spent as per RJ 650. This reflects a change in accounting policy in the current year. In previous years, expenses were recognized in the year in which ICCO agreed to make the contribution.

Fundraising expenses

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

Management and administration expenses

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

Staff Expenses

Employee benefits are charged to the statement of income and expenses in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the organization.

If a benefit is paid in case of non-accumulating rights (e.g., continued payment in case of sickness or disability), the projected costs are recognised in the period in which such benefit is payable. For existing commitments at the balance sheet date to continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised.

The recognised liability relates to the best estimate of the expense necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the statement of income and expenses.

Pension plan for personnel

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

The related accrued entitlements are always fully financed in the related calendar year through – at least – cost effective contribution payments. The pension plan is a career average plan including – for

both active and inactive participants (“sleepers” and retired persons) – conditional granting of supplements. The granting of supplements depends on the investment return.

The contribution to the pension fund amounts to 24% of the pensionable salary, which is based on gross wage per employee less a fixed amount per year. The annual employee-paid contribution is 10.05% of the pensionable salary. Based on the funding ratio and expected returns the board of the industry pension fund sets the contribution every year.

The related industry pension has stated that the funding ratio is 98.6% in 2017 (2016: 90%). Based on the administrative regulations the group has no obligation to make additional contributions in the event of a deficit other than through higher future contributions.

Termination benefit

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

Financial Income and Expenses

Interest income is recognised in the statement of income and expenses on an accrual basis using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

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 Euro, 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.

Receipts and payments of interest, receipts of dividends are presented within the cash flows from operating activities.

Determination of Fair Value

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other. The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

Related Parties

Transactions with related parties (refer to note 2.5.11 for the identified related parties) are disclosed if they have not been entered into at arm’s length. Disclosed are the nature and amounts involved with such transactions, and other information that is deemed necessary for an insight into the transactions.

Subsequent Events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements. Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

2.5 EXPLANATORY NOTES TO THE ITEMS OF THE BALANCE SHEET

2.5.1 TANGIBLE FIXED ASSETS

Movements in tangible fixed assets are as follows:

In €	Furniture and installations	Hard- and software general	Hard- and software ERP system	Company cars	Total tangible fixed assets
Acquisition/Manufacturing cost as at January 1, 2017	315,039	986,632	1,397,398	197,813	2,896,884
Cumulative depreciation and other impairment in value as at January 1, 2017	(274,770)	(874,790)	(1,397,398)	(173,235)	(2,720,193)
Carrying amount as at January 1, 2017	40,269	111,842	-	24,578	176,691
Investments	-	126,171	126,180	88,756	341,107
Amount of disposals (acquisition)	-	-	-	-	-
Amount of disposals (depreciation)	-	-	-	-	-
Depreciation	(17,844)	(90,339)	-	(28,355)	(136,538)
Other impairments in value and reversals thereof	-	-	-	-	-
Carrying amount as at December 31, 2015	(17,844)	35,832	126,180	60,401	204,569
Acquisition/Manufacturing cost as at December 31, 2017	315,039	1,112,803	1,523,578	286,569	3,237,991
Cumulative depreciation and other impairment in value as at December 31, 2017	(292,614)	(965,129)	(1,397,398)	(201,590)	(2,856,731)
Carrying amount as at December 31, 2017	22,425	147,674	126,180	84,979	381,260
Depreciation percentages	20%	33%	20%	33%	

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

2.5.2 FINANCIAL FIXED ASSETS

Loans and Participations

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

In €	Participations in third companies	Receivables from group companies	Receivables from third companies	Other associated companies	Total
Carrying amount as at January 1, 2017	4,705,951	450,000	2,306,803	4,145,025	11,607,779
<i>Movements:</i>					
Purchases, loans granted	799,597	-	250,000	-	1,049,597
Sales, redemptions	-	-	(166,664)	-	(166,664)
Exchange rate differences	(135,909)	-	(6,489)	-	(142,398)
Write offs	-	-	(60,000)	(862,766)	(922,766)
Reversals of impairments	46,500	-	-	-	46,500
Revaluations	-	-	-	-	-
Converted loans	-	-	-	-	-
Transfer to current assets	-	-	211,454	-	211,454
Associated company dividends	51,850	-	-	-	51,850
Other changes in equity	(252)	-	-	-	(252)
Carrying value as at December 31, 2017	5,467,737	450,000	2,535,104	3,282,259	11,735,100

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

In €	Participations in third companies	Receivables from group companies	Receivables from third companies	Other associated companies	Total
Carrying amount as at January 1, 2017	535,349	-	2,149,852	-	2,685,201
Additions	26,453	-	385,169	-	411,622
Deduction	(389,624)	-	(135,017)	-	(524,641)
Correction provision 2016	(48,657)	-	(48,657)	-	(97,314)
Carrying value as at December 31, 2017	123,521	-	2,351,347	-	2,474,868
Balance of loans and participating interests	5,344,216	450,000	183,757	3,282,259	9,260,232

Participations

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

ICCO purchased shares in Prothem (Burundi) from Ham Foundation for EUR 0.3 million. Prothem (Promotion de Thé de Mwaro) is a company that supports the planting of tea seedlings and the processing and marketing of green tea supplied by some 10,000 smallholder tea growers.

ICCO invested EUR 0.5 million in Hands-on B.V. (trading on the name of Lendahand) as a result of the existing strategic alliance between both organizations.

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

Receivable from group companies

The receivable of the group company amounts to EUR 450,000 and relates to a loan provided by ICCO Foundation to ICCO Group BV. ICCO Group BV invested the amount of the loan in an equity investment in Scope Insight for the same amount.

Receivable from third companies

At year end, the loan portfolio of ICCO, managed by Capital 4 Development Partners, contained 12 (was 14 in 2016) active loans for 10 companies with a total amount outstanding of EUR 2.5 million. In 2017 one new (bridge) loan of EUR 250,000 was approved for WAAR NL (amount that was repaid at the end of 2017). In addition, one loan of Stichting Landelijke Verenigingen Cadeaubonnen had to be written-off for an amount of EUR 60,000.

The short term part of the receivables is transferred to current assets within one year. Included in this amount is the correction of the short term receivable 2016, which has not been received so far and hence a provision is made for the total balance.

Other associated companies

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

Provision

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

The provision on loans and participation is high, resulting in a low net value due to the poor likelihood of recovering the full amount of the remaining balances.

2.5.3 ACCOUNTS RECEIVABLE and ACCRUED INCOME

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

In €	31/12/2017	31/12/2016
Donor receivables	6,050,850	5,161,351
Receivables from group companies	4,131,752	6,811,417
Short term receivables loans	131,000	342,454
Deposits	33,350	94,869
Income from securities and interest	24,679	65,010
Receivables from employees	11,607	4,588
Prepayments	179,723	321,910
Other receivables and accrued income	1,538,563	1,400,675
	12,101,523	14,202,273

Below an explanation is provided to several line items of the accounts receivable and accrued income with a high variance of high balance outstanding.

Donor receivables

This item relates to the amounts to be received from government grants and third parties concerning special project grants. The balance increased from 2016 to 2017 by EUR 0.7 million due to timing of funding received from donors.

Receivables from group companies

At the end of 2017 ICCO Foundation has a receivable of EUR 4.1 million (2016 – EUR 6.8 million) with the Cooperation ICCO U.A. The balance between 2016 and 2017 reduced with EUR 2.7 million, which relates to a payment from the Ministry of Foreign Affairs in relation to the MFS II program.

Short term receivables loans

No interest is charged over the short term receivables loans. The amount transferred to current assets from financial fixed assets relates to the change in short term receivable loans during the financial year.

Other receivables and accrued income

Other receivables and accrued income increased slightly, from EUR 1.4 million as of December 31, 2016 to EUR 1.5 million as of December 31, 2017. The increase is caused by higher receivables from PKN related to Kerk in Actie. Included in the balance as of December 31, 2017 is EUR 1.2 million to be invoiced of which 780K to be invoiced to Kerk In Actie, relating to Regional Office contribution and other costs,

The amount outstanding relating to general debtors amount to EUR 730K (which is similar to the amount outstanding in 2016), for which a provision for bad debt is included for an amount of EUR 705K .

EUR 120K relates to the outstanding balance of Terrafina.

2.5.4 SECURITIES

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

In €	12/31/2017		12/31/2016	
	€	%	€	%
Stocks	1,707,906	49.8%	1,709,708	27.0%
Bonds	1,652,204	48.1%	4,545,903	71.8%
Oikocredit stocks	72,837	2.1%	71,435	1.1%
Balance as per 31 December	3,432,947	100%	6,327,044	100%

In €	Stocks	Bonds and subordinated loans	Participation Oikocredit	Total
Book value as per 1 January	1,709,708	4,545,903	71,435	6,327,045
Acquisitions	445,882	62,939	-	508,821
Dividend payment in participations	-	-	1,402	1,402
	2,155,590	4,608,842	72,837	6,837,268
Sales	(546,620)	(2,938,189)	-	(3,484,809)
	1,608,970	1,670,653	72,837	3,352,459
Value changes of the share price as a result of valuation	98,936	(18,448)	-	80,488
Book value as per 31 December	1,707,906	1,652,205	72,837	3,432,947

The return consists of the following components:

In €	Dividend and interest	Unrealised profit	Realised profit	Total
Stocks	44,249	98,936	(11,286)	131,899
Bonds	26,366	(18,448)	(31,857)	(23,939)
Participating interest	1,415	-	-	1,415
	72,030	80,488	(43,143)	109,375
Interest on cash and cash equivalents				22,164
Total income from investments				131,539

The stocks and bonds have been valued at the market price at the end of the year. At the end of the year, the nominal value of the bonds amounts to EUR 1,540,000. All bonds and stocks are listed at the exchange markets.

ICCO's 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 required to invest in an average of 25% shares and 75% euro denominated bonds. The investment portfolio, which is executed by ING Bank, is termed the most sustainable portfolio, based on a ranking of companies or funds invested when compared to other companies in the same sector along more than hundred non-financial indicators (NFI) on social and environmental responsibility. At the end of 2017,

based on this NFI-score, the bank rated 95% of the companies in ICCO's portfolio as a strong leader or leader on social and environmental responsibility in the sector.

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

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

The securities are at the free disposal of the foundation.

Oikocredit

The Oikocredit stock is included at nominal value.

2.5.5 CASH and CASH EQUIVALENTS

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

In €	31/12/2017	31/12/2016
Banks	28,166,267	29,671,493
Cash	15,025	14,935
	28,181,292	29,686,428

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

2.5.6 RESERVES

Foundation capital

The balance of the foundation capital in the financial year is as follows:

In €	31/12/2017	31/12/2016
Balance as at 1 January	45	45
Balance as at 31 December	45	45

Continuity reserve

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

In €	31/12/2017	31/12/2016
Balance as at 1 January	4,929,923	5,635,210
Less/plus: from Guarantee appropriation fund	2,005,483	
Less/plus: from appropriation of results	(71,116)	(705,287)
Balance as at 31 December	6,864,290	4,929,923

The continuity reserve is intended to cover short-term risks and to ensure that ICCO can continue to meet its moral and other obligations in the event of unforeseen adverse circumstances. We are guided in this decision by the Guidelines Financial Management for Charity Organizations prepared by the Dutch Association of Fundraising Organizations (Goede Doelen Nederland). ICCO is convinced a reservation of resources is desirable for the continuity of the support given to the charity's goals, and endeavors a continuity reserve of at least 1.0 where the Guidelines maximum is 1.5 times the annual cost of maintaining the operational structure.

For 2018 the budgeted costs for the operational structure for ICCO Foundation are EUR 6.1 million and at the end of 2017, the continuity reserve amounted to EUR 6.9 million, which is sufficient to cover the annual costs of maintaining the operational structure.

Appropriation reserve

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

In €	31/12/2017	31/12/2016
Balance as at 1 January	3,109,631	1,824,014
Less/plus: from Appropriation reserve future proof programming	1,370,412	
Less/plus: from appropriation of results	(1,083,438)	1,285,617
Balance as at 31 December	3,396,605	3,109,631

During the year 2017, the decision was made to combine several appropriation reserves into the general appropriation reserve. Thereby there is a clear overview on the funds available for this purpose.

Appropriation reserve donor programs

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

In €	31/12/2017	31/12/2016
Balance as at 1 January	3,468,512	-
Less/plus: from appropriation of results	(2,047,509)	3,468,512
Balance as at 31 December	1,421,003	3,468,512

During the year 2017, matching funds were used for several programs executed by the several regions of ICCO. The spending is in line with the approval provided by the Executive Board.

Appropriation reserve future proof programming

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

In €	31/12/2017	31/12/2016
Balance as at 1 January	1,370,412	-
Less/plus: from appropriation of results	-	1,370,412
Less/plus: to Appropriation reserve	(1,370,412)	
Balance as at 31 December	-	1,370,412

The balance of the appropriation reserve Future Proof Programming has been transferred to the general Appropriation reserve.

Appropriation reserve Kerk in Actie themes

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

In €	31/12/2017	31/12/2016
Balance as at 1 January	168,130	-
Less/plus: from appropriation of results	-	168,130
Balance as at 31 December	168,130	168,130

2.5.7 FUNDS

Appropriation funds relate to funding received for a specific purpose as indicated by third parties. The movements of the appropriation funds are as follows:

Project appropriation fund

In €	31/12/2017	31/12/2016
Balance as at 1 January	262,109	4,384,002
Less/plus: from appropriation of results	(84,484)	(4,121,893)
Balance as at 31 December	177,625	262,109

Guarantee appropriation fund

In €	31/12/2017	31/12/2016
Balance as at 1 January	5,726,596	6,386,998
Less/plus: from appropriation of results	(2,005,483)	(660,402)
Balance as at 31 December	3,721,113	5,726,596

The guarantee appropriation fund is used for guarantees that ICCO has provided for loans issued by financial service providers. The guarantees at risk are provided for, and the balance – being the total amount of the guarantee minus the amount provided for (see note 2.5.8) – is accounted for in the appropriation fund. The balance of the guarantee appropriation fund decreased as compared to 2016, with the decrease of the value of the liabilities to be covered. The amount released from the Guarantee appropriation fund (EUR 2.0 million) is added to the Continuity Reserve.

Issued bank guarantees

As at 31 December 2017, ICCO has issued bank guarantees for a total amount of EUR 5,326,684. Of this, an amount of EUR 1,456,342 pertains to guarantees (including the aforementioned ING loan guarantee) that are provided for as included in note 2.5.8 to these financial statements.

Loans and participations appropriation fund

In €	31/12/2017	31/12/2016
Balance as at 1 January	8,035,594	5,095,085
Less/plus: from appropriation of results	(1,696,637)	2,940,509
Balance as at 31 December	6,338,957	8,035,594

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

Appropriation fund MSF interest

In €	31/12/2017	31/12/2016
Balance as at 1 January	-	357,564
Less/plus: from appropriation of results	-	(357,564)
Balance as at 31 December	-	-

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

2.5.8 PROVISIONS

The specification of the provisions is as follows:

In €	31/12/2017	31/12/2016
Reorganization provision ProCoDe	90,503	265,844
Social Plan MFS II provision	135,589	193,981
Provision Restructuring 2014-2016	170,942	304,755
Provision Terrafina	21,407	45,231
Reorganization provision Future Proof	800,789	871,107
Provision VAT	-	816,458
Guarantee obligations	1,456,342	2,866,580
Balance as at 31 December	2,675,572	5,363,955

Below a further analysis is provided to the several line items of the provisions.

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

In €	31/12/2017	31/12/2016
Balance as at 1st January	265,844	620,976
Less: Payments	(65,940)	(197,210)
Mutation of provision	(109,401)	(157,922)
Balance as at 31 December	90,503	265,844

A provision was made in 2009 for the costs of the Redundancy Package agreed upon for the ICCO employees who were made redundant at the Utrecht office. In 2017, an amount of EUR 65,940 was spent. Based on recalculation of the expected expenses, a mutation of EUR (109,401) was made.

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

In €	31/12/2017	31/12/2016
Balance as at 1st January	193,981	312,669
Less: Payments	(54,845)	(61,235)
Mutation of provision	(3,547)	(57,453)
Balance as at 31 December	135,589	193,981

A provision was made in 2010 for the reorganization, which resulted from the severe cut of government grant at the end of 2010. Based on the redundancy package agreed upon for the ICCO employees, an amount of EUR 54,845 was spent in 2017. Based on recalculation of the expected expenses, a mutation of EUR (3,547) was made.

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

In €	31/12/2017	31/12/2016
Balance as at 1st January	304,755	584,362
Less: Payments	(78,844)	(245,580)
Mutation of provision	(54,969)	(34,027)
Balance as at 31 December	170,942	304,755

A provision was made in 2015 for the reorganization that started to reshape ICCO for the period after the MFSII period. An amount of EUR 78,844 was spent in 2017. Based on recalculation of the expected expenses, a mutation of EUR (54,969) was made.

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

In €	31/12/2017	31/12/2016
Balance as at 1st January	45,231	61,723
Less: Payments	(19,309)	(11,388)
Mutation of provision	(4,515)	(5,104)
Balance as at 31 December	21,407	45,231

A provision was made in 2015 for the reorganization that started to downsize ICCO for the period after the MFSII period. This reorganization related in particular to the Terrafina Microfinance department in which ICCO, Rabobank and Oikocredit worked together in a tripartite way. An amount of EUR 19,309 was spent in 2017. Based on recalculation of the expected expenses, a release of EUR (4,515) was made.

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

In €	31/12/2017	31/12/2016
Balance as at 1st January	871,107	1,033,428
Less: Payments	(107,900)	(120,375)
Mutation of provision	37,582	(41,946)
Balance as at 31 December	800,789	871,107

A provision was made in 2015 for the reorganization that resulted from the next severe cut in the government grant at the end of the MFSII period. This reorganization had an impact on the regional offices as well as in the global office in Utrecht. An amount of EUR 107,900 was spent in 2017. Based on a recalculation of the expected expenses, an increase of EUR 37,582 was made.

The movement in the provision VAT was as follows:

In €	31/12/2017	31/12/2016
Balance as at 1st January	816,458	816,458
Less: Payments	-	-
Mutation of provision	(816,458)	-
Balance as at 31 December	-	816,458

Up to the year 2016 a provision has been made for potential VAT to be paid to the Tax Authorities relating to work done by consultants from a subsidiary (F&S Consulting BV) for ICCO Foundation. The invoices have been charged without adding VAT, as ICCO and F&S Consulting BV were of the opinion

that, with respect to VAT, it forms one fiscal unity with its subsidiaries. However, there was no formal approval from the Tax Authorities.

In December 2018, ICCO agreed with the Tax Authorities that ICCO does form a fiscal unity for VAT purposes with all its subsidiaries. The provision is no longer required, therefore the amount provided has been released to the profit and loss statement.

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

In €	31/12/2017	31/12/2016
Balance as at 1st January	2,866,580	2,980,365
Less: Payments	(1,018,442)	(1,025,788)
Mutation of provision	(391,796)	912,003
Balance as at 31 December	1,456,342	2,866,580

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

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

2.5.9 LONG-TERM LIABILITIES

ICCO has no long-term liabilities. In paragraph 2.5.12, the contingent liabilities and conditional rights are listed.

2.5.10 CURRENT LIABILITIES

The specification of this item is as follows:

In €	31/12/2017	31/12/2016
Advances from donors	23,686,574	19,169,203
Accruals	954,794	822,749
Accounts payable	983,476	4,098,367
Liabilities to group companies	141,888	-
Security contributions and taxes	680,175	503,083
Reservation for holiday allowance	125,034	124,257
Provision for holidays	223,327	138,860
Amounts owed to staff	730,400	636,181
Other liabilities	1,068,246	1,387,411
Balance as at 31 December	28,593,914	26,880,110

Advances from donors

The amounts reflects grants received from donors, of which the project cost have not yet been taken into account as of December 2017. The advances increased in 2017 compared to 2016, as a result of a growing number of projects and programs that are starting for which advances are already received. In the balance Advances from Donors, an amount of EUR 550K relates to old, already finalized and closed projects.

Accruals

Accruals relate to amongst others to both audit fees to be paid relating to the audit of the financial statements 2017 (EUR 0.4 million) and an accrual relating to implementation of projects in Latin America (EUR 0.3 million).

Accounts payable

As of December 31, 2016, the balance of the accounts payable amounts to EUR 4.1 million. To a large extent, these payables are related to the closing of the MFSII program. These payables have been transferred in 2017, thereby reducing the outstanding balance payable to EUR 983K.

Liabilities to group companies

The major part of the liabilities relate to F&S Consulting.

Security contributions and taxes

The balance payable increased from EUR 503K to EUR 680K from the end of 2016 to the end of 2017. The 2017 balance is mainly build up with payroll tax of EUR 248K and pension payable of EUR 388K.

Provision for holidays

The accrual for the provision for holidays has increased between 2016 and 2017. This is due to an increase in FTE's employed at ICCO at the end of 2017 compared to 2016. At the end of 2017, 318 employees were employed at ICCO (2016: 312 employees). This represents 313 in FTE at December 31, 2017 (compared to 306 FTE in 2016).

Amounts owed to staff

The amounts owed to staff increased from EUR 636K to EUR 730K. These amounts are made up of the reserve for year-end bonus and accrual for termination payments.

Other liabilities

The balance decreased from EUR 1.387K to EUR 1.068K from the end of 2016 to the end of 2017. Included in the other liabilities are ICT licenses and implementing cost for EUR 360K, an advance payment EUR 246K from a donor and EUR 340K which relates to a settlements between ICCO and Kerk in Actie.

2.5.11 Related Parties

Protestantse Kerk Nederland:

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

Coöperatie ICCO U.A.:

ICCO Foundation is the sole member in the Coöperatie ICCO U.A.

ICCO Group B.V.

Coöperatie ICCO U.A. is 100% owner of the ICCO Group B.V., including the sub-companies Fair & Sustainable Participations, Fair & Sustainable Consulting, FairClimateFund and Capital 4 Development Partners. The strategy and programs increasingly apply various financial tools and expertise from ICCO Foundation and the companies. In this way, ICCO Cooperation delivers tailor-made solutions in its mission to achieve sustainable livelihoods and justice and dignity for all. Fair & Sustainable Consulting has performed consulting activities for ICCO during the year for the amount of EUR 0.3 million.

Other:

ICCO has not identified other related parties.

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

2.5.12 Contingent Liabilities and Conditional Rights**Project Commitments**

One of the basis principles for ICCO in achieving her goals, is working together with local organisations: our partners. The contracts with these partners are revocable and therefore presented as contingent liabilities. The liabilities for each year per December 31, 2017 are as follows:

Year	Partner commitments
2018	6,583,300
2019	349,563
2020	228,823
2021	<u>7,173</u>
Total	7,168,859

Multi-annual Financial Liabilities:*First loss compensation Business4Impact*

ICCO has agreed to compensate the first loss of Business4Impact to at the maximum amount of EUR 500.000. Any losses on the Fund Investments up to the amount of EUR 500,000 in the aggregate will be deducted from the Net Asset Value of the participations held by ICCO.

Rental agreement PKN

A rental agreement was entered into with the PKN for a period of five years. ICCO and Kerk in Actie jointly rent 1,858 m2. This agreement was adjusted in 2016 for the period 2016-2018, based on a reduction in the rented space to 1,152 m2, at a total rental price of EUR 342,840 per annum, including rent of the building and conference rooms. The rental agreement is under negotiation, as the Shared Service Center will be disentangled in 2018. From 2019 a new rent agreement is negotiated with PKN, for the years 2019 – 2021, for which the annual rent is EUR 124K per annum.

Agreements regional offices

The regional offices entered into long term renting agreements of two office buildings, in Nepal and in Burkina Faso. Total liability of EUR 35K for the period up to the end of first quarter 2019. All other regional offices do not present a contingent liability as they are on renewable contracts or have short term notice periods.

Legal case

ICCO agreed with the legal representative of ICCO in Brazil to pay for the legal support in a legal case, during the years 2018 and 2019, amounting to a total of EUR 50,000.

2.6 EXPLANATORY NOTES TO THE THEMES ON THE STATEMENT OF INCOME AND EXPENSES

2.6.1 INCOME

In €	Actual 2017	Budget 2017	Actual 2016
Income from private individuals	373,563	-	58,308
Income from companies	5,287,513	5,700,192	2,858,635
National Postcode Lottery	1,350,000	1,350,000	1,350,000
National Postcode Lottery - extra drawing	741,758	905,016	454,038
Income from lottery organisations	2,091,758	2,255,016	1,804,038
DGIS - Strategic Partnership	5,560,958	4,821,382	2,495,645
DGIS - Medefinancieringsstelsel (MFS)	130,664	-	9,147,122
Dutch government - Other	8,557,045	7,419,007	13,795,837
European Union	1,566,688	1,358,327	465,662
European Union - ECHO	817,540	708,812	561,698
Other governmental donors	684,508	593,472	1,095,496
Income from government grants	17,317,403	14,901,000	27,561,461
Dutch non-governmental organisations	4,887,709	5,343,199	6,556,763
International foundations	2,988,460	3,266,957	2,718,369
Protestantse Kerk Nederland - Kerk in Actie	1,033,338	1,129,636	744,865
SHO - Samenwerkende Hulporganisaties	-	-	-
Stop Aids Now! (SAN)	125,150	-	612,134
Income from other non-profit organisations	9,034,657	9,739,792	10,632,130
Income from delivery of products / services	1,253,471	1,441,000	1,447,425
Other income	185,950	-	132,390
	1,439,421	1,441,000	1,579,815
TOTAL INCOME	35,544,315	34,037,000	44,494,386

General

The recognized income includes coverage for organizational costs. As part of the income, a coverage for project overhead and self implementing expenses is accounted for. The related expenses are reported in the expenses (C1-C6 categories). Income grants from donors have - due to the nature of these grants - an incidental character. For additional understanding we refer to the change of accounting policy as described in section 2.4.

Income from private individuals

Occasionally, private individuals donate small amounts. The income is not directly related to projects.

Income from companies

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

Income from lottery organizations

The regular contribution from the Dutch Postcode Lottery is recognized in the year to which the income in question relates. Proceeds from the 'Extra Drawing' are recognized in the year in which the funds are pledged.

Government / EU grants

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

Income from other non-profit organizations

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

Income from delivery of products / services

This includes charging of salary costs from employees of ICCO to third parties, primarily PKN and PerspActive.

Other income

Other income consists of the outcome from service level agreements, co-assisting in (non ICCO) projects and other small agreements. This income is recognized in the year to which the income in question relates.

2.6.2 EXPENSES

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

In €	Actual 2017	Actual 2016
Main objectives		
Food and Nutrition Security and Sustainable Food		
Program Costs	2,352,487	5,544,912
Execution costs	<u>3,890,684</u>	<u>3,728,219</u>
	6,243,171	9,273,131
Economic Empowerment and Inclusive Markets		
Program Costs	5,992,867	5,379,085
Execution costs	<u>6,202,592</u>	<u>5,939,493</u>
	12,195,459	11,318,578
Responsible Business		
Program Costs	2,243,175	1,786,689
Execution costs	<u>2,278,991</u>	<u>2,150,549</u>
	4,522,166	3,937,238
Emergency Aid		
Program Costs	5,057,979	5,107,171
Execution costs	<u>2,091,054</u>	<u>2,014,150</u>
	7,149,033	7,121,321
Other		
Program Costs	1,610,159	2,836,995
Execution costs	<u>4,263,091</u>	<u>4,056,129</u>
	5,873,250	6,893,124
Program Costs	17,256,667	20,654,852
Execution costs	<u>18,726,412</u>	<u>17,888,542</u>
Total Program Costs	35,983,079	38,543,394

Expenses on Emergency Response

In € 1.000	2017	2016	2015
Expenditure on Disaster Management and Rehabilitation	7,149	7,121	11,712
Income from own fundraising activities	374	58	15

The expenses on emergency response (disaster management and rehabilitation projects) is presented as a separate main objective.

Expense Utilization Rate

In €	Actual 2017	Budget 2017	Actual 2016
Total spent on objectives	35,983,079	32,767,000	38,543,394
Total expenses	39,727,016	36,558,000	42,177,096
Expenditure utilization rate	91%	90%	91%

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

Income Utilization Rate

In €	Actual 2017	Budget 2017	Actual 2016
Total spent on objectives	35,983,079	32,767,000	38,543,394
Total income	35,544,315	34,037,000	44,494,386
Income utilization rate	101%	96%	87%

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

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

Explanation of the Expense Allocation

Expenses on objectives are split between five themes:

- Food and Nutrition Security and Sustainable Food (FSSC)
- Economic Empowerment and Inclusive Markets (EE)
- Responsible Business (RB)
- Emergency Aid (EA)
- Other

Specification and allocation of expenses according to their appropriation:

In € 1.000	Spent on objectives						Generating income cost			Total 2017	Budget 2017	Total 2016
	FSSC	EE	RB	EA	Other	Total	Other grants	Government grants	M&A			
Grants & contributions	2,352	5,993	2,243	5,058	1,611	17,257	-	-	-	17,257	15,416	20,655
Publicity and communication C1	399	511	202	72	195	1,379	86	45	157	1,667	1,548	1,619
Staff costs C2	2,726	4,202	1,733	1,531	3,322	13,514	418	223	1,429	15,584	11,174	14,317
Direct costs C3	436	603	82	193	401	1,715	39	21	182	1,956	1,833	2,212
Housing costs C4	86	172	63	113	107	540	6	3	222	771	658	922
Office- and general costs C5	228	694	192	160	227	1,501	96	52	706	2,355	1,982	2,265
Depreciation costs C6	15	20	7	23	11	76	4	2	54	137	156	187
Execution costs	3,891	6,202	2,279	2,092	4,263	18,726	649	346	2,750	22,470	17,351	21,522
TOTAL EXPENSES	6,243	12,195	4,522	7,150	5,873	35,983	649	346	2,750	39,727	32,767	42,177

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

The M&A costs as a percentage of total expenses is 6.9% (2016: 7.2%).

The cost of generating income as a percentage of total income is 2.8% (2016: 2.3%).

C1 Publicity and communication costs

In €	Actual 2017	Budget 2017	Actual 2016
Communication costs	1,666,799	1,548,000	1,619,336

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

C2 Staff Costs

In €	Actual 2017	Budget 2017	Actual 2016
Salaries	7,133,832	5,115,039	7,448,719
Holiday allowance and year-end bonus	651,925	467,438	818,135
Social security charges	894,337	641,250	966,630
Pension contributions	636,802	456,594	735,201
Staff costs	9,316,896	6,680,321	9,968,685
Hired staff	5,147,445	3,690,777	3,341,005
Compensations according to employment conditions	206,538	148,090	234,037
Recruitment and selection	19,468	13,959	76,395
Education and training	63,278	45,371	108,540
Other direct staff costs	668,650	479,429	404,263
Direct staff costs	6,105,379	4,377,626	4,164,241
Outplacement	47,001	33,700	(13,331)
Occupational health and safety service, prevention and safety	62,061	44,498	84,176
Other indirect staff costs	52,794	37,855	112,830
Indirect staff costs	161,855	116,053	183,675
Total staff costs	15,584,130	11,174,000	14,316,601

At the end of 2017, 318 employees were employed at ICCO (2016: 312 employees). This represents 313 in FTE at December 31, 2017 (compared to 306 FTE in 2016). The average FTE in 2017 is 310 FTE versus 331 FTE in 2016, which indicates that the FTE from 2016 to 2017 decreased with 6.3%. The decrease of FTE is in line with the decrease in staff cost, as presented above.

In 2017, the average cost per FTE for salaries, social security charges and pension was EUR 30,055 compared to 2016 where the average costs was EUR 30,117. The headcount in the regional offices has increased during the year compared to a reduction of the headcount at global office.

This reduction is in line with the fact that the number of FTE at Global Office is Utrecht is decreasing as a result of the decentralization of the organization, whereas the FTE in the regional offices increased. The average salary level in Utrecht is higher compared to the regional offices.

Direct and indirect staff costs

Direct staff cost mainly relate to cost of hired staff in relation to projects. The cost increased between 2016 and 2017, as ICCO is more becoming an own implementation organization. Indirect staff costs are in line with 2016. ICCO spends costs to training on security, but also on ARBO.

Compensations according to employment conditions

Compensations according to employment conditions relate to additional compensation agreed in the salary contract of the employee that are not considered to be part of salaries such as anniversary bonuses and allowances.

C3 Direct costs

In €	Actual 2017	Budget 2017	Actual 2016
Travel- and accomModation expenses	1,651,140	1,547,517	1,614,333
External advisors	215,646	202,113	83,011
Other direct costs	51,019	47,817	749,933
	<u>1,917,805</u>	<u>1,797,447</u>	<u>2,447,277</u>
Passed on to projects and partners	37,934	35,553	(235,205)
	1,955,739	1,833,000	2,212,072

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

In 2017, the expenses for external advisors increased, due to the increase of that are executed by ICCO.

The decrease of the Other direct cost between 2016 and 2017 from EUR 750K to EUR 51K is a consequence of the implementation of a new ERP, in which the option is included to directly charge expenses to projects they relate to. In 2016, an amount of EUR 670K relating to projects was included in Other direct cost.

C4 Housing costs

In €	Actual 2017	Budget 2017	Actual 2016
Housing costs	771,982	658,000	921,839

The actual housing expenses refer to the rented office spaces for the global office and of the regional and country offices worldwide. The actual cost reduced as the cost for the global office was less a result of a renegotiation with the tenant. And in addition, some country offices closed during 2017.

C5 Office and general costs

In €	Actual 2017	Budget 2017	Actual 2016
Office costs	949,473	650,174	884,179
Costs of ICT	368,288	252,194	601,728
Audit, tax advice and consultancy costs	1,188,367	623,921	626,993
Legal and organizational advice	250,084	171,251	129,475
Supervisory Board and Regional Councils	10,733	7,349	17,235
Partnerships	335,906	230,019	357,861
Release VAT provision	(816,458)	-	-
Other indirect costs	91,536	62,682	(65,747)
	<u>2,377,928</u>	<u>1,997,590</u>	<u>2,551,725</u>
Passed on to projects and partners	(22,767)	(15,590)	(286,731)
	2,355,161	1,982,000	2,264,994

pective of whether the activities have been performed during the financial years 2017, 2018 and 2019.

Legal and organizational advice

During the year 2017, the expenses relating to legal and organizational advice increased due to advice

on the negotiations with the tax authorities. By the end of 2018, ICCO and the tax authority achieved a settlement agreement. Furthermore, ICCO was involved in some legal cases in different regions, mostly in the staff area.

Release of VAT provision

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

In December 2018, ICCO agreed with the Tax Authorities that ICCO does form a fiscal unity for VAT purposes with all its subsidiaries. The provision is no longer required, therefore the amount provided has been released to the profit and loss statement, thereby reducing the general costs with EUR 816K.

Passed on to project and partners

Up to the year 2016, cost of services done by ICCO for partners as NpM, Agribusiness Booster and ICCO Investments were included in the office cost and charged out to these partners. From 2017 onwards, this service is organized in a different way, resulting in a lower amount of expenses passed on to projects and partners.

C6 Depreciation

Depreciation tangible and intangible fixed assets.

In €	Actual 2017	Budget 2017	Actual 2016
Inventory and installations	17,844	20,388	17,877
Hardware and software - general	90,338	103,215	134,930
Hardware and software - ERP system	-	-	18,362
Company cars	28,355	32,397	16,231
	136,538	156,000	187,400

Depreciation of the hardware and software related to the ERP system will start from 2018 onwards as the final implementation costs of the ERP system were made after year end. See also the explanatory note to the tangible fixed assets.

2.6.3 Cost of generating Income

In €	Actual 2017	Actual 2016
Government grants	345,383	327,940
Fundraising third party campaigns	648,620	616,340
	994,003	944,280

2.6.4 Financial expenses and income

In €	Actual 2017	Actual 2016
Bank charges	57,993	36,100
Interest cash and cash equivalents	(59,397)	(118,893)
Realized and unrealized foreign exchange results	546,274	(68,352)
Net investment result	(1,082,993)	(474,568)
Result Business 4 Impact fund	862,766	904,975
Taxes	51,830	-
Other	424,009	-
	800,482	279,262

Realized and unrealized foreign exchange results

The realized and unrealized foreign exchange results 2017 represents a net loss of EUR 546K. This is mainly caused by the devaluation of the USD exchange rate compared to the EURO rate.

Net investment result

The positive investment result is build up from several items. The main items are: a positive result of EUR 108K relates to the security portfolio, being income from bonds, shares and interest. An amount of EUR 52K relates to dividends received on investments from financial fixed assets. An amount of EUR 42K relates to guarantee fees received; an amount of EUR 391K is included as a release of the guarantee provision. An amount of EUR 210K relates to positive result from change in provision of the Loan & participations portfolio and an amount of EUR 300K relates to the release of a provision in relation to the short term part of the loan receivable from the end of 2016.

Result Business 4 Impact

During the year an amount of EUR 862K was written of, see also movement of the provision financial fixed assets.

Other

Other income has several items included: a positive contribution of in total EUR 416K relates to Terrafina, for which the collaboration between the three partners (ICCO, Rabobank and Oikocredit) ended at the end of 2016, for which the final settlement was calculated during 2017. In addition, an amount of EUR 350K was released to the P&L relating to accrual from Latin America that was incorrectly accounted for.

In addition, several incidental expenses are charged to the P&L: an amount of EUR 713K relating to incidental unforeseen overspends in several programs was written off and a provision amounting to EUR 737K has been made for potential bad debt from aged debtors.

2.7 REMUNERATION EXECUTIVE BOARD AND SUPERVISORY BOARD

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

In €	Marinus Verweij	Wim Hart
Function	Chair	Member
Period	01/01 - 31/12	01/01 - 31/12
FTE percentage	100	89
Hours	36	32
Contract type	Permanent	Permanent
Remuneration		
Gross wages	131,181	115,348
Taxable reimbursements	4,537	3,201
Pension charges (employer part)	12,831	11,393
Other compensations	-	-
Social charges	9,655	9,655
Total 2017	158,204	139,597
Individual salary maximum	168,000	149,333
-/- Advance payments	n/a	n/a
Remuneration 2017	158,204	139,597
Remuneration 2016		
Period	01/01 - 31/12	01/01 - 31/12
FTE percentage	100	89
Remuneration 2016	148,249	129,971
Pension Premium (Employer's Contribution)	9,450	9,450
Total remuneration 2016	157,699	139,421

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

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

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

In €	J.F. de Leeuw	G. van Dijk	W. Oosterom	R. Powell Mandjes	A. Knigge
Function	Chair	Member/ Chair Audit Commission	Member	Member	Member
Period	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 30/06	01/01 - 31/12
Remuneration 2017					
Remuneration	3,000	3,000	1,500	750	750
Individual maximum	25,200	16,800	16,800	16,800	16,800
-/- Advance payments	N.v.t.	N.v.t.	N.v.t.	N.v.t.	N.v.t.
Total remuneration 2017	3,000	3,000	1,500	750	750
Remuneration 2016					
Period	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	01/01 - 31/12	26/05 - 31/12
Remuneration	3,000	3,000	1,500	1,500	-
Pension Premium (Employer's Contribution)	-	-	-	-	-
Total remuneration 2016	3,000	3,000	1,500	1,500	-

2.8 PROPOSED APPROPRIATION OR RESULT FOR THE FINANCIAL YEAR 2017

The Executive board proposes, with the approval of the Supervisory Board, that the result for the financial year 2017 amounting EUR 4.983.183 is appropriated as follows:

Appropriation of net result	Actual 2017
Transferred to / from:	
Continuity Reserve	1,934,367
Appropriation reserve	286,974
Appropriation reserve donor programs	(2,047,509)
Appropriation reserve future proof programming	(1,370,412)
Appropriation reserve Kerk in Actie themes	-
Appropriation fund projects	(84,484)
Appropriation fund guarantees	(2,005,483)
Appropriation fund loans and participations	(1,696,637)
Appropriation fund MFS interest	-
Result	(4,983,183)

This proposal has been included in the financial statements.

Utrecht, October 31, 2019

Executive Board

S. Attema, chairman

J.T.A. Wakkerman – van Weerdenburg, member

Supervisory Board,

J.F. de Leeuw, chairman

G. van Dijk

W. Oosterom

A. Knigge

2.9 OTHER INFORMATION

Subsequent Events

Implementation All Solutions and delay of audited financial statements

By the end of 2016, the decision was made to implement a new ERP system, All Solutions. This ERP system went into production from January 1, 2017, but was however not fully implemented as of January 1, 2017. This is the reason why the finalization of the financial statements of ICCO took so long; it was difficult to deliver the financial statements to the auditor in time. The implementation was finalized by summer 2018.

This was the basis to start preparing the financial statements; due to the disentanglement of the Finance department, due to new employees working in the finance department and due to the delays in the implementation of All solutions, the audit was seriously delayed.

Receivables Governments

On May 24, 2018, the final approval was received from the Ministry of Foreign Affairs in which the final settlement regarding the MFSII program is received. Total amount of the grants is EUR 339,343,580. The last installment, amounting to EUR 393,346 was received on May 29, 2018.

Disentanglement SSC

In September 2018, it was decided that the Shared Service Center, in which PKN and ICCO are working together on Finance, IT and Human Resources, would be disentangled. This process of disentanglement started to be implemented during Q4, 2018 and will continue in 2019.

Tax authorities – VAT

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

2.10 INDEPENDENT AUDITOR'S REPORT

To the Board of Foundation ICCO

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2017 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the financial statements 2017 of Foundation ICCO, based in Utrecht.

In our opinion the financial statements included in these annual accounts give a true and fair view of the financial position of Foundation ICCO as at December 31, 2017, and of its result for 2017 in accordance with the Guideline for annual reporting 650 'Fundraising organizations' of the Dutch Accounting Standards Board.

The financial statements comprise:

1. The balance sheet as at December 31, 2017.
2. The statement of income and expenses for 2017.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Moreover we are of the opinion that in all material aspects the 2017 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 semipublieke sector (WNT)".

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Foundation ICCO in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics) and the "Beleidsregels toepassing Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)", including the audit protocol WNT.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

- Management Board's Report (Supervisory and Executive Board); and
- Other information as required by the Dutch Accounting Standard 650 'Fundraising organizations'.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements, does not contain material misstatements and contains the information as required by the Dutch Accounting Standard 650 'Fundraising organizations'.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Accounting Standard 650 'Fundraising organizations' and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management's Board's Report and the Guideline for annual reporting 650 'Fundraising organizations' of the Dutch

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of the Executive Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 'Fundraising organizations' of the Dutch Accounting Standards Board and the "Beleidsregels toepassing Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)", including the audit protocol 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, whether due to fraud or error.

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

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

The Supervisory Board is responsible for overseeing the entity's financial reporting process.

Our responsibilities for the audit of the financial statements

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

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

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

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the foundation to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

Amsterdam, October 31, 2019

Deloitte Accountants B.V.

Signed on the original: N.R. Fritz