

# Annual report and accounts 2009

of

Health[e]Foundation

in

Amsterdam

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## **Directors' report**

### 1. General information

#### 1.1 *Incorporation and purpose*

The Health[e]Foundation was incorporated on 14 May 2003 and its aims are: to offer support in order to improve healthcare services, particularly in developing countries, by, amongst other things, providing training and education in the area of poverty related sicknesses to, in particular, medical personnel, students and school pupils, with the accent being on teaching methods using Computer Based Learning and online applications to support local infrastructures, as well as the promotion of the body of thought that a good healthcare system is a precondition for sound social and economic growth in developing countries.

The Health[e]Foundation tries to achieve these aims by:

- developing and implementing courses for the target groups;
- providing information about the workings of the foundation;
- raising funds;
- managing the resources;
- entering into alliances and undertaking anything else which could be of service to the foundation's aims.

#### 1.2 *Organisation*

The internal organisational structure of the foundation is:

- board of directors
- executive board
- office personnel

The point of departure is an efficient organisation. The implementation of the foundation's day-to-day running is in the hands of the executive board who are supported by the office personnel. The board of directors is responsible for directing the foundation and evaluates the implementation of its decisions during board meetings.

#### *Board of directors*

The board of directors consists of at least five natural people. Members of the board are appointed by the board for a period of three years. The board has drawn up a retirement schedule, whereby retirements are equally spread over the years. A retiring director is immediately eligible for re-election and there is no limit to the number of times he/she may be re-elected.

The board of directors appoints a chairman, secretary and treasurer - and potential deputies - from among its members. The various positions may be held by one person.

Annually, the board of directors, or a delegation of the board, assesses the performance of the executive board and establishes their salaries and fees. The gross salary paid to any member of the executive board may never exceed the salary of a Director-General in the service of central government.

In 2009, the board of directors adopted the annual report and accounts for 2008, as well as the budgets for 2009 and 2010.

As at 31 December 2009, the board of directors comprised the following people:

- Prof. J.M.A. Lange, chairman (CPCD, University of Amsterdam)
- Mr H.F.F. Ex, treasurer and secretary (IATEC, Amsterdam)
- Prof. E.T. Katabira, member (Makerere University, Kampala)
- Prof. M.M. Levi, member (Academic Medical Center, Amsterdam)
- Prof. P. Phanuphak, member (Chulalongkorn University, Bangkok)
- Mr F.J. van Hall, member (Senior Executive, AkzoNobel)

	Position on the board -----	Year of appointment (reappointment) -----	Scheduled year of retirement -----
Prof. J.M.A. Lange	chairman	2003/2006/2009	2012
Mr H.F.F. Ex	treasurer and secretary	2003/2006/2009	2012
Prof. E.T. Katabira	member	2005/2008	2011
Prof. M.M. Levi	member	2005/2008	2011
Prof. P. Phanuphak	member	2005/2008	2011
Mr F.J. van Hall	member	2009	2012

The board of directors met once in 2009. From 2010 onwards, it will meet a minimum of twice a year. Primarily, the board fulfils a monitoring function. In addition, it advises the executive board in respect of the foundation's policy as well as new training methods and the development of new programmes. The members of the board of directors are entitled to compensation for any expenses actually incurred, but do not receive any financial reward for their work as members of the board.

### *Personnel*

The executive board of the Health[e]Foundation consists of one person, Fransje van der Waals (0.5 FTE). The executive board manages the work of all those employed by the foundation, both the permanent and the temporary personnel (the office), and supervises the implementation of the policy laid down by the board of directors. In addition, Fransje is a general practitioner in an independent practice in Amsterdam and a member of the board of the Web.foundation.

In 2009, the office had, on average, six employees, in total 4.7 FTEs; all the employees had a fixed-term contract. The office is responsible for the implementation of the foundation's policy. In 2009, Ms Pakker, a coordinator (0.2 FTE), and Ms Kakooza, an assistant coordinator (0.1 FTE), undertook local work in Uganda; they were hired through CPCD AMC Amsterdam.

Since October 2009, Ms Blok-Versteeg has been working as a coordinator on behalf of the Health[e]Foundation in Thailand (0.4 FTE). She is paid directly by the Health[e]Foundation. In addition the Health[e]Foundation makes use of on-call staff and volunteers. The Health[e]Foundation employs people on the basis of a forty-hour working week.

The Health[e]Foundation is renowned for its open and honest way of working, and for respecting everyone who may be influenced by its activities. A good reputation is of enormous value, and just as valuable as our employees and our products.

In order to maintain this reputation, the Health[e]Foundation drew up a code of conduct in 2009; this code of conduct lays down the standards of conduct required within the foundation. The Health[e]Foundation expects all its employees to comply with this code of conduct.

In addition, the Health[e]Foundation also compiled a complaints procedure in 2009. Both these documents are to be adopted by the board of directors in 2010.

#### *Administrative organisation*

In 2009, the administrative procedures of the Health[e]Foundation were specified in detail in order to minimise its vulnerability; these procedures laid down that the duties of those responsible for authorising the payment of invoices should be kept separate from the duties of those responsible for auditing expenditure, in order to prevent fraud and/or to ensure any potential fraud is highlighted quickly.

#### 1.3 *Prescriptions in accordance with the articles of association*

Within six months of the end of the financial year, the board of directors shall adopt the balance sheet and the statement of income and expenditure. The financial year corresponds to the calendar year.

## 2. Fiscal matters

### 2.1 *Institution for general benefit*

On 17 June 2008, the Health[e]Foundation was informed by the tax authorities that it would be treated as an institution for general benefit (*algemeen nut beogende instelling*; ANBI). In 2009, the tax authorities visited the offices of the Health[e]Foundation. On 22 October 2009, the Health[e]Foundation was informed that it was fulfilling the new conditions required for it to be awarded ANBI status in 2010.

## 2.2 *Turnover tax*

The foundation is deemed a taxable entity in respect of turnover tax. In June 2009, the tax authorities carried out an audit of the turnover tax returns for 2006, 2007 and 2008. The report issued on 31 July 2009 stated that no inaccuracies were discovered, that no corrections were required and that the Health[e]Foundation fulfilled all the conditions laid down for entrepreneurship in relation to turnover tax.

## 2.3 *Corporation tax*

The tax authorities do not deem the foundation a taxable entity in respect of corporation tax.

## 3. Administrative matters

Both the bookkeeping and the preparation of the 2009 annual accounts have been outsourced to Jac's den Boer & Vink bv, a commercial consultancy firm for nonprofit-making organisations. The 2009 annual accounts were audited by PricewaterhouseCoopers. The auditor's report is included in the annual accounts under the heading 'Other information'.

At least once a quarter, the administration compiles an interim financial report for the benefit of the executive board and the treasurer. This report outlines the main points of the budget expenditure. Part of the report is a financial overview of the projects, as well as a cost allocation statement showing how the costs are spread over their designated uses (expenditure on aims, costs of fundraising and the costs of management and administration). The reports are periodically discussed in the management team meetings and in the periodic discussions between the executive board and the treasurer. In addition, as and when required, detailed, tailor-made reports are drawn up for the executive board and the programme managers.

## 4. Financing

The financing of the activities carried out by Health[e]Foundation are realised by:

- subsidies from the Dutch Ministry of Foreign Affairs;
- subsidy contributions from various funds;
- contributions towards training from local organisations and institutions;
- all other income, such as interest income and donations.

## 5. Policy on volunteers

Health[e]Foundation regularly uses the services of volunteers; this helps to keep its costs low. These services relate, for example, to authors who donate, to the foundation, the majority of their allowance for the written module.

In 2009, a total of 16 authors wrote or amended modules. On average, an author spends 28 hours writing or amending a module. The average hourly rate of these authors is EUR 150. Each author receives a volunteer's contribution of \$ 500. The remaining hours are donated by the authors to Health[e]Foundation, which in total is equivalent to approximately EUR 61,280.

During the training courses on location use is made of local volunteers, primarily by making use of local medical practitioners. Each training course involves, on average, four volunteers; they give presentations, help with the organisation and facilitate training. On average, these volunteers provide about 10 hours help on a single course. The average hourly wage for these local volunteers is EUR 30. In 2009, Health[e]Foundation ran 29 training courses on location; this represents an equivalent voluntary contribution of EUR 34,800.

During the self-study periods, participants can direct any questions related to the content to e-tutors. These e-tutors are specialists who answer questions from participants on a voluntary basis. In 2009, 17 groups of between 30 to 50 people were involved in self-study periods; on average, the e-tutors collectively spent two hours per group answering questions. The average hourly rate of these e-tutors is EUR 150, and this they donate to Health[e]Foundation. Consequently, in 2009, the voluntary contribution from the e-tutors amounted to EUR 5,100.

The total contribution from volunteers being EUR 101,180 has not been included in the annual financial accounts as it is not possible for the auditor to audit this amount adequately.

## 6. 25% scheme

The contribution from the Dutch Ministry of Foreign Affairs may be accounted for as income for 75% of the total expenditure. For 2009, Health[e]Foundation must demonstrate or show it is plausible that at least 25% of the annual expenditure can be paid for from its own financial resources and/or the financial contributions from third parties.

Financing from third parties which comes indirectly from the Dutch Ministry of Foreign Affairs may not be included in the 25%.

In 2009, Health[e]Foundation raised EUR 133,350 of its income through its own fundraising activities. However, the EUR 60,000 provided by Stichting Cordaid and ICS came indirectly from the Dutch Ministry of Foreign Affairs. Consequently, the income from our own fundraising which may be included in the 25% scheme was EUR 73,350. In addition, in 2009, the total contribution from volunteers, which may also be attributed to the 25%, was EUR 101,180. In total, therefore, the income from our own fundraising that may be included in the 25% scheme, amounted to EUR 174,530 in 2009.

Health[e]Foundation expects to be able to demonstrate that, in 2009 and 2010, 25% of the annual expenditure will, on average, be financed by its own financial resources and/or financial contributions from third parties.

#### 7. 2009 policy

The organisation and coordination of many of our on-site activities are undertaken by local representatives. A round-table conference, organised in May 2009, was attended by all the representatives. During the meeting, the plans for the future were discussed, as well as the role and responsibilities of both the local representatives and the Amsterdam office. Agreements were made about the manner of communication, and it was also agreed that the office would write a general business plan that the local representatives, in consultation with the office, could adapt to the local situation. In addition, each representative drew up a country analysis in respect of his/her own country.

In 2009, the administrative procedures of Health[e]Foundation were recorded in writing; these procedures included a complaints procedure and a code of conduct. Furthermore, in 2009, Health[e]Foundation developed an organisation chart and made an analysis chart of the organisation's strengths and weaknesses, including an inventory of the opportunities and threats. This analysis is included in the 2009 annual report.

#### *Training activities*

In 2009, a total of 849 healthcare workers were trained and a total of 28 training courses were run. The office personnel were on-site 24 times to support local training courses. The other four courses were arranged completely by local representatives. When the spread of the courses over time is considered, it is noticeable that in the last quarter of 2009 no new training courses were started, although in the same period in previous years new courses had been started. An important factor was the disappointing results of our own fundraising as a consequence of the international credit crisis. This meant that, in the last quarter, greater focus was placed on fundraising activities than on training activities.

#### *Training programmes*

In 2009, the first courses were held making use of the new training programme TB[e]Education. In total four training courses are currently available: HIV[e]Education, Pediatric-HIV[e]Education, Mental Health[e]Education and TB[e]Education.

To guarantee the continuity of training courses in Mozambique, the courses Paediatric-HIV[e]Education and TB[e]Education have been translated into Portuguese.

In addition, HIV[e]Education was translated into Spanish, Russian, Thai and Bahasa Indonesia in 2009 and, during the year, the first HIV[e]Education courses were run making use of the Spanish, Thai and Bahasa Indonesia translations. 2010 will witness the first training courses to be given completely in Russian.

In 2009, a start was made on a new programme: Bacteriology[e]Education. This programme is being developed in close collaboration with the Academic Medical Center in Amsterdam and Kiestra, a lab automation company.



## 8. 2010 policy

At the beginning of 2010, the country analyses written by the local representatives will be studied. These analyses will lead to the selection of a limited number of countries on which the activities of Health[e]Foundation will be focussed. These countries will be presented during the board meeting to be held in May 2010.

In effect, this will mean that the training activities in other countries has to be limited and that specific financing will have to be found prior to starting any training. The financing may be provided by a local sponsor or by a financial contribution from the training budget of a partner organisation. By adopting this strategy Health[e]Foundation hopes to optimise the efficiency of its efforts and (financial) resources.

As having the various training programmes translated into other languages has enhanced the learning process of the participants, more translated programmes will follow in 2010. Amongst others, part of the HIV[e]Education programme will be translated into Dutch for both the healthcare workers in the Netherlands and for those working in the Netherlands Antilles and Suriname. Moreover, TB[e]Education will be translated into French. However, financing will also have to be sought before these translations can be undertaken.

In addition, by the end of 2010 the new programme Bacteriology[e]Education will be ready to be used in the first pilot training planned for January 2011. Community[e]Education will be developed further, and in 2010 the focus of the programme will be in Thailand, for which ICS has been asked to provide special financing.

Finally, as a result of repeated requests from participants, a beginning will be made on a training programme on cardiovascular illnesses and diabetes.

In 2010, the board of directors will adopt the administrative procedures including the complaints procedure and code of conduct, which were drawn up in 2009.

## 9. Communication with interested parties

Health[e]Foundation communicates with its interested parties in a variety of different ways. It is committed to keeping everyone who is involved with a Health[e]Foundation project informed as to the state of play and the results; within two days of any event, a short description of what has happened is published on its website. In addition, everyone is kept up to date in respect of the latest developments and projects by means of a bimonthly newsletter distributed by email.

In addition to the newsletter, the participants also receive text messages if there are any important developments in our courses, such as the annual updates.

Each year, all the parties involved with Health[e]Foundation or one of its projects receive a written annual report. Both this annual report and the annual accounts are published on the Health[e]Foundation website and are, therefore, accessible to anyone who is interested.

Furthermore, sponsors and donors also receive an interim report about the projects they helped finance, and once a project has been completed, a written report is sent to all the sponsors and training partners. The latter report describes the progress made by the participants, the evaluation results and the points of improvement for future projects. Communication with the most important financier, the Dutch Ministry of Foreign Affairs, is primarily via email. Twice a year an attempt is made to have a meeting with Monique Kamphuis, who is Health[e]Foundation's contact person, in order to discuss current matters.

Since the beginning of 2009, a short mail has been sent to the local representatives, members of the board and the personnel in Amsterdam once every two weeks; the intention of this email is to keep everyone up to date in respect of the organisational and substantive activities of Health[e]Foundation.

To enhance our visibility, Health[e]Foundation began publishing a biannual printed newspaper in 2009. In December 2009, this newspaper was distributed internationally to donors, sponsors, potential partners, government employees (both in the Netherlands and abroad) and training partners. In addition, this newspaper is to be handed out at congresses or, on request, to any interested party.

#### 10. Fundraising

Until 2009, Health[e]Foundation had to be able to demonstrate or show it was plausible that at least 35% of its annual expenditure came from its own financial resources and/or financial contributions from third parties. Financial contributions which came indirectly from the Dutch Ministry of Foreign Affairs could form part of the 35%.

Since 2009, the scheme has been changed; Health[e]Foundation's own contribution now only has to amount to 25% of the total expenditure but this figure may no longer include any finance which comes indirectly from the Dutch Ministry of Foreign Affairs. Given the majority of income from Health[e]Foundation's own fundraising is provided by foundations which are partially financed by the Dutch Ministry of Foreign Affairs, Health[e]Foundation has had to change its fundraising strategy. Consequently, in 2009, Health[e]Foundation wrote 17 letters of request to international companies that spend part of their income on good causes. 15 of these requests were turned down and two companies said they would give an answer in 2010. The main reason given for turning down the requests was the reduction in sponsoring budgets due to the international financial crisis.

Given the current international financial crisis, it is obvious that more time and effort will have to be devoted to fundraising. At the beginning of 2010, a plan will be developed to make the process of fundraising as efficient as possible.

The outline of this plan is as follows:

After an evaluation of the different countries, a number of 'core' countries will be identified in which Health[e]Foundation will spend the majority of its budgeted expenditure. Two important changes have been made to the method of expenditure:

1. Health[e]Foundation is to ask for a larger financial contribution from the local partners whose employees receive training. This will be done by stimulating the local partners to look for their own financing.
2. The custom of paying participants to attend a training course will be abolished.

The second aspect of this plan is that specific financing possibilities for any activity which Health[e]Foundation wishes to undertake outside these core countries, such as the development of new programmes, will have to be looked into in advance.

One of the most important aims for 2010, is to acquire the accreditation seal from the Dutch Central Bureau for Fundraising (the *CBF-keur*).

#### 11. 2009 operations

The 2009 financial year closed with a negative operating result of EUR 95,179; a negative figure of EUR 232,332 had been budgeted.

##### *Income*

The income in the year was EUR 127,130 under budget. The income from Health[e]Foundation's own fundraising was EUR 44,650 under budget, largely due to the reduced income from ICS (EUR 58,000). The contribution for the HIV[e]Education training workshops was EUR 14,847 below budget. In 2009, EUR 28,007 was received as gifts in kind; these were not included in the budget.

The contribution from the government is limited to 75% of total expenditure and worked out at EUR 664,537 and, therefore, EUR 65,463 lower than budgeted. It should be noted that the contribution from volunteers (see 'Policy on volunteers') has not been accounted for as income, as this is too difficult to value and have audited by the auditor.

In 2009, an agreement was reached with the Dutch Ministry of Foreign Affairs that part of the interest income from 2007, 2008 and 2009 should be deemed a subsidy from the Ministry, as the interest income was partially generated by an advance contribution from the Ministry. The interest income concerned amounted to EUR 18,253; this figure was not included in the budget.

### *Expenditure*

Expenditure was EUR 264,283 below budget. The costs of training courses and associated activities were EUR 288,231 less than budgeted and the costs of renewing the content were also EUR 37,862 under budget, due to the failure to realise the translation into French of TB[e]Education (budgeted at EUR 25,000) and Update Pediatric HIV[e]Education (budgeted at EUR 10,000); these translations are now scheduled for 2010. The organisational and implementation costs per country were EUR 52,149 under budget, due to greater use being made of local people to prepare and present the training courses. Consequently, the costs of plane tickets etc were lower. The costs realised for the software platform were EUR 33,534 less than budgeted due to delays concerning the layout and functionality; the costs involved in developing programmes were EUR 164,686 under budget as the development costs are largely expected to be realised in 2010.

The costs incurred for PR and conferences were EUR 12,184 under budget, mainly due to the costs of aids meetings and congresses being less than budgeted. The employee expenses were EUR 10,552 higher than the budget as, on average, more FTEs (0.45 FTE) were employed in 2009 than the budget had allowed for. The office expenses and general expenses were EUR 23,981 above budget, a significant contributory factor to this being the higher service level of the administrative provision of services of EUR 15,635. The accommodation expenses and depreciation were in line with the budget.

### *Operating result*

The negative operating result has been accounted for in the continuity reserve (+ EUR 32,760) and in the reserve to meet Health[e]Foundation's aims (- € 127,939). At the end of 2009, the continuity reserve amounted to EUR 32,760 and the reserve for Health[e]Foundation's aims to EUR 108,693.

2009 statement of income and expenditure, showing expenses according to cost type:

	2009 realisation	2009 budget
	EUR	EUR
<u>Income</u>		
Income from own fundraising	133,350	178,000
Government subsidies	664,537	730,000
Investment income	11,236	10,000
Exceptional income and expenditure	-18,253	0
	<hr/>	<hr/>
Total income	<u>790,870</u>	<u>918,000</u>
<u>Expenditure</u>		
Activities	398,769	687,000
PR and conferences	62,816	75,000
Personnel costs	277,384	266,832
Accommodation expenses	14,120	13,000
Office expenses and general expenses	56,981	33,000
Depreciation	75,979	75,500
	<hr/>	<hr/>
Total expenditure	<u>886,049</u>	<u>1,150,332</u>
Operating Result	<u>-95,179</u>	<u>-232,332</u>

## 12. Ratios

	2009 realisation	2009 budget	2008 realisation
	<hr/>	<hr/>	<hr/>
Total expenditure on the aim divided by total income	104.9%	119.1%	100.4%
Costs of own fundraising divided by the income from own fundraising	12.3%	11.5%	10.5%
Costs of management and administration divided by total expenditure	3.2%	2.2%	1.6%

13. 2010 budget

The treasurer was responsible for the drawing up of the budget and the budget was adopted in the board meeting held on 26 January 2010.

	<u>2010 budget</u>
	EUR
<b>INCOME</b>	
Income from own fundraising	319,435
Government subsidies	958,305
Investment income	<u>5,000</u>
Total income (A)	<u>1,282,740</u>
<b>EXPENDITURE</b>	
<i>Spending on aims</i>	
- Supporting improvements in healthcare	1,066,153
- Enhancing the body of thought that good healthcare is a prerequisite for growth in developing countries	<u>147,610</u>
Total spent on aims	<u>1,213,763</u>
<i>Acquiring income</i>	
- Costs of own fundraising	18,612
- Costs of acquiring government subsidies	<u>11,879</u>
Total costs of acquiring income	<u>30,491</u>
<i>Management and administration</i>	
- Costs of management and administration	<u>33,487</u>
Total expenditure (B)	<u>1,227,741</u>
Result (A-B)	<u>4,999</u>

Amsterdam 22 April 2010

Prof. J.M.A. Lange

Mr. H.F.F. Ex

Prof. E.T. Katabira

Prof. M.M. Levi

Prof. P. Phanuphak

Mr. F.J. van Hall

# Annual accounts 2009

of

Health[e]Foundation

in

Amsterdam

**A. Balance Sheet**

<u>Ref.</u>	<u>31-12-2009</u>	<u>31-12-2008</u>	
	EUR	EUR	
<b>ASSETS</b>			
Fixed assets			
1.	- Intangible fixed assets	75,295	150,590
2.	- Tangible fixed assets	<u>2,966</u>	<u>2,400</u>
	Total fixed assets	<u>78,261</u>	<u>152,990</u>
Current assets			
3.	- Receivables	37,230	76,385
4.	- Liquid assets	<u>367,869</u>	<u>867,076</u>
	Total current assets	<u>505,099</u>	<u>943,461</u>
	Total	<u>583,360</u>	<u>1,096,451</u>
<b>LIABILITIES</b>			
Reserves and funds			
<i>Reserves</i>			
5.	- Continuity reserve	32,760	0
6.	- Reserve for Health[e]Foundation's aims	<u>108,693</u>	<u>236,632</u>
	Total reserves	<u>141,453</u>	<u>236,632</u>
Liabilities			
7.	- Current liabilities	<u>441,907</u>	<u>859,819</u>
	Total	<u>583,360</u>	<u>1,096,451</u>



## B. Statement of income and expenditure

	2009 <u>realisation</u> EUR	2009 <u>budget</u> EUR	2008 <u>realisation</u> EUR	
<b>INCOME</b>				
8.	Income from own fundraising	133,350	178,000	190,115
9.	Government subsidies	664,537	730,000	495,738
10.	Investment income	11,236	10,000	30,642
11.	Exceptional income and expenditure	<u>-18,253</u>	<u>0</u>	<u>0</u>
	Total income (A)	<u>790,870</u>	<u>918,000</u>	<u>716,495</u>
<b>12. EXPENDITURE</b>				
	<i>Spending on aims</i>			
	- Supporting improvement in healthcare	706,723	964,000	629,415
	- Enhancing the body of thought that good healthcare is a prerequisite for growth in developing countries	<u>123,018</u>	<u>129,730</u>	<u>89,642</u>
	Total spent on aims	<u>829,741</u>	<u>1,093,730</u>	<u>719,057</u>
	<i>Acquiring income</i>			
	- Costs of own fundraising	16,465	20,384	19,890
	- Costs of acquiring government subsidies	<u>11,071</u>	<u>10,611</u>	<u>11,220</u>
	Total costs of acquiring income	<u>27,536</u>	<u>30,995</u>	<u>31,110</u>
	<i>Management and administration</i>			
	- Costs of management and administration	<u>28,772</u>	<u>25,607</u>	<u>12,507</u>
	Total expenditure (B)	<u>886,049</u>	<u>1,150,332</u>	<u>762,674</u>
	Result (A-B)	<u>-95,179</u>	<u>-232,332</u>	<u>-46,179</u>
The result has been accounted for in:				
	- Continuity reserve	32,760	10,000	0
	- Reserve for Health[e]Foundation's aims	<u>-127,939</u>	<u>-242,332</u>	<u>-46,179</u>
	Total	<u>-95,179</u>	<u>-232,332</u>	<u>-46,179</u>

## **C. Notes to the balance sheet**

### *General*

*The assets are retained to meet the aims of the foundation unless indicated otherwise.*

### *Continuity*

*The current subsidy granted by the Dutch Ministry of Foreign Affairs runs until the end of 2010. The continuation of the organisation is heavily dependent on subsidies from the Ministry. Health[e]Foundation has submitted a subsidy request for a second period, but does not, as yet, know whether or not the subsidy will be granted. In addition, other subsidy requests are currently in the pipeline. On this basis, continuity is uncertain but certainly not impossible. Therefore, the accounting policies used in these annual accounts are based on the assumption of the continuity of the foundation.*

### *Basis of the valuation for the balance sheet*

*The 2009 annual accounts have been compiled in accordance with the Guidelines for Financial Reporting by Fundraising Institutions ('Richtlijn verslaggeving fondsenwervende instellingen'). When drawing up the annual accounts, guideline 650 of the Dutch Accounting Standards Board, being the guideline for fundraising institutions, was adhered to.*

*The assets and liabilities included in the balance sheet are, unless stated otherwise, included at their nominal value. The nominal value shall be taken to mean the amount that is received or paid at the time of settlement of the entry concerned.*

	<u>31-12-2009</u> EUR	<u>31-12-2008</u> EUR
1. <u>Intangible fixed assets</u>		
Research and development HIV/AIDS programme		
Book value as at 1 January	150,590	225,886
Change in:		
- depreciation	<u>-75,295</u>	<u>-75,296</u>
Book value as at 31 December	<u>75,295</u>	<u>150,590</u>
Cumulative purchase price	451,773	451,773
Cumulative depreciation	<u>-376,478</u>	<u>-301,183</u>
Book value as at 31 December	<u>75,295</u>	<u>150,590</u>

The intangible fixed assets primarily contain the development costs of the programmes, consisting of self-guide modules, case studies, pre-testing and post-testing, and a mechanism for course feedback in order to equip the clinicians better.

The intangible fixed assets are valued at cost price less cumulative depreciation. Depreciation starts from the date of purchase. The percentage of depreciation on intangible fixed assets is 16.67%.

As a result of a subsidy agreement concluded with the Dutch Ministry of Foreign Affairs in respect of the project HIV[e]Education for medical practitioners and healthcare workers, effective until the end of 2010, the development costs of the HIV/AIDS programme may be charged to this project. As a result of this, the depreciation period of these intangible fixed assets was changed to six years in 2006.

2. Tangible fixed assets

The tangible fixed assets are valued at the purchase price, after the deduction of depreciation on the basis of the expected economic life of the asset. In the year of purchase, the asset is written off *pro rata*. The depreciation percentage used is 20%.

	<u>31-12-2009</u> EUR	<u>31-12-2008</u> EUR
Book value as at 1 January	2,400	0
Change in:		
- investment (computers)	1,250	2,590
- depreciation	<u>- 684</u>	<u>- 190</u>
Book value as at 31 December	<u>2,966</u>	<u>2,400</u>
Cumulative purchase price	3,840	2,590
Cumulative depreciation	<u>- 874</u>	<u>-190</u>
Book value as at 31 December	<u>2,966</u>	<u>2,400</u>

	<u>31-12-2009</u> EUR	<u>31-12-2008</u> EUR
3. <u>Accounts receivable</u>		
Cordaid subsidy	40,000	0
Turnover tax	21,733	34,414
Workshops contribution	21,565	11,794
Aids Fonds contribution	20,000	20,000
ICS contribution	20,000	0
Interest	10,752	5,950
Pension	0	1,666
Prepaid expenses	3,180	2,561
	<u>137,230</u>	<u>76,385</u>
Total accounts receivable	<u>137,230</u>	<u>76,385</u>

All accounts receivable are deemed to be full amounts.

4. <u>Cash at bank and in hand</u>		
Rabobank - savings account	324,192 *	592,877
Rabobank - current account	43,677	124,199
Rabobank - deposits	0	150,000
	<u>367,869</u>	<u>867,076</u>
Total cash at bank and in hand	<u>367,869</u>	<u>867,076</u>

\* The interest payment on the savings account was an average of 1.7% in 2009.

5. <u>Continuity reserve</u>		
Balance as at 1 January	0	
Result for the financial year	32,760	
	<u>32,760</u>	
Balance as at 31 December	<u>32,760</u>	<u>0</u>

The board of directors has decided to form a continuity reserve of a maximum of the cumulative sum of one year's personnel costs, accommodation costs, depreciation charges, and office and general costs. In the financial year 2009, these costs amounted to EUR 424,464.

The continuity reserve will be formed from the interest income realised in 2008 and 2009 reduced by any interest income that can be considered a subsidy from the Ministry of Foreign Affairs.

6. <u>Reserve for Health[e]Foundation's aims</u>		
Balance as at 1 January	236,632	282,811
Result for the financial year	-127,939	-46,179
	<u>108,693</u>	<u>236,632</u>
Balance as at 31 December	<u>108,693</u>	<u>236,632</u>

	<u>31-12-2009</u> EUR	<u>31-12-2008</u> EUR
<b>7. <u>Current liabilities</u></b>		
Financing received in advance from the Dutch Ministry of Foreign Affairs - HIV[e]Education Programme	356,651 *	796,270
Accounts payable	44,832	38,333
Holiday pay reservation	12,440	8,803
Income tax and social insurance contributions deducted by the employer	9,810	5,767
Accountant expenses	7,240	6,250
Editor expenses	2,148	0
Administrative expenses	2,127	0
Travel and subsistence expenses	2,004	0
Other current liabilities	<u>4,655</u>	<u>4,396</u>
<b>Total current liabilities</b>	<u><u>441,907</u></u>	<u><u>859,819</u></u>

\* It was agreed with the Dutch Ministry of Foreign Affairs in 2009 that part of the 2007, 2008 and 2009 interest revenue must be deemed to be a Ministry of Foreign Affairs subsidy because part of the interest revenue was realised on Ministry of Foreign Affairs contributions paid in advance. The total interest income over the years referred to that can be attributed to financing received in advance from the Ministry of Foreign Affairs was EUR 18,253.

A total income of EUR 664,537 was realised in 2009. The difference between financing received from the Ministry of Foreign Affairs, including the interest income attributable to that financing and the income realised in 2009 was deducted from the amount received in advance at the end of 2008. An amount of EUR 206,665 was received from the Ministry of Foreign Affairs on 9 December 2009.

## D. Notes to the statement of income and expenditure

### *Basis of the valuation for the statement of income and expenditure*

*Unless stated otherwise, the income and expenditure allocated to the financial year were included in the determination of the result. Income is recorded in the year in which it was realised, losses as soon as they are anticipated.*

	2009 realisation EUR	2009 budget EUR	2008 realisation EUR
INCOME			
8. <u>Income from own fundraising</u>			
Subsidies:			
- Stichting Cordaid	40,000 *	40,000	60,000
- ICS	20,000	78,000	54,000
- Aids Fonds	0	Memorandum item	20,000
Mattel contribution	0	Memorandum item	0
HIV[e]Education training workshops	45,153	60,000	50,513
Gifts in kind	28,007	Memorandum item	0
Other income from own fundraising	190	Memorandum item	5,602
Total income from own fundraising	<u>133,350</u>	<u>178,000</u>	<u>190,115</u>

\* By letter of 15 May 2008, Stichting Cordaid promised a total of EUR 100,000 for 2008/2009. Of this total, EUR 60,000 was received and recorded in 2008. EUR 40,000 was received and recorded in 2009.

The income from Health[e]Foundation's own fundraising was less than estimated.

The estimate of the contribution of Stichting ICS for 2009 was too high and, in addition, totalling EUR 14,847, the contributions for training workshops were less than budgeted. The international financial crisis caused a reduction in the sponsoring budgets of companies and organisations. Consequently, Health[e]Foundation's income from its own fundraising was less than budgeted.

The current international financial crisis means that more time and energy must be invested in fundraising. A plan will be prepared at the beginning of 2010 to make this process as efficient as possible.

	<u>2009 realisation</u> EUR	<u>2009 budget</u> EUR	<u>2008 realisation</u> EUR
9. <u>Government subsidies</u>			
Dutch Ministry of Foreign Affairs	<u>664,537</u> *	<u>730,000</u>	<u>495,738</u>

\* Of the amount received from the Dutch Ministry of Foreign Affairs, EUR 664,537 was recorded as 2009 income, which constitutes 75% of total expenditure. The recipient of a subsidy must demonstrate or show it is plausible that at least 25% of the annual expenditure for 2009 was met by the recipient's own financial resources and/or by financial contributions from third parties (EUR 886,049).

10. Investment income

Bank interest	<u>11,236</u>	<u>10,000</u>	<u>30,642</u>
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11. Exceptional income and expenditure

2007 Ministry of Foreign Affairs interest income	-9,135		
2008 Ministry of Foreign Affairs interest income	-8,935		
2009 Ministry of Foreign Affairs interest income	<u>-183</u>		
Total exceptional income and expenditure	<u>-18,253</u> *	<u>0</u>	<u>0</u>

\* It was agreed with the Dutch Ministry of Foreign Affairs in 2009 that part of the 2007, 2008 and 2009 interest revenue must be deemed to be a Ministry of Foreign Affairs subsidy because part of the interest revenue was realised on Ministry of Foreign Affairs contributions paid in advance. Total interest income that can be allocated to 2007, 2008 and 2009 was EUR 18,253.

12. EXPENDITURE

Notes to the expenditure start on page 25 with an itemisation of expenses according to use.



## Notes to the apportionment of expenditure - itemisation and apportionment of expenses according to use – 2009 realisation

### Accounting policies for the apportionment of expenditure

1. The apportionment of expenses is based on an annual estimate made by Health[e]Foundation of the time per person per use. The apportionment calculated from the estimate was processed in both the budget and 2009 realisation.
2. Employee expenses are apportioned per person according to the estimate of time spent. Other employee expenses are added to the salary costs per person by means of a percentage mark-up.
3. The 'PR and conferences' expense category is allocated entirely to the 'Enhancing the body of thought that good healthcare is a prerequisite for growth in developing countries' aim.
4. The 'depreciation' expense category is allocated entirely to the 'Supporting improvement in healthcare' objective.
5. Amounts for the 'accommodation expenses' and 'office expenses and general expenses' categories are apportioned on the basis of FTEs. The estimated number of FTEs for each use is determined using the estimate of time spent. The total apportionment determined is adhered to in the apportionment of expenses.
6. The method of apportioning expenses in 2009 did not differ from the method used with respect to the 2009 budget and 2008 realisation.

Expenses	Aims		Use				Total 2009 realisation	Total 2009 budget	Total 2008 realisation
	Supporting improvement of healthcare	Enhancing the body of thought	Own fundraising	Acquiring government subsidies	Investments	Management and administration			
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Activities	398,769	0	0	0	0	0	398,769	687,000	386,712
PR and conferences	0	62,816	0	0	0	0	62,816	75,000	46,786
Employee expenses	183,469	48,753	13,302	9,715	0	22,145	277,384	266,832	192,908
Accommodation expenses	9,633	2,274	628	269	0	1,316	14,120	13,000	6,604
Office expenses and general expenses	38,873	9,175	2,535	1,087	0	5,311	56,981	33,000	54,178
Depreciation	75,979	0	0	0	0	0	75,979	75,500	75,486
<b>Total</b>	<b>706,723</b>	<b>123,018</b>	<b>16,465</b>	<b>11,071</b>	<b>0</b>	<b>28,772</b>	<b>886,049</b>	<b>1,150,332</b>	<b>762,674</b>

## Notes to the expenditure continued

	2009 realisation EUR	2009 budget EUR	2008 realisation EUR
<u>Activities</u>			
Modernisation of content	102,138	140,000	160,327
Organisation and implementation per country	252,851	305,000	186,884
Software platform	28,466	62,000	9,455
Implementation, monitoring and evaluation	0	0	1,484
Development of programmes	15,314	180,000	28,562
<b>Total for activities</b>	<b>398,769</b>	<b>687,000</b>	<b>386,712</b>
- Modernisation of content			
HIV[e]Education update	12,956	10,000	15,160
Pediatric HIV[e]Education update	0	10,000	0
Developing new modules	4,892	10,000	24,647
Land-specific modules	3,869	10,000	21,981
Translation of modules/updates	25,952	10,000	98,539
Spanish translation of HIV[e]Education	23,455	25,000	0
Portuguese translation of Pediatric HIV[e]Education	14,995	5,000	0
Portuguese translation of TB[e]Education	7,229	25,000	0
Russian translation of HIV[e]Education	8,790	10,000	0
French translation of TB[e]Education	0	25,000	0
<b>Total for modernisation of content</b>	<b>102,138</b> *	<b>140,000</b>	<b>160,327</b>

\* Including 85% (EUR 24,386) of the employee expenses of the on-call workers charged on in the amount of EUR 28,689.

Expenses associated with the modernisation of course content were considerably lower in 2009 relative to 2008. This was primarily due to the fact that substantial expenses had been incurred in 2008 for the incorporation of course content into the new IT platform.

Expenses realised in 2009 were lower than had been estimated. This was primarily due to the fact that expenses associated with the translation of the TB[e]Education course into Portuguese were substantially lower than had been estimated. In addition, the estimated expenses associated with content-related restyling have as yet not been realised.

	2009 realisation EUR	2009 budget EUR	2008 realisation EUR
<b>- Organisation and implementation per country</b>			
Introductory workshop	68,839	80,000	54,204
Materials and resources	39,125	50,000	35,067
Workshop	87,179	120,000	75,931
Evaluation per country	8,259	10,000	5,080
TOT Course	0	15,000	2,204
School workshops	775	5,000	822
<b>Subtotal</b>	<b>204,177</b>	<b>280,000</b>	<b>173,308</b>
Country coordinators	48,674	25,000	13,576
<b>Total for organisation and implementation per country</b>	<b>252,851</b>	<b>305,000</b>	<b>186,884</b>

Expenses of training courses and associated expense categories were lower than had been estimated. This was primarily due to the fact that, in 2009, Health[e]Foundation engaged a greater number of local employees who prepare and present the training courses on location. This reduced expenditure on airline tickets and the like. Expenses realised for the introductory workshop and Workshop include travel and subsistence expenses and local personnel.

In addition, materials required for the training courses are increasingly being purchased locally, which has reduced expenses. TOT Course expenses are recorded under 'Introductory workshop' and 'Workshop'.

**- Software platform**

IT improvements	22,328	45,000	0
Server and hosting charges	4,399	15,000	0
Participant portal	1,739	2,000	9,455
<b>Total for software platform</b>	<b>28,466</b>	<b>62,000</b>	<b>9,455</b>

Relative to six years ago, Health[e]Foundation participants are far more experienced in the use of computers. For this reason, the layout and functionalities of the courses are being adjusted to the requirements and wishes of the more experienced participants. Inexperienced computer users will still be able to navigate easily. The new layout and functionalities had been scheduled for completion at the end of 2009. The completion period was shifted to the beginning of 2010, however. As a result, expenses for the software platform were lower in 2009 than had been estimated.

	<u>2009 realisation</u> EUR	<u>2009 budget</u> EUR	<u>2008 realisation</u> EUR
- Development of programmes			
Development of Community[e]Education			
- Films	6,707	100,000	0
- Games	89	25,000	0
- Training manuals	75	15,000	0
- Other Community[e]Education developments	0	0	7,391
Development of Pediatric HIV[e]Education	0	0	16,931
Development of Malaria[e]Education	0	15,000	0
Development of TB[e]Education	8,276	15,000	4,240
Development of Bacteriology[e]Education	167	10,000	0
Total for development of programmes	<u>15,314</u> *	<u>180,000</u>	<u>28,562</u>

\* Including 15% (EUR 4,303) of the employee expenses of the on-call workers in the amount of EUR 28,689.

Given that behaviour and beliefs, which play an important part in the way in which sex education is provided, are culturally determined and therefore differ per country, development of the Community[e]Education programme proved more difficult than had been anticipated. Due to the foregoing, plans that had been prepared for 2009 were shifted to 2010 and expenses realised in 2009 were considerably lower than had been estimated.

In addition, demand for a training programme on the treatment of malaria proved to be extremely low among healthcare workers. For this reason, it was decided in the board meeting of 2009 to refrain from developing this programme for the time being.

A module that includes 1,000 X-rays will be added to the TB[e]Education programme. Costs of development of this module were included in the 2009 budget, but the amount apportioned will be spent in 2010.

Finally, a start was made in 2009 on the development of Bacteriology[e]Education. Financing to enable further development was secured in December 2009. The development process has therefore been shifted to 2010.

	<u>2009 realisation</u> EUR	<u>2009 budget</u> EUR	<u>2008 realisation</u> EUR
<u>PR and conferences</u>			
AIDS meetings	19,847	20,000	35,427
Conferences	12,871	20,000	10,108
Annual report	30,098	20,000	1,251
Board meeting and training coordinators' meeting	<u>62,816</u>	<u>75,000</u>	<u>46,786</u>
Total for PR and conferences			

The difference in realised expenditure between 2008 and 2009 can be attributed mainly to the round-table meeting that was held in May 2009 with all local representatives and board members and by the new printed newspaper that was first launched in December 2009.

A round-table meeting at which all representatives were present took place in May 2009. Future plans and the role and responsibilities of both local representatives and the Amsterdam office were discussed. Agreements were concluded concerning the method of communication. It was agreed that a general business plan would be prepared by the office that would then be further tailored to the local situation by the local representatives in joint consultation with the office. In addition, each representative prepared a country analysis of his or her respective country.

To raise our profile, a biannual printed newspaper was launched in 2009. In December 2009, this newspaper was sent to donors, sponsors, potential partners, government employees (both in the Netherlands and abroad) and training partners.

In 2009, Health[e]Foundation again attended the HIV Netherlands Australia Thailand Research Collaboration (HIV-NAT) Symposium in Bangkok, Thailand. Health[e]Foundation participated with its own stand and a first kick-off training course provided in Thai for 55 nurses. During the Conference on Retroviruses and Opportunistic Infections (CROI) in Montreal, Canada, discussions were held with the authors and translators of the various training programmes.

In November 2009, Health[e]Foundation attended the third Dutch Conference of Stichting HIV Monitoring. The latest facts on the pathogenesis, prevention and treatment of HIV were discussed.

In December 2009, Health[e]Foundation participated with its own stand in World AIDS Day in Amsterdam, the Netherlands, to foster contacts with Dutch healthcare workers. The new printed newspaper was launched during this conference in order to raise the foundation's public profile. Together with Global Initiative on Psychiatry, Health[e]Foundation also held a workshop on the potential uses of e-learning with respect to HIV and mental illnesses. This workshop was very enthusiastically received.

		2009 realisation	2009 budget	2008 realisation
		EUR	EUR	EUR
<u>Employee expenses</u>				
- Salary costs*	<u>FTE</u>			
Director (FvdW)	0.50	59,305	60,278	59,115
Program Manager (DH)	0.85	35,802	33,458	31,172
Project Manager (AvdH)	0.80	21,841	22,900	0
Operational Manager (LvK)	0.85	35,802	33,489	31,172
Office Support (MC)	0.82	27,518	26,685	0
Project Manager (EE)	0.90	37,908	33,258	31,038
Total salary costs	<u>4.72</u>	<u>218,176</u>	<u>210,068</u>	<u>152,497</u>
* Including 8% holiday pay.				
- Other employee expenses				
Social insurance charges		28,678	28,500	19,176
Pension charges		11,095	10,895	10,958
Commuting expenses		8,316	8,073	5,435
Other employee expenses		11,119	9,296	4,842
Total for other employee expenses		<u>59,208</u>	<u>56,764</u>	<u>40,411</u>
Subtotal for employee expenses	<u>4.72</u>	<u>277,384</u>	<u>266,832</u>	<u>192,908</u>
- Direct employee expenses				
IT assistants (RF)	0.57	17,001		2,147
IT assistants (JB)	0.07	4,352		3,023
IT assistants (RR)	0.14	5,732		6,943
Office Support (MC)	0.00	0		1,978
Trainee (TB)	0.33	1,604		0
Total for direct employee expenses	<u>1.11</u>	<u>28,689</u>		<u>14,091</u>
Employee expenses charged on to projects	<u>-1.11</u>	<u>-28,689</u>		<u>-14,091</u>
Total employee expenses	<u>4.72</u>	<u>277,384</u>	<u>266,832</u>	<u>192,908</u>
- Number of persons employed at the end of the financial year				
		6.00	6.00	4.00
- Number of FTEs at the end of the financial year				
		5.30	5.00	4.26
- Average number of FTEs				
		4.72	4.27	2.90

	<u>2009 realisation</u> EUR	<u>2009 budget</u> EUR	<u>2008 realisation</u> EUR
<u>Accommodation expenses</u>			
Rent	14,120	13,000	6,604
Total accommodation expenses	<u>14,120</u>	<u>13,000</u>	<u>6,604</u>

Office expenses and general expenses

Administrative outsourcing	30,635 *	15,000	24,672
Accountant expenses	7,890	6,500	20,338
Postage and telephone charges	8,968	8,000	4,801
Automation	1,305	500	0
Bank charges	2,696	0	1,336
Other office expenses and general expenses	5,487	3,000	3,031
Total office expenses and general expenses	<u>56,981</u>	<u>33,000</u>	<u>54,178</u>

\* The service level of the administrative provision of services increased in 2009. The additional administrative activities in relation to an audit by the tax authorities concerning turnover tax and the additional activities concerning subsequent financing were not included in the budget.

Depreciation

Depreciation of tangible assets	684	200	190
Depreciation concerning research and development of HIV/AIDS programme	75,295	75,300	75,296
Total depreciation	<u>75,979</u>	<u>75,500</u>	<u>75,486</u>

## E. Ratios

	<u>2009 realisation</u>	<u>2009 budget</u>	<u>2008 realisation</u>
1. Total expenditure on the aim divided by total income	104.9%	119.1%	100.4%
2. Costs of own fundraising divided by the income from own fundraising	12.3%	11.5%	10.5%
3. Costs of management and administration divided by total expenditure	3.2%	2.2%	1.6%

Health[e]Foundation operates cost-consciously and believes that it is both effective and efficient.



**Cash flow statement**

	2009		2008	
	EUR	EUR	EUR	EUR
<u>Cash flow from operational activities</u>				
Operating result	-95,179		-46,179	
Depreciation	<u>75,979</u>		<u>75,486</u>	
Total cash flow from operational activities		-19,200		29,307
<u>Cash flow from investment activities</u>				
Investments in tangible fixed assets		-1,250		-2,590
<u>Cash flow from financing activities</u>				
Change in current receivables	-60,845		-1,902	
Change in current liabilities	<u>-417,912</u>		<u>24,584</u>	
Total cash flow from financing activities		<u>-478,757</u>		<u>22,682</u>
Change in cash		<u>-499,207</u>		<u>49,399</u>
Cash opening balance		867,076		817,677
Cash closing balance		<u>367,869</u>		<u>867,076</u>
Change in cash		<u>-499,207</u>		<u>49,399</u>