

Annual report and accounts 2010

of

HEALTH[e]FOUNDATION

in

Amsterdam

April 15, 2011
11-537/SR

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Directors' report

1. General information

1.1 *Incorporation and purpose*

Stichting Health[e]Foundation was incorporated on May 14, 2003. It aims to offer support in order to improve healthcare services in developing countries in particular through, for instance, the targeted provision of training and education in the area of poverty-related sicknesses to medical personnel, students and pupils. In this, the accent is placed on teaching methods using computer-based learning and online applications to support local infrastructure. In addition, it aims to promote the body of thought that a good healthcare system is a precondition for sound socio-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 *Organization*

The internal organizational structure of the foundation is:

- board of directors
- executive board
- office personnel

The point of departure is an efficient organization. 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.

The board of directors adopted the 2011 budget on January 3, 2011.

As at December 31, 2010, the board of directors comprised:

- Prof. J.M.A. Lange, chairman (CPCD/AIGHD/Internal medicine, Academic Medical Center, Amsterdam)
- H.F.F. Ex, treasurer and secretary (IATEC, Amsterdam until December 1)
- Prof. E.T. Katabira, member (Makerere University, Kampala)
- Prof. M.M. Levi, member (Academic Medical Center, Amsterdam)
- Prof. P. Phanuphak, member (Chulalongkorn University, Bangkok)
- F.J. van Hall, member (Senior Executive, AkzoNobel)

year	Position on board of directors	Year of (re-)appointment	Scheduled of retirement
Prof. J.M.A. Lange	chairman	2003/2006/2009	2012
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
F.J. van Hall	member	2009	2012

The board of directors met twice in 2010. Primarily, the board fulfils a monitoring function. In addition, it advises on foundation policy, new training methods and the development of new programs. The members of the board of directors are entitled to compensation for any expenses, 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 the year 2010 up to and including the month of November, the office had six employees. At the end of the financial year, there were 5 employees. In 2010, the foundation employed an average of 5.22 FTE. Of the 5 employees, 3 had a contract of employment for an indefinite period of time and 2 had fixed-term contracts. The office is responsible for implementing the foundation's policy. In 2010, Ms. Pakker (0.2 FTE coordinator) and Ms. Kakooza (0.1 FTE assistant coordinator) undertook local work in Uganda. They were hired through CPCD AMC Amsterdam.

From October 2009 to December 2010, Ms. Blok-Versteeg worked 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 40-hour working week.

The Health[e]Foundation is renowned for its open and honest way of working and for the respect it demonstrates for 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.

Health[e]Foundation also established a complaints procedure in 2009. Both documents were adopted by the board of directors in 2010.

Administrative organization

In 2010, the administrative procedures of the Health[e]Foundation were specified in detail in order to minimize its vulnerability; these procedures laid down that the duties of those responsible for authorizing 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 will 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 June 17, 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 October 22, 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. The turnover over tax return audit report of July 31, 2009 states that Health[e]Foundation fulfils 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 2010 annual accounts have been outsourced to Jac's den Boer & Vink bv, a commercial consultancy firm for nonprofit-making organizations. The 2010 annual accounts were audited by PwC. The auditor's declaration 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 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 program managers.

4. Financing

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

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

5. Policy on volunteers

Health[e]Foundation regularly uses the services of volunteers. This helps to minimize costs. These services include, for example, authors who donate their allowance for the written module to the foundation.

In 2010, a total of 16 authors wrote or revised modules. On average, an author spends 28 hours writing or revising a module. These authors charge an average hourly of EUR 150. Each author receives a volunteer contribution for writing a new module (USD 1,000) and for the annual revision (USD 500). The remaining hours are donated by the authors to Health[e]Foundation, which in total is equivalent to approximately EUR 61,000.

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, six volunteers; they give presentations, help with the organization 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 total Health[e]Foundation provided 20 training courses on location in 2010. This represents an equivalent voluntary contribution of EUR 36,000.

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 2010, 15 groups of 30-50 people took part in independent 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, which they donated to Health[e]Foundation. Consequently, the voluntary contribution from the e-tutors in 2010 amounted to EUR 4,500.

The total contribution from volunteers being EUR 101,500 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 2010, Health[e]Foundation must demonstrate or show it is plausible to fund at least 25% of its annual expenditure from its own financial resources and/or third-party financial contributions.

Third-party financing which comes indirectly from the Dutch Ministry of Foreign Affairs may not be included in the 25%.

In 2010, Health[e]Foundation's fundraising activities generated EUR 285,209 of the foundation's total income. In addition, total voluntary contribution in 2010 amounted to EUR 101,500. This amount may also be allocated to the 25% scheme. Accordingly, total income from own fundraising in 2010 amounted to EUR 285,209 + EUR 101,500. On average for 2009 and 2010, therefore, the 25% of the annual expenditure from its own financial expenditure en/or financial contributions from third parties was easily attained.

7. 2010 policy

The organization and coordination of many of our on-site activities are undertaken by local representatives. A round-table meeting at which all representatives were present took place in May 2009. 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 concluded concerning the method of communication. In 2010, the office wrote a general business plan, and country analyses were conducted by the local representative in collaboration with the office.

In 2010, the administrative procedures of Health[e]Foundation were recorded in writing; these procedures included a complaints procedure and a code of conduct. Furthermore, in 2010, Health[e]Foundation developed an organization chart and made an analysis chart of the organization's strengths and weaknesses, including an inventory of the opportunities and threats. This analysis is included in the 2009 annual report and was adapted further in 2010.

Training activities

In 2010, a total of 686 healthcare workers and school pupils were trained and 350 participants at a major symposium in Uganda received refresher training via breakout sessions. A total of 21 training courses were organized. The office personnel were on-site 15 times to support local training courses. The other six courses were arranged completely by local representatives. The focus countries for which the decision was taken to prioritize training are: Uganda, Cameroon, Mozambique and Indonesia. In addition to Rwanda, Thailand and the Caribbean area, most of the training courses were given in these countries. When the spread of the courses over time is considered, it is noticeable that in the last quarter of 2010 fewer new training courses were started, although in the same period in previous years new courses had been started. An important factor was the fundraising to compensate the disappointing results of the request to the Dutch Ministry of Foreign Affairs. This resulted, particularly in the last quarter, in a greater focus on the fundraising work.

Training programs

In total four training courses are currently available: HIV[e]Education, Pediatric-HIV[e]Education, Mental Health[e]Education and TB[e]Education.

In 2010, the first courses were held using the French translation of the TB[e]Education training program.

To guarantee the continuity of training courses in Mozambique, the courses Pediatric-HIV[e]Education and TB[e]Education have also been translated into Portuguese. The fact that Indonesia is now one of the focus countries means HIV[e]Education, Pediatric HIV[e]Education and TB[e]Education have been translated into Indonesian. Although some units had already been translated into French and Bahasa Indonesia by volunteers, during the evaluations it transpired that too much local language had been used, which is why these units were again translated by a professional translation agency.

The first training courses in HIV[e]Education Spanish, Thai and Bahasa Indonesia took place in 2009. The Indonesian translation was adapted on the basis of the evaluation in 2010. In 2009, a start was made with a new training program: Bacteriology[e]Education. This was referred to initially as Bacteriology[e]Education. This program continued to be developed in 2010 in close cooperation with the Academic Medical Center in Amsterdam and Kiestra, a lab automation company, that is a public private partnership with funding from the EVD (Economic Affairs).

8. 2011 policy

In 2010, the country analyses written by the local representatives were discussed. These analyses led to the selection of a limited number of countries on which the 2011 activities of Health[e]Foundation will be focused. This selection was presented at the board meeting in May 2010. This means that the training activities will remain limited in other countries. As regards training courses in other countries, specific financing first needs to be obtained in order to be able to train. The financing may be provided by a local sponsor or by a financial contribution from the training budget of a partner organization. By adopting this strategy Health[e]Foundation hopes to optimize the efficiency of its efforts and (financial) resources.

As having the various training programs translated into the various languages has enhanced the learning process of the participants, more translations are planned in 2011.

From the Dutch Ministry of Foreign Affairs, a budget-neutral extension of the TMF program was received until December 31, 2011.

In 2010 the first version of the new Telemicrobiology[e]Education program was completed and was ready to be incorporated in the spring, meaning that an initial pilot training course could be given in June 2011. Community[e]Education will also be translated and developed in more detail in 2011. In addition the Together4Change project is also going to be started in 2011 in collaboration with ICS and a follow-up is to be arranged to the Health[e]vent.

On the basis of the subsidy commitments, the assumption is that the foundation can continue its work and the accounting policies used in these annual accounts are based on the assumption of the continuity of the foundation.

9. Communication with interested parties

Health[e]Foundation communicates with its interested parties in a variety of different ways. Health[e]Foundation 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 email and text messages if there are any important developments in our courses, such as the annual updates from both the WHO and the new guidelines per country.

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. Once a project has been completed, a written report is sent to all the sponsors and training partners. This report describes the progress made by the participants, the evaluation results and the challenges and solutions, that is points of improvement for future projects.

Communication with the most important financier, the Dutch Ministry of Foreign Affairs, is primarily via email and the six monthly visits to Monique Kamphuis, the contact person for Health[e]Foundation, to discuss current matters. In 2010 we gave a presentation to DSO staff.

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 organizational and substantive activities of Health[e]Foundation. This changed at the end of 2010 due to the departure of Lieke van Kerkhoven. Since then everyone has been sent the monthly electronic newsletter.

To enhance the visibility of Health[e]Foundation an annual paper 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 2010 the newspaper was not only sent out, but was also handed out to interested parties at conferences (IAS and World Aids Day) and on request.

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.

Requests to international companies for a contribution were turned down, with the main reason being 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 was developed to make this process as efficient as possible.

As indicated above, following an evaluation of the various countries, a number of 'core countries' were chosen, in which Health[e]Foundation will spend most of its budgeted funds.

1. Health[e]Foundation is to ask for a larger financial contribution from the local partners (for example local business coalition) whose employees receive training. We will also try to collaborate with the Global Fund in a number of countries. The Global Fund money that goes to a country is generally spent locally. If possible people can receive training at, among others, Health[e]Foundation.
2. The custom of paying participants to attend a training course will be abolished where possible. (This is easier said than done. Once something has become customary, it is by no means easy to change. In 2010 this did prove to be possible in the new countries of Cameroon, Mozambique and Indonesia.)

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 programs, will have to be looked into in advance.

One of the most important aims for 2010 was to acquire the accreditation seal from the Dutch Central Bureau for Fundraising (known in Dutch as the "CBF-keur"). This is still the objective, albeit that more and more changes are necessary because the CBF becomes more and more demanding each year. Health[e]Foundation is therefore not yet entirely finished with amendments to its articles of association and other requirements.

Lastly there is the own fundraising. With this in mind the Health[e]vent was organized on November 3, 2010 with four new entrepreneurs. More than EUR 100,000 was collected via the 'networker of the year' challenge. This very promising result led to networkers wanting to collect EUR 200,000 in 2011!

11. 2010 Operations

The 2010 financial year closed with a positive operating result of EUR 35,366; a positive figure of EUR 4,999 had been budgeted.

Income

The income in the year was EUR 235,835 under budget. The income from our own fundraising is approx. EUR 35,000 under budget, due to among other things outstanding income from workshops (approx. EUR 50,000).

Realized, non-budgeted income from own fundraising, such as event revenue, ICS subsidy, and gifts in kind (totally approx. EUR 159,000) more than compensate for the under budget contributions from pharmaceutical, civil-society organizations and other income from own fundraising.

The contribution from the government is limited to 75% of total expenditure and worked out at EUR 758,654 and, therefore, EUR 199,651 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.

Expenses

The expenses are approx. EUR 266,000 under budget. The activity costs are more than EUR 298,000 under budget and can be clarified largely by lower organization and implementation costs per country (approx. EUR 251,000) and lower costs of developing programs (approx. EUR 109,000). By contrast there were higher costs (approx. EUR 95,000) for updating content due to extra translations which were not budgeted for.

The costs for pr and conferences are approx. EUR 50,000 above budget, and this can mainly be clarified by non-budgeted costs for the event at EUR 28,000 and higher conference costs of EUR 13,000.

Partly due to received, non-budgeted, sick pay (EUR 16,281) the employee expenses were approx. EUR 20,000 under budget. The accommodation expenses, office expenses, general expenses and depreciation were in line with the budget.

Operating result

The operating result has been accounted for in the continuity reserve (+ EUR 15,194) and in the reserve to meet Health[e]Foundation's aims (- EUR 20,172). At the end of 2010, the continuity reserve amounted to EUR 47,954 and the reserve for Health[e]Foundation's aims to EUR 128,865.

2010 statement of income and expenditure, showing expenses according to cost type:

	Realization 2010	Budget 2010
	€	€
<u>Income</u>		
Income own fundraising	285.209	319.435
Government subsidies	758.654	958.305
Investment income	4.067	5.000
Exceptional income and expenditure	-1.025	0
Total income	<u>1.046.905</u>	<u>1.282.740</u>
<u>Expenses</u>		
Activities	432.635	731.500
PR and conferences	130.847	81.000
Employee expenses	290.343	310.616
Accommodation expenses	15.045	15.000
Office expenses and general expenses	66.606	63.500
Depreciation	76.063	76.125
Total expenditure	<u>1,011,539</u>	<u>1,277,741</u>
Operating result	<u><u>35.366</u></u>	<u><u>4.999</u></u>

12. Ratios

	Realization 2010	Budget 2010	Realization 2009
Total expenditure on the aim divided by the total income	90,8%	94,6%	104,9%
Costs of own fundraising divided by the income from own fundraising	5,9%	5,8%	12,3%
Costs of management and administration divided by the total of the expenditure	3,2%	2,6%	3,2%

13. 2011 budget

The treasurer was responsible for the drawing up of the budget and the budget was adopted by the board of directors on January 3, 2011.

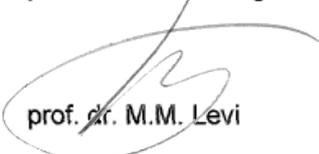
	Budget 2011 €
INCOME	
2010	
Income from own fundraising	431.517
Government subsidies	525.000
Investment income	<u>4.000</u>
Total income (A)	<u>960.517</u>
EXPENDITURE	
<i>Spending on aims</i>	
- Supporting improvements in healthcare	737.834
- Enhancing the body of thought that good healthcare is a prerequisite for growth in developing countries	<u>107.040</u>
Total spent on aims	<u>844.874</u>
<i>Fundraising</i>	
- Costs of own fundraising	33.671
- Costs of acquiring government subsidies	<u>12.248</u>
Total costs of acquiring income	<u>45.919</u>
<i>Management and administration</i>	
- Costs of management and administration	<u>34.202</u>
Total expenditure (B)	<u>924.995</u>
Result (A-B)	<u><u>35.522</u></u>

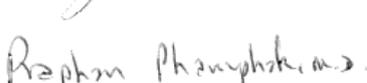
Amsterdam, 15 april 2011

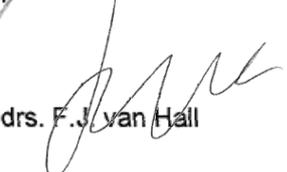

prof. dr. J.M.A. Lange


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drs. F.J. van Hall

Annual accounts 2010

of

HEALTH[e]FOUNDATION

in

Amsterdam

A. Balance Sheet

	<u>31-12-2010</u>	<u>31-12-2009</u>
ASSETS	€	€
Fixed assets		
- Intangible fixed assets	0	75.295
- Tangible fixed assets	<u>2.198</u>	<u>2.966</u>
Total fixed assets	<u>2.198</u>	<u>78.261</u>
Current assets		
- Receivables	117.232	137.230
- Liquid assets	<u>286.173</u>	<u>367.869</u>
Total current assets	<u>403.405</u>	<u>505.099</u>
Total	<u>405.603</u>	<u>583.360</u>
LIABILITIES		
Reserves and funds		
<i>Reserves</i>		
- Continuity reserve	47.954	32.760
- Reserve for Health[e]Foundation's aims	<u>128.865</u>	<u>108.693</u>
Total reserves	<u>176.819</u>	<u>141.453</u>
Liabilities		
- Current liabilities	<u>228.784</u>	<u>441.907</u>
Total	<u>405.603</u>	<u>583.360</u>

B. Statement of income and expenditure

	Realization 2010 €	Budget 2010 €	Realization 2009 €
INCOME			
Income from own fundraising	285.209	319.435	133.350
Government subsidies	758.654	958.305	664.537
Investment income	4.067	5.000	11.236
Exceptional income and expenditure	<u>-1.025</u>	<u>0</u>	<u>-18.253</u>
Total income (A)	<u>1.046.905</u>	<u>1.282.740</u>	<u>790.870</u>
EXPENDITURE			
<i>Spending on aims</i>			
- Supporting improvements in healthcare	755.872	1.066.153	706.723
- Enhancing the body of thought that good healthcare is a prerequisite for growth in developing countries	<u>195.027</u>	<u>147.610</u>	<u>123.018</u>
Total spent on aims	<u>950.899</u>	<u>1.213.763</u>	<u>829.741</u>
<i>Fundraising</i>			
- Costs of own fundraising	16.937	18.612	16.465
- Costs of acquiring government subsidies	<u>11.240</u>	<u>11.879</u>	<u>11.071</u>
Total costs of acquiring income	<u>28.177</u>	<u>30.491</u>	<u>27.536</u>
<i>Management and administration</i>			
- Costs of management and administration	<u>32.463</u>	<u>33.487</u>	<u>28.772</u>
Total expenditure (B)	<u>1.011.539</u>	<u>1.277.741</u>	<u>886.049</u>
Result (A-B)	<u>35.366</u>	<u>4.999</u>	<u>-95.179</u>
The result has been accounted for in:			
- Continuity reserve	15.194		32.760
- Reserve for Health[e]Foundation's aims	<u>20.172</u>		<u>-127.939</u>
Total	<u>35.366</u>	<u>4.999</u>	<u>-95.179</u>

C. Cash flow statement

	<u>2010</u>		<u>2009</u>	
	€	€	€	€
<u>Cash flow from operational activities</u>				
Operating result	35.366		-95.179	
Depreciation	<u>76.063</u>		<u>75.979</u>	
Total cash flow from operational activities		<u>111.429</u>		<u>-19.200</u>
Changes in working capital				
- Change in current receivables	19.998		-60.845	
- Change in current liabilities	<u>-213.123</u>		<u>-417.912</u>	
Total changes in working capital		<u>-193.125</u>		<u>-478.757</u>
<u>Cash flow from investment activities</u>				
Changes in tangible fixed assets	0		-1.250	
Changes in investments	<u>0</u>		<u>0</u>	
Total cash flow from investment activities		<u>0</u>		<u>-1.250</u>
Change in cash		<u>-81.696</u>		<u>-499.207</u>
Cash opening balance		367.869		867.076
Cash closing balance		<u>286.173</u>		<u>367.869</u>
Change in cash		<u>-81.696</u>		<u>-499.207</u>

D. Basis of the valuation

General

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

Continuity

The subsidy granted by the Dutch Ministry of Foreign Affairs was originally intended to run until 2010. A budget-neutral extension has been received until 2011. The maximum budget still to be claimed at the end of 2010 amounts to EUR 717,120. In 2010 subsidy commitments were received from, among others, ICS for the period 2011-2013 (approx. EUR 95,000 per year) and from NL EVD International for the 'TeleMicrobiology strengthening diagnostic capacity for infectious diseases in Vietnam' project for the period from April 1, 2010 until March 31, 2012 for a maximum of EUR 362,500. Following the successful event in 2010, another event is planned in 2011 which is intended to generate extra income in 2011. In addition, the management and the board of directors will continue to work to generate additional (project) contributions.

The promised subsidy income and efforts designed to generate additional income do not detract from the fact that a certain degree of uncertainty exists regarding the organization's continuity. On the basis of the subsidy commitments, the assumption is that the foundation can continue its work and 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 2010 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 will be taken to mean the amount that is received or paid at the time of settlement of the entry concerned.

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 realized, losses as soon as they are anticipated.

E. Notes to the balance sheet

	<u>31-12-2010</u>	<u>31-12-2009</u>
	€	€
<u>Intangible fixed assets</u>		
Research and development HIV/AIDS program		
Book value as at January 1	75.295	150.590
Changes:		
- depreciation	<u>-75.295</u>	<u>-75.295</u>
Book value as at December 31	<u>0</u>	<u>75.295</u>
Cumulative purchase price	451.773	451.773
Cumulative depreciation	<u>-451.773</u>	<u>-376.478</u>
Book value as at December 31	<u>0</u>	<u>75.295</u>

The intangible fixed assets primarily contain the development costs of the programs, 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 program 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.

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>31-12-2010</u>	<u>31-12-2009</u>
	€	€
Book value as at January 1	2.966	2.400
Changes:		
- investment (computers)	0	1.250
- depreciation	<u>-768</u>	<u>-684</u>
Book value as at December 31	<u>2.198</u>	<u>2.966</u>
Cumulative purchase price	3.840	3.840
Cumulative depreciation	<u>-1.642</u>	<u>-874</u>
Book value as at December 31	<u>2.198</u>	<u>2.966</u>

Receivables

Turnover tax	51.484	21.733
Stichting Liberty (Mozambique project)	19.259	0
Event revenue	13.509	0
Workshops contribution	9.037	21.565
AMC CPCD relating to development of Bacteriology[e]Education	8.832	0
Sick pay	6.237	0
Prepaid expenses	4.142	3.180
Interest	4.067	10.752
Valuation in kind	500	0
Pension	165	0
Cordaid subsidy	0	40.000
Aids Fund contribution	0	20.000
ICS contribution	<u>0</u>	<u>20.000</u>
Total accounts receivable	<u>117.232</u>	<u>137.230</u>

All accounts receivable are deemed to be full amounts.

	<u>31-12-2010</u>	<u>31-12-2009</u>
	€	€
<u>Liquid assets</u>		
Rabobank - savings account	250.000 *	324.192
Rabobank - current account	<u>36.173</u>	<u>43.677</u>
Total cash at bank and in hand	<u><u>286.173</u></u>	<u><u>367.869</u></u>

* The interest payment on the savings account was an average of 1.6% in 2010.

Continuity reserve

Balance as at January 1	32.760	0
Financial year result	<u>15.194</u>	<u>32.760</u>
Balance as at December 31	<u><u>47.954</u></u>	<u><u>32.760</u></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 2010, these costs amounted to EUR 448,057.

The continuity reserve will be formed from the interest income realized (EUR 4,067) reduced by any interest income that can be considered a subsidy from the Dutch Ministry of Foreign Affairs (EUR 1,025). From the interest income, EUR 3,042 is therefore added to the continuity reserve. In addition, in the ratio of income from own fundraising compared to government subsidies, the remaining part of the operating result (EUR 32,324) is added to the continuity reserve (EUR 12,152) and EUR 20,172 has been added to the reserve for the Health[e]Foundation.

Reserve for Health[e]Foundation's aims

Balance as at January 1	108.693	236.632
Financial year result	<u>20.172</u>	<u>-127.939</u>
Balance as at December 31	<u><u>128.865</u></u>	<u><u>108.693</u></u>

The reserve for the Health[e]Foundation has been formed to accommodate future fluctuations in income and expenditure.

	<u>31-12-2010</u>	<u>31-12-2009</u>
	€	€
<u>Current liabilities</u>		
Financing received in advance from the Dutch Ministry of		
Foreign Affairs - HIV[e]Education program	154.022 *	356.651
Accounts payable	25.445	44.832
Holiday pay reserve	10.173	12.440
Travel and accommodation costs	8.701	2.004
Administration expenses	8.131	2.127
Income tax and social insurance	7.450	9.810
Rent	7.060	0
Accountant expenses	6.760	7.240
Editor costs	0	2.148
Other current liabilities	<u>1.042</u>	<u>4.655</u>
 Total current liabilities	 <u>228.784</u>	 <u>441.907</u>
 Financing received in advance from the Dutch Ministry of Foreign Affairs - HIV[e]Education - program		
Balance as at January 1	356.651	
Plus: Dutch Ministry of Foreign Affairs subsidy	555.000	
Plus: Dutch Ministry of Foreign Affairs subsidy interest	1.025	
Less: Dutch Ministry of Foreign Affairs income 2010	<u>-758.654</u>	
 Balance as at December 31	 <u>154.022</u>	 <u>0</u>

* It was agreed with the Dutch Ministry of Foreign Affairs in 2009 that part of the 2007 to 2010 interest revenue must be deemed to be a Dutch Ministry of Foreign Affairs subsidy because part of the interest revenue was realized on Dutch Ministry of Foreign Affairs contributions paid in advance. The total interest income over 2010 referred to that can be attributed to financing received in advance from the Dutch Ministry of Foreign Affairs was EUR 1,025. The total interest income over the years 2007 to 2010 that can be attributed to financing received in advance from the Dutch Ministry of Foreign Affairs is EUR 19,278.

A total of subsidies income from governments of EUR 758,654 has been realized in 2010. The difference between financing received from the Dutch Ministry of Foreign Affairs including the interest income attributable to that financing and the income realized in 2010 was deducted from the amount received in advance at the end of 2009. On July 12, 2010 an amount of EUR 555,000 was received from the Dutch Ministry of Foreign Affairs.

F. 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 realized, losses as soon as they are anticipated.

	Realization 2010 €	Budget 2010 €	Realization 2009 €
INCOME			
<u>Income from own fundraising</u>			
Event revenue	99.938	0	0
HIV[e]Education training workshops	50.989	100.000	45.153
Stichting Cordaid subsidy	0	0	40.000
ICS subsidy	35.000	0	20.000
Gifts in kind	24.445	0	28.007
Pharmaceutical sponsorship	14.461	42.500	0
Contribution for development of Bacteriology			
[e]Education	16.571	10.000	0
Schools	1.250	0	0
Contribution by civil-society organizations	0	70.000	0
Other income from own fundraising	<u>42.555</u>	<u>96.935</u>	<u>190</u>
Total income from own fundraising	<u>285.209</u>	<u>319.435</u>	<u>133.350</u>

The reduced income from training courses compared to the budget are the consequence of fewer training courses during the past year. A number of training courses were cancelled due to the local representatives being pregnant (Cameroon, Antilles), new governments (Mozambique) and less income from local sponsors (Uganda). We expect to catch up to some extent in 2011.

Part of the pharmaceutical sponsorship contribution has been postponed to 2011.

The contribution by civil-society organizations is nil. This is largely the consequence of the financial crisis, as a result of which non income came from existing contacts. These disappointing results are largely compensated for by the income from the Health[e]vent which was a major success and which is going to be repeated in 2011.

	Realization 2010 €	Budget 2010 €	Realization 2009 €
- Event income			
Income from tables	41.951		
Income from auction	41.216		
Income from donations	<u>16.771</u>		
Total Event income	<u>99.938</u>	<u>0</u>	<u>0</u>
- HIV[e]Education training workshops			
Stichting Liberty	19.260		
AMC CPCD	7.493		
NSPOH	5.900		
GWK Travel	4.876		
Crucell	4.709		
MHS	3.900		
Sale of USB sticks	150		
Other sales	<u>4.701</u>		
HIV[e]Education training workshops total	<u>50.989</u>	<u>100.000</u>	<u>45.153</u>
- Gifts in kind			
Film	10.900		
Ramautarsing donation	4.300		
SHM costs	2.970		
DGO	2.954		
Svizera Europe	2.500		
Aspen Pharmacy	322		
Other	<u>500</u>		
Total gifts in kind	<u>24.445</u> *	<u>0</u>	<u>28.007</u>

* The gifts in kind have been added back to the cost item in question.

	Realization 2010 €	Budget 2010 €	Realization 2009 €
<u>Government subsidies</u>			
Dutch Ministry of Foreign Affairs	<u>758.654</u> *	<u>958.305</u>	<u>664.537</u>

* Of the amount received from the Dutch Ministry of Foreign Affairs, EUR 758,654 was recorded as 2010 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 2010 was met by the recipient's own financial resources and/or by financial contributions from third parties (EUR 252,885).

Investment income

Bank interest	<u>4.067</u>	<u>5.000</u>	<u>11.236</u>
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Exceptional income and expenditure

- Interest income Dutch Ministry of Foreign Affairs	<u>-1.025</u>	<u>0</u>	<u>-18.253</u>
Total exceptional income and expenditure	<u>-1.025</u> *	<u>0</u>	<u>-18.253</u>

* It was agreed with the Dutch Ministry of Foreign Affairs in 2009 that part of the 2007 to 2010 interest revenue must be deemed to be a Ministry of Foreign Affairs subsidy because part of the interest revenue was realized on Ministry of Foreign Affairs contributions paid in advance. The attributed interest income over 2010 amounts to EUR 1,025.

EXPENDITURE

Notes to the expenditure start on page 24 with an itemization of expenses according to use.

Notes to the apportionment of expenditure - itemization and apportionment of expenses according to use – 2010 realization

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 2010 realization.
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 2010 did not differ from the method used with respect to the 2010 budget and 2009 realization.

Expenses	Apportionment								
	Spending on aims		Fundraising			Management and administration	Total realization 2010	Total budget 2010	Total realization 2009
	Supporting improvements in health care	Enhancing body of thought	Own fund raising	Acquired subsidies from government	Investments				
€	€	€	€	€	€	€	€	€	
Activities	432,635	0	0	0	0	0	432,635	731,500	398,769
PR and conferences	0	130,847	0	0	0	0	130,847	81,000	62,816
Employee expenses	191,710	51,167	13,360	9,613	0	24,493	290,343	310,616	277,384
Accommodation expenses	10,220	2,398	658	300	0	1,469	15,045	15,000	14,120
Office expenses and general expenses	45,244	10,615	2,919	1,327	0	6,501	66,606	63,500	56,981
Depreciation	76,063	0	0	0	0	0	76,063	76,125	75,979
Total	755,872	195,027	16,937	11,240	0	32,463	1,011,539	1,277,741	886,049

Notes to the expenditure continued

	Realization 2010 €	Budget 2010 €	Realization 2009 €
<u>Activities</u>			
Modernization of content	200.179	105.000	102.138
Organization and implementation per country	159.876	411.500	252.851
Software platform	26.504	60.000	28.466
Development of programs	<u>46.076</u>	<u>155.000</u>	<u>15.314</u>
Total for activities	<u><u>432.635</u></u>	<u><u>731.500</u></u>	<u><u>398.769</u></u>
- Modernization of content			
HIV[e]Education update	24.690	15.000	12.956
Pediatric HIV[e]Education update	0	5.000	0
Developing new modules	415	10.000	4.892
Land-specific modules	683	5.000	3.869
Translation of modules/updates	142.909	20.000	25.952
Dutch translation of HIV[e]Education	15.817	0	0
Spanish translation of TB[e]Education	0	15.000	0
French translation of TB[e]Education	15.665	15.000	0
Translation of Community[e]Education	0	20.000	0
Other translations	<u>0</u>	<u>0</u>	<u>54.469</u>
Total for modernization of content	<u><u>200.179</u></u>	<u><u>105.000</u></u>	<u><u>102.138</u></u>

In 2010, 11 modules were translated for a total of EUR 174,391. An amount of EUR 70,000 was budgeted. The translations into English - French, English - Dutch and English - Indonesian amounting in total to EUR 137,802 were not budgeted for.

	Realization 2010 €	Budget 2010 €	Realization 2009 €
- Organization and implementation per country			
Introductory workshop	27.780	100.000	68.839
Materials and resources	21.656	50.000	39.125
Workshop	54.562	150.000	87.179
Evaluation per country	752	10.000	8.259
School workshops	<u>82</u>	<u>1.500</u>	<u>775</u>
Subtotal	104.832	311.500	204.177
Country coordinators	<u>55.044</u>	<u>100.000</u>	<u>48.674</u>
Total for organization and implementation per country	<u><u>159.876</u></u>	<u><u>411.500</u></u>	<u><u>252.851</u></u>

The fact that fewer training courses were given means the income was under budget. A number of training courses were cancelled due to the local representatives being pregnant (Cameroon, Antilles), new governments (Mozambique) and less income from local sponsors (Uganda). We expect to catch up to some extent in 2011.

- Software platform

IT improvements	22.889	50.000	22.328
Server and hosting charges	3.615	5.000	4.399
Participant portal	<u>0</u>	<u>5.000</u>	<u>1.739</u>
Total for software platform	<u><u>26.504</u></u>	<u><u>60.000</u></u>	<u><u>28.466</u></u>

Compared to six years ago, Health[e]Foundation participants are far more experienced in the use of computers. However, we have also discovered what does and does not work. For this reason, the layout and functionalities of the courses are being adjusted to the requirements and wishes of the more experienced participants. Nevertheless, Inexperienced computer users will still be able to navigate easily. The new layout was completed in 2010. The fact that e-learning has been affected by so much innovation over the years means we have also treated this as a priority: For example, we initiated interactive summary questions in the modules and the voice-over was started at the end of 2010.

	Realization 2010 €	Budget 2010 €	Realization 2009 €
- Development of programs			
Development of Community[e]Education			
- General	1.299	0	0
- Films	33.061	100.000	6.707
- Games	6.303	15.000	89
- Training manuals	0	10.000	75
Development of TB[e]Education	99	0	8.276
Development of Cardiovascular	0	10.000	0
Development of Reproductive Health	0	10.000	0
Development of Bacteriology	5.314	10.000	167
Total for development of programs	<u>46.076</u> *	<u>155.000</u>	<u>15.314</u>

Community[e]Education is a program which has been on the wish list, and has acquired more and more shape every year, since the beginning of Health[e]Foundation. ICS has always supported our aim and their financial contributions have enabled us to develop new units. The condom workshop film was finished in 2010. A Thai version of this film was also recorded in Bangkok. The female condom monologues film has been recorded, edited and made ready for screening. Indeed, it was screened for the first time at the IAS conference in Vienna. In addition, the two animation films Health[e]Body reproductive health and Digestive system have been made. The manual is almost ready. An initial version was started in 2011.

TB[e]Education was completed in 2009 but was given a brief update.

Bacteriology[e]Education, which was later called TeleMicrobiology[e]Education, was started in 2010 and will be developed in more detail in the coming years, with a pilot in Vietnam in 2011. The Cardiovascular and Diabetes[e]Education plans reached a point at the end of 2010 that a real start could be made with the cardiologists at the AMC. The budget will therefore be moved on to 2011.

	Realization 2010 €	Budget 2010 €	Realization 2009 €
<u>PR and conferences</u>			
Event costs	27.612 *	0	0
MFS II meetings	17.720	12.500	} 19.847
Conferences	27.964	15.000	
Annual report	20.247	8.500	12.871
Board meeting and meeting			
Training coordinators	5.927	30.000	30.098
Newsletters	8.419	} 15.000	0
Campaigns	9.557		0
Other	4.975		0
Direct expenses own fundraising	8.426	0	0
	<u>130.847</u>	<u>81.000</u>	<u>62.816</u>
Total for PR and conferences			

* The costs of the event at EUR 27,612 were not budgeted for. The income from the 2010 event amount to EUR 99,938 and are presented under own fundraising income.

	Realization 2010 €	Budget 2010 €	Realization 2009 €
<u>Employee expenses</u>			
- Salary costs including 8% holiday pay			
Director (FvdW)	59.305	61.080	59.305
Program Manager (DH)	42.120	43.384	35.802
Project Manager (AvdH)	26.957	20.832	21.841
Operational Manager (LvK)	38.610	43.384	35.802
Office Support (MC)	33.696	34.707	27.518
Project Manager (EE)	<u>42.120</u>	<u>43.384</u>	<u>37.908</u>
Total salary costs	<u>242.808</u>	<u>246.771</u> *	<u>218.176</u> *
* The comparative figures for 2009 and the 2010 budget have been adapted for the social insurance charges and are presented separately.			
- Other employee expenses			
Social insurance charges	34.420	30.333	28.678
Pension charges	11.965	12.696	11.095
Commuting expenses	10.752	9.816	8.316
Sick pay received	-16.281	0	0
Other employee expenses	<u>6.679</u>	<u>11.000</u>	<u>11.119</u>
Total for other employee expenses	<u>47.535</u>	<u>63.845</u>	<u>59.208</u>
Subtotal for employee expenses	<u>290.343</u>	<u>310.616</u>	<u>277.384</u>
- Direct employee expenses			
IT assistants	<u>318</u>		<u>28.689</u>
Total for direct employee expenses	<u>318</u>		<u>28.689</u>
Employee expenses charged on to projects	<u>-318</u>		<u>-28.689</u>
Total employee expenses	<u>290.343</u>	<u>310.616</u>	<u>277.384</u>
<i>Number of employees at the end of the financial year</i>	<i>5,00</i>	<i>6,00</i>	<i>6,00</i>
<i>Number of FTEs at the end of the financial year</i>	<i>4,30</i>	<i>5,10</i>	<i>5,30</i>
<i>Average number of FTEs</i>	<i>5,22</i>	<i>5,10</i>	<i>4,72</i>

	Realization 2010 €	Budget 2010 €	Realization 2009 €
<u>Accommodation expenses</u>			
Rent	14.120	15.000	14.120
Other accommodation expenses	<u>925</u>	<u>0</u>	<u>0</u>
Total accommodation expenses	<u><u>15.045</u></u>	<u><u>15.000</u></u>	<u><u>14.120</u></u>

As of December 1, 2010, Health[e]Foundation has been located in the AMC, IWO Building in Amsterdam.

Office expenses and general expenses

Administrative outsourcing	41.188 *	30.000	30.635
Accountant expenses	6.770	7.000	7.890
Postage and telephone charges	7.950	12.000	8.968
Automation	0	5.000	1.305
Bank charges	1.578	2.500	2.696
Management charges	1.787	} 6.000	} 5.487
AO translation	1.000		
Other office expenses and general expenses	<u>3.549</u>		
Subtotal	63.822	62.500	56.981
Travel and accommodation costs	<u>2.784</u>	<u>1.000</u>	<u>0</u>
Total office expenses and general expenses	<u><u>66.606</u></u>	<u><u>63.500</u></u>	<u><u>56.981</u></u>

* The service level of the administrative provision of services increased in 2010 due to additional activities in relation to the MSF II application.

Depreciation

Depreciation of intangible fixed assets	768	825	684
Depreciation of research and development HIV/AIDS program	<u>75.295</u>	<u>75.300</u>	<u>75.295</u>
Total depreciation	<u><u>76.063</u></u>	<u><u>76.125</u></u>	<u><u>75.979</u></u>

G. Ratios

	<u>Realization 2010</u>	<u>Budget 2010</u>	<u>Realization 2009</u>
Total expenditure on aim divided by total expenditure	90,8%	94,6%	104,9%
Costs of own fundraising divided by income from own fundraising	5,9%	5,8%	12,3%
Costs of management and administration divided by total expenditure	3,2%	2,6%	3,2%

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

Other information

Exceptional events after the balance sheet date

No exceptional events occurred after the balance sheet date of December 31, 2010.

Result distribution

The 2010 annual accounts were adopted at the board meeting of April 19, 2011. When the 2010 annual accounts were adopted, it was decided that the positive result of EUR 35,366 would be distributed as follows: EUR 15,194 is to be added to the continuity reserve and EUR 20,172 to the reserve to meet Health[e]Foundation aims.

Audit declaration

For the text of the audit declaration, please refer to the next page of the annual accounts.