

# Solidaridad



## Annual financial report 2015

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## **Vision and mission**

Formulating Solidaridad's new vision and mission was an intensive process, which involved people from around the world.

### *Change that matters*

#### **Vision**

Solidaridad envisions a world where the people who produce the resources on which we all depend can contribute to change that matters, change that leads to prosperity for all, without harming each other or the environment. This therefore helps to ensure that resources will continue to sustain us for generations to come. Today, the global economy is not organized in a sustainable way.

*Many of us now realize that an unsustainable way of life threatens food security, our planet and our businesses.*

With a world population projected to grow to 9 billion people by 2050, we can only be fed if the agricultural sector makes a transition to smart and sustainable land use. And, as fossil fuel use becomes increasingly problematic, a transition to a bio-based economy is needed. Farmers worldwide therefore have a bright future as providers of food and suppliers of renewable energy and raw materials. They link as never before the issues of food security for developing countries and prosperity for the world as a whole.

*There is a single agenda, and a single challenge: we must produce more with less, and ensure that it is done in a way that sustains people and the environment.*

Optimizing land use is the first step towards a solution. Increased production must meet growing demand, but with fewer negative consequences for people and the environment. More efficient production must be coupled with less pollution. There must be greater precision in the use of fertilizers and pesticides, and a reduction in the use of water and energy. Waste then becomes a thing of the past. Losses in the supply chain are reduced. Forests are no longer cut down and additional land is no longer needed because existing agricultural land is being used more efficiently.

An inclusive economy - one in which people can participate fully - is needed. It should start with the recognition of the potential of smallholder farmers and women, who are often the leading drivers of sustainable change. It must respect workers' rights, provide a safe and healthy workplace, and support a living income for farmers and workers.

For children, school is the best place to work. Mining and industry need to switch to a responsible means of production. Workers' rights are respected and the environment is preserved for future generations, keeping its potential intact.

The change we seek is a market process driven by the private sector. However, civil society organizations and governments play an essential role in enabling and encouraging change. In this process, Solidaridad is a transition manager. We back farmers who are economically poor but have rich potential, entrepreneurial men and women, and workers who want to build their livelihoods on a fair income. Solidaridad partners with all parties in the supply chain, so that everyone can be involved in creating change that matters.

#### **Mission**

Solidaridad is an international network organization with partners all over the world. There is a single agenda and a single strategy: together we learn and progress, together we achieve results, and together we decide on future steps.

Solidaridad is an organization for international cooperation that draws inspiration from the vision, values and capacities of people all over the world.

Solidaridad is a transition manager, focusing on producer support and sustainable supply chain and market development. We partner with those who want to make a difference by changing business practices from being a part of the problem to being a part of the solution. Markets have to work for the poor, and companies are the key change makers.

*From a shared vision to change that matters.*

Our aim is to make an impact by being the best in building partnerships, in piloting and scaling up programmes, in learning and innovation.

Without a dream there is no first step. At the beginning there are no paved roads; simply by starting to walk, a path is created. Knowledge and values are needed. Skilled and motivated people are our capital. We are realists with a mission. We turn shared vision into meaningful impact in communities.

## **Solidaridad the Netherlands within the global Solidaridad Network**

### **Top-level partnerships**

Solidaridad Netherlands continues to work towards long-term, sector-wide impacts across a range of commodities in far-reaching partnerships with, among other companies, H&M and Unilever. While the Dutch Ministry of Foreign Affairs and the Dutch Postcode Lottery are primary donors, Solidaridad has broadened its donor base.

### **External Developments**

The unbalancing effects of the economic crisis can still be felt. National governments now provide less grant funding. Loans, guarantees and equity for investments are becoming more and more important for financing development work. While some companies focus on short-term cost reduction at the expense of people and the environment, many large companies are taking ownership and control of supply chain sustainability and community development. CSR policies, factory improvement programmes and stakeholder dialogues are increasingly being initiated and managed by corporations themselves.

This positive development is in line with everything Solidaridad stands for. Our strength lies in our ability to bring different stakeholders to the table and to foster dialogue on supply chain sustainability: how it's implemented, managed and improved. Increasingly, large companies are playing this role and, while this trend is welcome and in line with Solidaridad's vision for 'change that matters', it challenges us to discover new ways of being even more effective in the future.

The world is currently in the middle of a data revolution, and information technology has tremendous potential to support farmers through ICT-based services in finance, market intelligence and education. The Dutch Ministry of Foreign Affairs is committed to working with open data and at Solidaridad we have already made use of open-data standards in our Farmer Support Programme.

### **Results and Partnerships**

A part of our mandate is to strengthen European sustainable market development and, to this end, we have established and maintained relationships with around 100 European companies, brands and sector organizations. Major partnerships include that with H&M, which is designed to improve the sustainability of their entire supply chain, and with Unilever, which entered into a cross-cutting, multi-commodity partnership with Solidaridad, focusing on changing the lives of a million small-scale farmers. Solidaridad is the first NGO to have engaged in a joint business development partnership with Unilever.

We supported our key donor, the Dutch Ministry of Foreign Affairs, during visits to China which were designed to establish a Chinese sustainable palm oil platform. The Ministry and Solidaridad collaborated on textile production in Bangladesh and, in the Netherlands, on sector-wide sustainable procurement agreements, emphasizing the involvement of emerging economies in sustainable production and consumption. Solidaridad is one of the 25 organizations which are eligible for a

strategic, five-year partnership with the Dutch Ministry of Foreign Affairs and we will continue to work closely with the Ministry in developing new partnership programmes.

We work diligently on our brand image and positioning in order to attract new partners and donors. Our campaigns received positive industry and media attention, and news items and stories were picked up by prominent domestic and international media outlets, thus strengthening Solidaridad's position as a global player in supply chain sustainability.

Ample media presence, the use of multi-media productions and storytelling also had a positive effect on fundraising: innovative on- and offline activities designed to address new audiences and direct-mail campaigns targeting existing private donors raised enough funds and public support to enable us to raise further funds at larger institutions.

### **Donors and Organizations**

The Dutch Ministry of Foreign Affairs is our single most important donor and we are currently developing a strategic five-year partnership with the Ministry, starting in 2016.

The Dutch Postcode Lottery's relationship with Solidaridad began in 2009 and to date we have received €12 million, including a multi-million, multi-year partnership with our gold and sugarcane programme.

Solidaridad Netherlands receives donations from a large group of loyal supporters. Together these private donors account for a significant proportion of our annual income (in 2015, €1 million was donated). Maintaining and expanding this group is a key component in our overall communication strategy.

The Solidaridad Network broadened its donor base to include more public and private donors, spanning Europe, the US, Latin America, Asia and Africa. Donations managed from the Netherlands in 2015 included government funding from the European Union, Ireland, Norway, Switzerland and the Netherlands, as well as private funds from across Europe.

## **Supervision and management**

The Solidaridad Network aims to be an effective, influential, innovative learning organisation with a reputation as one of the best engaged in international development cooperation. This requires a wide range of checks and balances. In recent years a fully operational network supervisory structure has been put into place.

### **International Structure**

Our structure is intended to ensure that Solidaridad Network is a credible organisation with a transparent, responsible, cost-effective system of supervision, as well as one that affirms Solidaridad's vision, programme and working methods. It is based on the following fundamental principles: promoting solidarity by means of global strategies for commodities; ensuring a high degree of autonomy for the regional expertise centres; maintaining a professional approach, which maximises the impact of Solidaridad programmes; and a shared vision and mission.

#### *Supervision*

The International Supervisory Board (ISB) is at the highest level of supervision. It monitors policies, the quality of programmes, financial control and the performance of the Executive Board of Directors. The ISB is guided by the interests of the Solidaridad Network and four Continental Supervisory Boards monitor the regional programmes. These boards each delegate one member to the ISB. In 2015 the board members were: Mariam Dao Gabala (chair), Cheng Hai Teoh, Kannan Pashupathy, Roberto Cudas, and Ton Geurts.

#### *Management*

At the global executive level, there are regular meetings of the Directors of the ten Solidaridad organisations, who constitute the decision-making Executive Board of Directors (EBoD). The EBoD is

the policy-making body of the Solidaridad Network, providing policy coherence, consistency and ensuring continued relevance. It is also responsible for implementing policy. The chair of the EBoD is held by the Executive Director of the Solidaridad Network, Nico Roozen.

### Regional Execution

The ten Solidaridad organizations are responsible for coordinated global programmes. Regional management is the responsibility of the individual directors, who lead their regional office and staff. The regional Solidaridad organizations, which are responsible for programme development are legally clustered at the continental level, producing consolidated policy development and financial statements within one legal entity per continent. The continental legal entities are affiliated to Solidaridad Network. This allows joint policy development and hiring and firing of directors and ensures that operations are financially autonomous. The regional Solidaridad organizations are legal branches of the continental entities, thus avoiding national board structures.

### Supervision

The Continental Supervisory Board (CSB) oversees the general affairs of Solidaridad in the Netherlands. The CSB consists of a minimum of three and a maximum of seven members. The CSB will itself decide on the number of its members. The members of the CSB will appoint one of their number to be chairperson, or appoint an independent third party as chairperson. Members of a CSB are appointed for a period of four years and can only be reappointed once. If a member has fulfilled the position of chairperson of a CSB during a period of tenure, this member can be reappointed twice.

In 2015 the Continental Supervisory Board consists of six people who make the case for Solidaridad's mission and who meet the requirements of the job profile drawn up by the Board. One of the standing committees of Solidaridad is a financial audit committee, which is specifically responsible for overseeing the financial affairs of Solidaridad in the Netherlands.

To guarantee a separation of functions and to prevent conflicts of interest, no close relationships are permitted within and between the members of the Supervisory Board and the management, nor through any link with an organization with which Solidaridad, in the normal course of its work, conducts transactions that can be valued in monetary terms.

The members of the Supervisory Board with their education and academic titles, current or past positions, term and key positions held in 2015 are listed in the following table.

Name	Function in the board	End of term	Education, position and most important positions
Saskia Borgers	Member	October 2015	<ul style="list-style-type: none"> <li>Environmental sociology, environmental expert</li> <li>Consultant, Partner Wagenaar Hoes and RUD Utrecht director</li> <li>Chair of Surplus (linking primary schools in North Holland)</li> <li>Member of Advisory Board Hartmans Network and Famo</li> </ul>
Ton Geurts	Chair	December 2018	<ul style="list-style-type: none"> <li>Master of (Dutch) Law</li> <li>Chief Procurement Officer NV Bekaert SA</li> <li>Member of International Supervisory Board of Solidaridad Network</li> </ul>

Name	Function in the board	End of term	Education, position and most important positions
Gerrit Meester	Member	December 2017	<ul style="list-style-type: none"> <li>• Doctor of Agricultural Economics</li> <li>• Retired advisor on questions of agricultural policy to the Ministry of Agriculture, Nature and Food Quality</li> <li>• Member of the Council for the Environment and Infrastructure</li> <li>• Member of the Committee on Genetic Modification</li> <li>• Member of the Board, Centre for World Food Studies (SOW-VU)</li> </ul>
Theo Jan Simons	Member	December 2018	<ul style="list-style-type: none"> <li>• MSc in Chemical Engineering</li> <li>• McKinsey</li> </ul>
Marieke de Wal	Vice-chair	October 2015	<ul style="list-style-type: none"> <li>• MA in Philosophy</li> <li>• Managing Director of the Partnerships Resource Centre Rotterdam School of Management / Erasmus University</li> <li>• Chair of the Supervisory Board of IKV Pax Christi</li> </ul>
Albert Jan Zonneville	Member	December 2015	<ul style="list-style-type: none"> <li>• Master of (Dutch) Law</li> <li>• Rabobank Canada</li> </ul>

Early 2016 two new members will be appointed: Ann-Françoise Versele and Carlos Alva Nieto.

The Supervisory Board met four times in 2015. The most important topics discussed were:

- Strategy: strategy of Ministry of Foreign Affairs, evaluating the meetings of the Executive Board of Directors in May and October and deciding on the multi annual strategic plan (MASP) 2016-2020 and the annual plan for 2016.
- Finance: approval of the annual financial report for 2014, discussing interim figures for 2015 and approval of the budget for 2016.
- Management: evaluation of the performance of the Managing Director and recruiting a new Managing Director, evaluation of the performance of the Supervisory Board and recruiting new members and updating statutes of Solidaridad in accordance with the supervisory framework of Solidaridad Network.
- Evaluation: annual report for 2014 and discussions on the sectorial programmes.

In February the audit committee (Albert Jan Zonneville (chair) and Theo Jan Simons) advised the Supervisory Board on the annual financial accounts for 2014 and investment regulations. In November the audit committee advised the Supervisory Board on the budget for 2016.

#### *Management*

Solidaridad in the Netherlands is managed by a statutory director, the Managing Director. Until the end of April S.M. (Saskia) Jongma was appointed as statutory director by the Supervisory Boards, from May 2015 N.J.M. (Nico) Roozen was statutory director ad interim. The statutory director has the final responsibility for daily management and implementation of the programmes and activities. Saskia Jongma was employed by Solidaridad and Nico Roozen has been appointed as fulltime Executive director of Foundation Solidaridad Network from 1 September 2014.



Saskia Jongma had currently no other positions. Nico Roozen is also a member of the Board of Directors of ASN Investment Funds N.V. and a member of the Supervisory Board of ASN Groenprojectenfonds.

## **Quality, control and evaluations**

### **Establishment and statutes**

Solidaridad Foundation was founded on June 15, 1976 and is based in Utrecht, the Netherlands. In December 2013 Solidaridad formalized the current statutes. In 2016 will Solidaridad formalize new statutes, in accordance with present circumstances and the statutes of Solidaridad Network.

### **Annual and long term planning**

Solidaridad produces a long term Strategic Plan, which shows how it translates its mission and vision into operational objectives. This plan is drawn up by the management and approved by the Supervisory Boards. The annual plans are a translation of the multi annual strategic plan into more specific objectives, desired results, activities and budgets. A context analysis and evaluation of the previous annual plan serve as guidelines in preparing the next annual plan. The heads of departments write annual reports in February. These show whether the objectives and expected results have been achieved. These reports are evaluated by the Managing Director.

### **Fundraising planning and costs**

Reports on private fundraising and management as well as the plans for these activities are also evaluated each year and approved by the Managing Director. Solidaridad's goal is that the costs of private fundraising should be stable at 10 to 15% of the revenues received based on such fundraising.

### **Quality management policy**

Solidaridad aims to achieve high quality on all fronts. External auditors provide independent evaluations of the quality of each aspect of its operations. Solidaridad is certified under the ISO 9001:2008 norm. Internal audits and an external certificate issuing body regularly examine whether the quality management system meets recognised requirements and whether any progress has been made since the previous audit.

The Central Bureau on Fundraising (CBF) monitors all philanthropic bodies in the Netherlands and evaluates their management and policy, in order to increase the transparency of the charitable sector. Solidaridad is entitled to use the CBF quality mark and complies with its requirements.

The Dutch Association of Fundraising Organizations (Goede Doelen Nederland) is the umbrella organization for philanthropic organizations that raise funds across the Netherlands. Its goal is to increase public confidence in fundraising institutions. Solidaridad upholds the principles of the Goede Doelen Nederland in relation to respect, reliability, openness and quality.

Solidaridad is recognised by the Taxation Department as a charitable institution (ANBI), which means that donations and bequests to Solidaridad are not taxed. Donors can obtain income tax deductions for their contributions to Solidaridad.

### **Audit of annual report and accounts**

External reporting includes an annual report and accounts, which are verified by an auditor and accompanied by an auditor's opinion. In 2015 the Continental Supervisory Board has appointed Dubois & Co Registeraccountants as its external auditors. This appointment, which is reviewed annually, covers the audit of the annual accounts as well as those for various projects. Dubois & Co Registeraccountants does not provide any non-auditing (e.g. advisory) services. The auditors discuss their findings with the Managing Director and financial controller and may also call the attention of the Continental Supervisory Board to any points that need to be addressed, or where improvements could be made.



### **Employee evaluations**

Employees are invited by their manager for an annual appraisal and performance evaluation interview. The outcome of this interview includes areas in which improvements could be made, for the employee as well as for the manager. It focuses on the employee's development and personal growth, but it also covers the development of the position he or she occupies, and motivation at work. The managers discuss the results of these interviews with the Managing Director during their own appraisal and performance evaluations. Every year, the Managing Director has an appraisal and performance evaluation interview with the Supervisory Board, or with some of its members.

### **Evaluation of the operational structure**

Each year the management evaluates the working of the entire quality management system, including policies and objectives. The conclusion was that the quality management policy and system are suitable and effective, in line with developments in the organization. The main focus for next year is to adjust the procedures following the strategic choices in the multi annual strategic plan for 2016 - 2020. And related, to improve insight into stakeholder group specific requirements and expectations. In 2016 the quality system will be made more efficiently and this will result in compliance with the ISO 9001:2015 certification.

### **Evaluation of the Continental Supervisory Board**

In November 2014 the Continental Supervisory Board held an extra evaluation meeting. The Continental Supervisory Board oversees the general affairs of Solidaridad. The conclusion of the evaluation was that the Supervisory Board was suitable and effective in line with organizational developments. The evaluation focusses on four points and was set up with a total of 46 questions with the ability to score from "good" (4) "sufficient" (3), "moderate" (2) and "poor" (1). The average of the scores was 3.3 on the scale of 4. The split up between the focus points is given below.

- Teamwork Supervisory Board with director – 3.4
- Team effectiveness of the Supervisory Board – 3.4
- Assessment of the individual members of the Supervisory Board – 3.2
- Assessment Chairman of the Supervisory Board – 3.3

The Continental Supervisory Board reviewed its own functioning during its regular meetings in 2015.

### **Environment**

Solidaridad minimises the impact of its work on the environment as far as possible, by re-using materials wherever possible, by purchasing sustainable products (office supplies with an eco-label, energy-efficient equipment, green energy, and sustainably produced coffee and tea), by separating its waste for recycling, and by making double-sided printing and copying the norm.

## **Personnel**

### **Staff and wages**

At the end of 2015, Solidaridad employed 36 people (2014: 36). During the year there were an average of 31.0 full-time staff under contract (FTEs). In 2014 this figure was 31.5. Solidaridad has its own salary structure, which is based on job descriptions. Per function the tasks and responsibilities have been described. The functions are weighed on the basis of the following four characteristics: knowledge and experience, independence, social skills and risks, responsibility and influence. Solidaridad's wages policy follows that of the Dutch government. Where necessary, management may award a labour market premium. The average gross annual salary per FTE in 2015 was € 64,300 (2014: € 61,300).

### *Personnel policy*

Solidaridad is a knowledge intensive organization with a highly motivated, well educated and talented staff. Our main asset is our people. Following the network spirit of 'only an empowered staff can serve the needs of our empowered partners', it becomes obvious that there is a need for proper channels, guidelines and an action path that ensures a response to the ideas and capacities of the staff. That's why a talent management strategy linked to our organizational strategy is needed. In a nutshell, talent management means focusing on finding the best people for the right job, then ensuring that those

capable employees are engaged with Solidaridad and aligned with our key organizational goals. In 2016, an operational manager with a strong background on HRM/TM and with dedicated time for these areas could bring Solidaridad to the next level in its human resource management.

The goal of the diversity policy is that Solidaridad's staff should reflect the Dutch population wherever possible. Solidaridad has 24 female and 12 male employees (2014: 23 female and 13 male). Four employees left in 2015, and four new employees joined. The rate of absence due to sickness in 2015 was 3.9% (in 2014: 1.9%). The split up between short (less than a week), medium and long (more than six weeks) absence is as follows. Short 0.9% (2014: 0.9%), medium 0.2% (2014: 0.1%) and long 2.8% (2014: 0.9%).

## **Risks**

### **Trust first...**

While Solidaridad's employees and partners work on the basis of reciprocal trust, management guards against individual abuses of this trust. Risks – and their consequences for strategy – are continually assessed. The board is aware that economic conditions can change quickly, politics can be unstable, and markets volatile.

### **Risk management and control systems**

Solidaridad is committed to transparency and the effective deployment of resources. It monitors project progress and the use of funds with PROMIS, an ERP system implemented in 2012. Operations are audited internally and externally, and outcomes are discussed with the management and the Continental Supervisory Board. As a learning organisation, Solidaridad strives for continuous improvement and quality management is certified to ISO 9001:2008. If something is not to somebody's satisfaction, Solidaridad would like to be informed about it. A complaints procedure is therefore part of our quality policy. The procedure can be requested for by anybody by e-mail or phone. And besides, we also refer to it in our contracts with partners. The Solidaridad code of conduct is also endorsed by our Network partners. This code pays attention to all aspects of honest and respectful behavior towards all people involved. There is also a protocol for inappropriate behavior, which includes procedures preventing undesirable behavior and procedures for involving internal or external counselors and the complaints procedure for employees.

The internal risk management and control systems provide reasonable assurance that financial statements are correct and that these systems have worked properly during the year under review.

### **Main risks**

1. Reputational damage resulting from partnerships with companies. Solidaridad has internal guidelines for NDAs and MoUs with companies.
2. Illegitimate use of grant funds, which requires repayment obligations to donors. The budget is approved by the Managing Director and the segregation of duties in the project management is appropriate. With large grants, the suitability of expenditure is investigated by an external auditor.
3. The economic climate and the willingness of private donors to donate. Solidaridad maintains quality marks and periodic external audits ensure compliance.
4. The unpredictability of government policies. Political decision-making – and available funding – are hard to predict, as are the political forces which affect partner companies. Solidaridad defines thematic areas and target policy makers with highest chance of success of the period to come.



## Financial report

### Analysis of the results for 2015 in comparison to 2014 and the budget for 2015

The total income in 2015 was € 21,602,399, an all time high. Income from our own fundraising increased by € 2,855,000 compared to last year's result, and was € 4,461,000 higher than budgeted, chiefly because of the increase in donations from companies and other organizations. Income from subsidies decreased by € 3,082,000, as compared to 2014, but was € 745,000 higher than budgeted because of new subsidies approved in 2015. Spending in 2015 was € 21,188,027, which is only € 6,000 lower than in 2014 and € 5,188,000 higher than budgeted, because of the increase in income. Of the total spending, more than € 20,222,000 was directly spent on our objectives. All of these fluctuations led to a result of € 414,372 in the statement of income and expenditure in 2015 (where 2014 has a shortfall of € 43,628).

### Historical summary

The table below shows the financial results for the past five years (in euros).

INCOME	2015	2014	2013	2012	2011
Income from own fundraising	7,638,729	4,783,365	4,404,304	4,144,817	4,734,759
Other income	13,963,670	16,366,898	14,686,466	14,989,508	10,370,658
<b>Total income</b>	<b>21,602,399</b>	<b>21,150,263</b>	<b>19,090,770</b>	<b>19,134,325</b>	<b>15,105,417</b>
<b>EXPENDITURES</b>					
Communication and information	628,141	624,035	706,693	646,116	341,336
Structural aid	19,594,336	19,748,319	18,876,282	17,885,868	14,018,860
Total expenditure on objectives	20,222,477	20,372,354	19,582,975	18,531,984	14,360,196
Total costs of income generation	830,710	688,571	829,354	584,476	512,143
Management and administrative costs	134,840	132,966	137,781	130,483	124,730
<b>Total expenditures</b>	<b>21,188,027</b>	<b>21,193,891</b>	<b>20,550,110</b>	<b>19,246,943</b>	<b>14,997,069</b>
<b>Surplus</b>	<b>414,372</b>	<b>-43,628</b>	<b>-1,459,340</b>	<b>-112,618</b>	<b>108,348</b>

### Policy on assets and investments

Solidaridad spends € 20 million on financing projects. These funds come from many different sources, including government contributions as well as donations from individuals, companies and institutions. Solidaridad has an asset buffer of € 3.3 million to cover any unexpected large fall in income. If funding is received and cannot immediately be usefully deployed in support of Solidaridad's objectives, since it takes time to prepare and implement projects, these funds are temporarily invested. Solidaridad's partners, suppliers and staff need to be sure that Solidaridad will always be able to meet its liabilities and donors and other funding bodies must be confident that the money they donate to Solidaridad is in safe hands. It is therefore extremely important that Solidaridad's assets are managed responsibly. Investment rules have been drawn up to ensure that this is the case. These rules also stipulate that Solidaridad will comply with the Guidelines Financial Management for Charity Organizations prepared by the Dutch Association of Fundraising Organizations (Goede Doelen Nederland). In view of the limited volume and complexity of the portfolio, Solidaridad has decided to manage its assets internally to reduce costs. By far most of the asset buffer is invested in savings deposits with socially responsible banks, such as ASN Bank and Triodos Bank.

### Key figures

The Dutch Central Bureau on Fundraising (CBF) considers the costs of the organization's own fundraising – as a percentage of the income from its own fundraising – to be an important way to evaluate whether a fundraising institution is worthy of support. This indicator shows the proportion of the proceeds from fundraising that are used to generate these funds. Solidaridad aims for a (reasonably) stable proportion of between ten and fifteen per cent, unless it can be demonstrated that an investment in fundraising will generate sufficient additional income in the future. The table below shows the income and costs and the relevant percentages for the past five years. In all cases the percentage is well below the maximum of 25 per cent set by the CBF.

	2015	2014	2013	2012	2011
Income from own fundraising	7,638,729	4,783,365	4,404,304	4,144,817	4,734,759
Costs of own fundraising	497,878	435,792	588,006	391,425	347,391
<i>Costs as a percentage of income from own fundraising</i>	<i>6.5%</i>	<i>9.1%</i>	<i>13.4%</i>	<i>9.4%</i>	<i>7.3%</i>

In 2015 income from own fundraising is higher than budgeted, therefore the percentage is lower than budgeted and than in 2014.

The CBF recommends calculating two ratios related to spending: the ratio of spending on the organization's objectives to its total income, and the ratio of its spending on the organization's objectives to its total expenditure. Solidaridad strives to achieve the highest possible spending ratio without endangering the quality of implementation of the projects. The CBF has not set a minimum ratio, because this percentage depends to a great extent on the type of organization. The table below shows the amounts Solidaridad spent on its objectives, and the resulting spending ratios, for the past five years.

	2015	2014	2013	2012	2011
Amount spent directly on objectives	17,637,225	17,898,510	17,305,381	16,455,773	12,609,873
Total income	21,602,399	21,150,263	19,090,770	19,134,325	15,105,417
<i>Spending ratio (income)</i>	<i>81.6%</i>	<i>84.6%</i>	<i>90.6%</i>	<i>86.0%</i>	<i>83.5%</i>

	2015	2014	2013	2012	2011
Amount spent directly on objectives	17,637,225	17,898,510	17,305,381	16,455,773	12,609,873
Total expenditures	21,188,027	21,193,891	20,550,110	19,246,943	14,997,069
<i>Spending ratio (expenditures)</i>	<i>83.2%</i>	<i>84.5%</i>	<i>84.2%</i>	<i>85.5%</i>	<i>84.1%</i>

### Budget for 2016 and for future years

The budget for 2016 has been drawn up in the light of the objectives and priorities set out in the multi annual strategic plan MASP for 2016-2020 (and detailed in the annual plan for 2016) and the long-term budget for 2017-2020 has been modified accordingly. The 2016 budget was adopted in the meeting of the Supervisory Board held on 24 November 2015. The income and expenditure statement for this budget is summarized below (in euros).

<b>INCOME</b>	<b>Budget 2016</b>	<b>Budget 2015</b>
Income from own fundraising	3,245,000	3,178,000
Income from third party activities	1,575,000	2,840,000
Government subsidies	10,505,000	9,132,000
Interest and income from investments	250,000	250,000
<b>Total income</b>	<b>15,575,000</b>	<b>15,400,000</b>
<b>EXPENDITURE</b>		
<b>Expenditures on achieving our objectives</b>		
Communication and information	410,250	763,000
Structural aid	14,602,000	14,304,500
	15,012,250	15,067,500
<b>Income generation</b>		
Costs of own fundraising	574,500	489,500
Costs of third party activities	18,250	20,000
Costs of obtaining government subsidies	120,000	271,000
Investment costs	-	-
	712,750	780,500
<b>Management and administration</b>		
Costs of management and administration	200,000	152,000
<b>Total expenditure</b>	<b>15,925,000</b>	<b>16,000,000</b>
<b>Result</b>	<b>-350,000</b>	<b>-600,000</b>

The amounts shown in this budget for contributions from governments, companies, other organizations and charitable foundations, as well as the income from third-party activities, are based on donor contracts. The risk that this budget will not be achieved is limited to the extent to which these parties may not meet their contractual obligations. It is expected that supplementary commitments will be made during 2016 and that the budget will therefore be exceeded. The revenues of the collection in churches, direct mail, inheritances and interest received are budgeted on the basis of historic values, taking current developments and trends into account.

These sources of income are monitored on a monthly basis so that adjustments can be made if necessary. The expected expenditures include all expenditure relating to committed programme funding and an estimate of incidental costs. Solidaridad has sufficient uncommitted reserves to cover the shortage budgeted for 2016.

The current growth in income is expected to continue. Increases are expected from various sources. Solidaridad expected for 2016 – 2020, as a continuation of a current subsidy, a government subsidy of approximately € 12 million per year. The additional income will be spent almost entirely on meeting Solidaridad objectives. The long-term budget below shows the consequences of these expectations.



<b>INCOME</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Income from own fundraising	3,245,000	3,500,000	4,000,000	4,500,000	4,500,000
Income from third party activities	1,575,000	1,750,000	2,000,000	2,250,000	2,250,000
Government subsidies	10,505,000	13,000,000	13,000,000	13,000,000	13,000,000
Other income	250,000	250,000	250,000	250,000	250,000
<b>Total income</b>	<b>15,575,000</b>	<b>18,500,000</b>	<b>19,250,000</b>	<b>20,000,000</b>	<b>20,000,000</b>
<b>EXPENDITURE</b>					
Communication and information	410,250	500,000	550,000	600,000	600,000
Structural aid	14,602,000	17,100,000	17,800,000	18,500,000	18,500,000
Total expenditure on objectives	15,012,250	17,600,000	18,350,000	19,100,000	19,100,000
Total costs of income generation	712,750	700,000	700,000	700,000	700,000
Management and administration	200,000	200,000	200,000	200,000	200,000
<b>Total expenditure</b>	<b>15,925,000</b>	<b>18,500,000</b>	<b>19,250,000</b>	<b>20,000,000</b>	<b>20,000,000</b>
<b>Result</b>	<b>-350,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Balance sheet on 31 December 2015

(in euros after allocation of surpluses)

ASSETS	2015	2014
Tangible fixed assets	34,136	48,537
Financial fixed assets	<u>460,250</u>	<u>460,250</u>
	494,386	508,787
Receivables, prepayments and accrued income	2,092,238	578,950
Stocks and shares	98	100
Cash and bank balances	<u>6,711,401</u>	<u>9,576,139</u>
	8,803,737	10,155,189
<b>Total assets</b>	<b><u>9,298,123</u></b>	<b><u>10,663,976</u></b>
<b>LIABILITIES</b>		
<b>Reserves and funds</b>		
Reserves		
• Continuity reserve	3,262,269	2,821,160
• Reserves for financing operational assets	34,136	48,537
• Reserves for financing assets to meet our objectives	<u>460,250</u>	<u>460,250</u>
	3,756,655	3,329,947
Designated funds		
• Designated fund for Haiti	<u>624,204</u>	<u>636,540</u>
	4,380,859	3,966,487
<b>Long-term debts</b>	-	-
<b>Short-term debts</b>	4,917,264	6,697,489
<b>Total liabilities</b>	<b><u>9,298,123</u></b>	<b><u>10,663,976</u></b>

**Statement of income and expenditure for 2015**  
(in euros)

<b>INCOME</b>	<b>Actual 2015</b>	<b>Budget 2015</b>	<b>Actual 2014</b>
Income from own fundraising	7,638,729	3,178,000	4,783,365
Income from third party activities	3,771,575	2,840,000	3,096,578
Government subsidies	9,876,813	9,132,000	12,958,454
Interest and income from investments	315,282	250,000	311,866
<b>Total income</b>	<b>21,602,399</b>	<b>15,400,000</b>	<b>21,150,263</b>
 <b>EXPENDITURE</b>			
<b>Expenditure on achieving our objectives</b>			
Communication and information	628,141	763,000	624,035
Structural aid	19,594,336	14,304,500	19,748,319
	20,222,477	15,067,500	20,372,354
<b>Income generation</b>			
Costs of own fundraising	497,878	489,500	435,772
Costs of third party activities	9,465	20,000	14,285
Costs of obtaining government subsidies	323,367	271,000	238,514
Investment costs	-	-	-
	830,710	780,500	688,571
<b>Management and administration</b>			
Costs of management and administration	134,840	152,000	132,966
<b>Total expenditure</b>	<b>21,188,027</b>	<b>16,000,000</b>	<b>21,193,891</b>
 <b>RESULT</b>	<b>414,372</b>	<b>-600,000</b>	<b>-43,628</b>
 <b>Allocation of surpluses</b>			
Continuity reserve	441,109	-	93,440
Reserves for financing operational assets	-14,401	-	-22,344
Reserves for financing assets to meet our objectives	-	-	-102,618
Designated fund for Haiti	-12,336	-	-12,106
 <b>Result</b>	<b>414,372</b>	<b>-</b>	<b>-43,628</b>

## Cash flow statement for 2015

(in euros)

	2015	2014
<b>Cash flow from operational activities</b>		
Surplus from the statement of income and expenditure	414,372	-43,628
Depreciation	31,084	35,227
Changes in working capital:		
• Short-term receivables	-1,513,288	159,885
• Short-term debts	-1,780,225	1,351,599
	-2,848,057	1,503,083
<b>Cash flow from investment activities</b>		
(des) investments in tangible fixed assets	-16,683	-12,883
Changes in financial fixed assets	-	102,618
Changes in stocks and shares	2	598,620
	-16,681	688,355
<b>Cash flow from financing activities</b>		
Changes in long-term debts	-	-
Changes in cash and bank balances	-2,864,738	2,191,438
<b>Cash and bank balances</b>		
Balance on 1 January	9,576,139	7,384,701
Balance on 31 December	6,711,401	9,576,139
Changes in cash and bank balances	-2,864,738	2,191,438

The cash flow statement has been drawn up using the indirect method. The cash and bank balances at the end of 2015 were € 2.9 million less than at the end of 2014. The cash flow from operational activities of € 2.8 million is mainly caused by higher short-term receivables in 2015 for the end term of our *farmer support programme* subsidy (of € 1.4 million) and less funding received in advance for the year to come (for the same *farmer support programme* subsidy in 2014 € 1.2 million).

## **General notes to the accounts**

### **Guidelines for annual reporting**

The annual accounts have been drawn up in accordance with the Guideline for Fundraising Institutions (Richtlijn Fondsenwervende instellingen: Richtlijn 650), which is part of the accounting standards produced by the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving).

### **Foreign currencies**

Assets and liabilities in foreign currency have been converted at the exchange rates on the balance sheet date. Items in the statement of income and expenditure have been converted to euros using the exchange rate at the time of the transaction.

## **Accounting principles of valuation and determination of the result**

### **Tangible fixed assets**

The operating assets are valued at purchase price minus annual straight-line depreciation based on the expected useful economic life. Purchases made in the reporting year are depreciated from the date of purchase.

### **Financial fixed assets**

Advance payments and loans are valued at their nominal value, taking into account any risk that they may not be collectible. Participations that do not enable Solidaridad to exercise a significant influence on commercial and financial policies are valued at purchase price after deducting exceptional depreciations where applicable.

### **Receivables**

After initial recognition the receivables are measured at amortised costs on the basis of the effective interest method. Gains and losses are recognised in the income statement through the amortisation process. Receivables are valued taking into account any risk that they may not be collectable.

### **Stocks and shares**

Investments listed on the stock exchange and other investments are valued at their market value. Realized and unrealized price gains and losses are entered into the statement of income and expenditure.

### **Other assets and liabilities**

All other items in the balance sheet are, after initial recognition, measured at amortised costs on the basis of the effective interest method. Gains and losses are recognised in the income statement through the amortisation process.

### **Income and expenditure**

Income is accounted for in the year to which it relates. Expenditure is determined with due regard to the accounting policies for valuation as described above and is allocated to the accounting year to which it relates. Losses are accounted for in the year in which they can be anticipated. Income from inheritances is accounted for in the first year in which the size of the inheritance can be reliably established.

### **Taxation**

The annual accounts have been prepared under the assumption that the activities of Solidaridad are exempt from corporate income tax.

## Specific notes to the accounts

### ASSETS

#### Tangible fixed assets

A summary of the movements in tangible fixed assets is given below.

	Furniture	Computers	Total
<b>As at 1 January 2015</b>			
Cost	82,277	68,578	150,855
Depreciation	70,703	31,615	102,318
Book value as at 1 January 2015	11,574	36,963	48,537
<b>Changes in book value</b>			
Additions	8,010	9,410	17,420
Disposal (costs)	-22,481	-1,106	-23,587
Disposal (depreciation)	22,481	369	22,850
Depreciation	-5,069	-26,015	-31,084
Movement	2,941	-17,342	-14,401
<b>As at 31 December 2015</b>			
Cost	67,806	76,882	144,688
Depreciation	53,291	57,261	110,552
As at 31 December 2015	14,515	19,621	34,136

The tangible fixed assets have been retained for our operations. The expected useful economic life for furniture is five year, there for the depreciation is 20% per year. For computers the depreciation is 33 1/3% per year (expected useful life of three years).

#### Financial fixed assets

	2015	2014
Participation AgroFair Europe B.V.	460,250	460,250
Loans and participation Kuyichi International B.V.	-	0
	460,250	460,250

The financial fixed assets have been retained for meeting our objectives.

#### *Investment in AgroFair Europe B.V., the Netherlands*

AgroFair Europe B.V. aims to import and sell tropical fruits that meet social and environmental requirements. In 2015, as in 2014, our interest is 8.75% of the issued share capital. The valuation of the investment is based on the acquisition price. There have been no changes in 2015. For the total value of the investment, a reserved fund has been set up, because the funds are not to be spent freely by Solidaridad.

#### *Investment in Kuyichi International B.V., the Netherlands*

Kuyichi aimed to import, export and distribute textile products, cosmetics, leather goods and jewellery that meet social and environmental requirements. Kuyichi International B.V. has been declared bankrupt on 9 December, 2015. In 2015, as in 2014, our shareholder position was 1.46% of the issued share capital. Solidaridad is not liable for Kuyichi International B.V.'s negative capital, which is why the investment in 2014 was valued at nil. Because repayment of the in 2013 granted loan was uncertain, the valuation in 2104 was at nil.

## Receivables

	2015	2014
Final payment of grants and subsidies	1,824,745	410,498
Interest	113,682	161,722
Prepaid expenses	132,438	3,977
Other receivables	21,373	2,753
	<u>2,092,238</u>	<u>578,950</u>

All receivables are due within one year.

## Stocks and shares

### Participations

Most of the Oikocredit participations has been sold during 2014. The remaining participations Oikocredit are valued at market value on July 1, 2015, because the data for the end of 2015 were not yet available when preparing these financial statements.

## Cash and bank balances

	2015	2014
Cash	431	423
Bank accounts	827,468	80,677
Savings accounts	1,068,502	3,180,039
Deposits	4,815,000	6,315,000
	<u>6,711,401</u>	<u>9,576,139</u>

For an amount of € 44,700, a bank guarantee has been given in favour of the lease of the office building and therefore this amount can not be freely available. All other checking and savings accounts are freely at Solidaridad's disposal. The breakdown of the various deposits is as follows:

### ASN Bank deposit number 1:

The deposit for an amount of € 565,000 has a term of seven years, ending on June 22, 2017. The interest rate is 3.25%.

### ASN Bank deposit number 2:

The deposit for an amount of € 250,000 has a term of ten years, ending on June 22, 2020. The interest rate is 3.75%.

### Triodos Bank deposit number 1:

The deposit for an amount of € 1,000,000 has a term of ten years, ending on April 14, 2020. The interest rate is 4%.

### Triodos Bank deposit number 2:

The deposit for an amount of € 500,000 has a term of five years, ending on April 5, 2017. The interest rate is 2.75%.

### Triodos Bank deposit number 3:

The deposit for an amount of € 500,000 has a term of ten years, ending on May 1, 2022. The interest rate is 3.5%.

### Triodos Bank deposit number 4:

The deposit for an amount of € 500,000 has a term of nine years, ending on May 1, 2021. The interest rate is 3.4%.

Triodos Bank deposit number 5:

The deposit for an amount of € 500,000 has a term of five years, ending on May 1, 2017. The interest rate is 2.5%.

Triodos Bank deposit number 6:

The deposit for an amount of € 500,000 has a term of seven years, ending on May 1, 2019. The interest rate is 3.0%.

Triodos Bank deposit number 7:

The deposit for an amount of € 500,000 has a term of five years, ending on December 14, 2017. The interest rate is 1.9%.

## LIABILITIES

### Reserves

By designating funds as reserves, the Supervisory Board indicates how they intend to employ the resources available to them. Solidaridad has designated a continuity reserve, a reserve for financing operational assets and a reserve for financing assets to meet our objectives.

#### *Continuity reserve*

The movement in the continuity reserve can be specified as follows:

	2015	2014
As at 1 January	2,821,160	2,727,720
Appropriation of the result	441,109	93,440
As at 31 December	3,262,269	2,821,160

The continuity reserve is intended to cover short-term risks and to ensure that Solidaridad can continue to meet its moral and other obligations. Solidaridad bases itself on the concept of sustainable relationships with its partners and with its staff. The size of the continuity reserve is determined as a trade-off between the desirability of deploying as much as possible of our resources for our objectives and the need to maintain a healthy financial basis for the future. We are guided in this decision by the Guidelines Financial Management for Charity Organizations prepared by the Dutch Association of Fundraising Organizations (Goede Doelen Nederland). The Guidelines state that:

- a reservation of resources is desirable for the continuity of the support given to the charity's goals;
- the continuity reserve should be no more than 1.5 times the annual costs of maintaining the operational structure.

The costs for maintaining Solidaridad's operational structure in 2015 were € 3,203,073 (2014: € 3,060,637). At the end of 2015, the continuity reserve amounted to € 3,262,269, i.e. 1.0 times the annual costs of maintaining the operational structure (in 2014: 0.9).

#### *Reserves for financing operational assets*

The reserves for financing operational assets are kept for the funds used to the benefit of the tangible operational assets and is valued against the book value of these assets. The movements in the reserves for financing operational assets is as follows.

	2015	2014
As at 1 January	48,537	70,881
Appropriation of the result	-14,401	-22,344
As at 31 December	34,136	48,537

#### *Reserves for financing assets to meet our objectives*

The reserves for financing assets to meet our objectives are kept for the means used for the benefit of the financial fixed assets for the objectives and is valued at the book value of these assets. The movements in the reserves for financing assets to meet our objectives are as follows.



	2015	2014
As at 1 January	460,250	562,868
Appropriation of the result	-	-102,618
As at 31 December	460,250	460,250

### Designated funds

Compared to the reserves, funds differ in the sense that not Solidaridad's Supervisory Board, but a third party designates the funds. Within Solidaridad, that applies to the designated fund for Haiti.

#### Designated fund for Haiti

The designated fund for Haiti has been created by a donation from COHAN Foundation in December 2008. The allocation of these funds is limited to spending within the framework of sustainable economic development in Haiti. The designated fund may be phased out within 10 years. The movements in the designated fund Haiti is as follows.

	2015	2014
As at 1 January	636,540	648,646
Appropriation of the result		
Project expenses Haiti	-22,000	-22,000
Administration fee	-2,200	-2,200
Received interest	11,864	12,094
Total movement	-12,336	-12,106
As at 31 December	624,204	636,540

### Short-term debts

	2015	2014
Final payments project partners	1,457,363	1,296,170
Accrued expenses	85,374	39,530
Accrued personnel expenses	221,432	218,362
Grants received for coming years	2,987,534	4,993,955
Creditors	17,315	12,392
Social securities	30,961	30,986
Wage tax	117,285	106,094
	4,917,264	6,697,489

### Contingent liabilities

#### Rent contract

The office building on the 't Goylaan 15 in Utrecht is rented as from April 2007. In 2011 the agreement has been extended by five years until April 2017. The rent costs are indexed annually based on the consumer price index. The annual rent obligation is approximately € 186,100. The bank guarantee issued in respect of this rent is € 44,700.

#### Lease contracts

The 2014 contract includes two multifunctional printer-copiers and one printer. Year-end 2015, the contract has a remaining duration of 48 months. The annual obligation resulting from this is in total approximately € 20,250.

### Project Partners

Solidaridad has the following contingent, not legally commendable, commitments to project partners for support in the coming years. All mentioned commitments are financed by agreed donor grants for the coming years.

	2015	2014
Agreed projects next year	33,701	301,022
Agreed projects after next year	237,100	9,000
	<u>270,801</u>	<u>310,022</u>

### Solidaridad Network

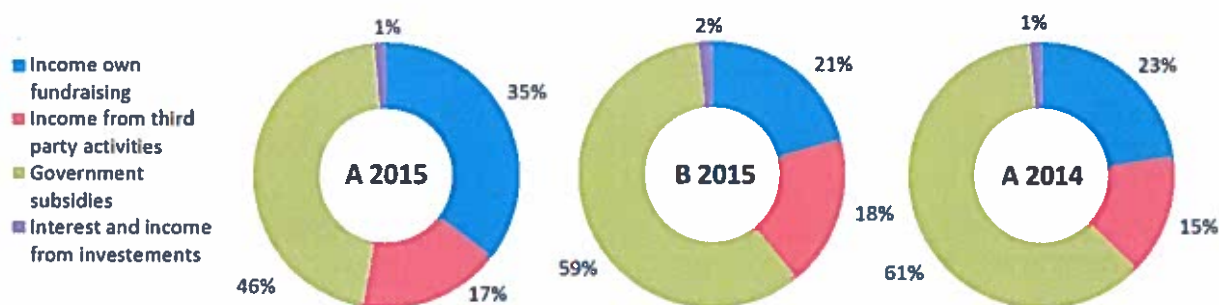
Solidaridad the Netherlands has the following contingent, not legally commendable, commitments to other Solidaridad offices within the network for support in the coming years. All mentioned commitments are financed by agreed donor grants for the coming years.

	2015	2014
Agreed projects next year	755,433	8,484,269
Agreed projects after next year	8,478,500	758,819
	<u>9,233,933</u>	<u>9,243,088</u>

## INCOME

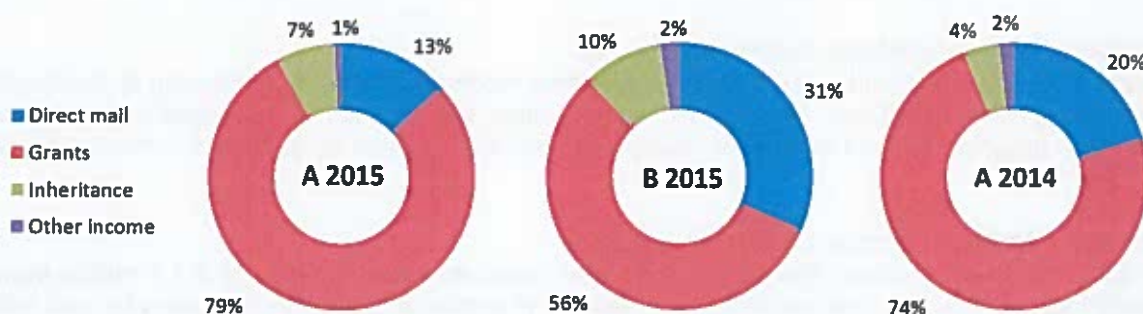
### Total income

	Actual 2015	Budget 2015	Actual 2014
Income from own fundraising	7,638,729	3,178,000	4,783,365
Income from third party activities	3,771,575	2,840,000	3,096,578
Government subsidies	9,876,813	9,132,000	12,958,454
Interest and income from investments	315,282	250,000	311,866
Total income	<u>21,602,399</u>	<u>15,400,000</u>	<u>21,150,263</u>



## Income from own fundraising

	Actual 2015	Budget 2015	Actual 2014
Direct mail	1,003,062	1,000,000	965,043
Grants companies and organizations	6,018,507	1,789,000	3,519,339
Inheritances	549,661	314,000	211,716
Other income from own fundraising	67,499	75,000	87,267
	<b>7,638,729</b>	<b>3,178,000</b>	<b>4,783,365</b>



### Fundraising from private donors

The goal of our fundraising is to obtain financial resources for Solidaridad's work, in an efficient way, from a growing group of private donors in the Netherlands. Integrated multi-media PR campaigns, intended not only for fundraising but also for market development and public education, produce the best results. They contribute to awareness among donors, the business community and consumers regarding the origin of our products and how they are produced, and they publicize the work Solidaridad does with its partners.

#### Direct Mail

Sending a letter with a payment slip is still the most efficient way for Solidaridad to obtain donations. More donors are now using online banking to contribute, but the payment slip is still required, to remind them to do so. In 2015, Solidaridad sent out six direct mails. While in recent years, many development organizations have struggled to keep their income from private donors at the same level due to more difficult economic conditions, the income of Solidaridad has a positive upward trend in 2015.

#### Grants companies and organizations

In 2015, substantially more was received in donations from companies and organizations than in 2014, and more than was budgeted. These are mainly donations from companies and organizations that support the development of sustainable chains of production. In 2015 Solidaridad was granted a USD 15 million grant for 2015 - 2020, of which € 3.1 million has been reported in 2015.

#### Inheritances

Solidaridad receives regular inheritances and bequests (partly) consist of houses and / or investments. In 2015, substantially more was received than in 2014 and more than was budgeted.

#### Other income from own fundraising

Since 2010 the income of the offertory schedules in churches is declining. In 2015 the revenues have fallen a little more than was anticipated in the budget.

### Income from third parties activities

The breakdown is as follows:

	Actual 2015	Budget 2015	Actual 2014
The Dutch National Postcode Lottery - contribution	1,350,000	1,350,000	1,350,000
The Dutch National Postcode Lottery - programmes	2,091,401	1,240,000	1,350,515
Regional Solidaridad centers worldwide	330,174	250,000	396,063
	<u>3,771,575</u>	<u>2,840,000</u>	<u>3,096,578</u>

#### *The Dutch National Postcode Lottery - contribution*

Since 2009, the Dutch National Postcode Lottery has made an important contribution to Solidaridad's work every year. The Dutch National Postcode Lottery also mentions Solidaridad's projects in its television programmes and in national newspapers. In 2015, as well as in 2014, Solidaridad received € 1,350,000.

#### *The Dutch National Postcode Lottery - programmes*

In 2012 the Dutch National Postcode Lottery also made an extra donation of € 1.7 million from its lottery income, enabling Solidaridad with a three-year programme to expand its support for gold miners in Latin America to include miners in Ghana. In 2014 the Dutch National Postcode Lottery also made an extra donation of € 3.0 million from its lottery income, enabling Solidaridad to expand its support for sugar cane growers, a three-year programme as well. In 2015 Solidaridad spent more than budgeted on the sugar programme, the remaining amount of the fund will be spend in the coming years of the programme in 2016 and 2017.

#### *Regional Solidaridad centers worldwide*

Solidaridad in the Netherlands receives contributions of other Solidaridad offices worldwide to achieve joint goals. The priorities are market development and market linkage.

### Government subsidies

Government subsidies include all the project grants from various government agencies. The breakdown can be specified as follows:

	Actual 2015	Budget 2015	Actual 2014
Sustainable Trade Initiative (IDH)	113,220	98,500	394,068
Irish Aid (IA)	-	-	582,000
Ministry of Foreign Affairs, Global Producer Support Initiative (FSP)	6,901,085	6,665,000	9,862,237
NORAD	1,508,947	1,761,500	1,781,437
European Union	66,291	-	80,922
Netherlands Enterprise Agency (RVO.nl)	194,591	-	89,698
Ministry of Economic Affairs	119,569	-	-
Dutch Embassy	794,144	491,500	-
Swiss government	124,540	104,500	156,852
Others	54,426	11,000	11,240
	<u>9,876,813</u>	<u>9,132,000</u>	<u>12,958,454</u>

The Netherlands Enterprise Agency (RVO.nl) approved subsidies for food security, aquaculture and sugar cane programmes. The Ministry of Economic Affairs approved new subsidies for the textiles and aquaculture programmes. The grant from the Dutch Embassy has been postponed from 2014 to 2015, as the EU grant did.

## Interest and income from investments

The breakdown of interest and income from investments is as follows:

	Actual 2015	Budget 2015	Actual 2014
Income from investments	131,250	-	65,625
Dividend and interest	184,032	250,000	232,931
(Un)realized price gains and losses	-	-	13,310
	<u>315,282</u>	<u>250,000</u>	<u>311,866</u>

### Income from investments

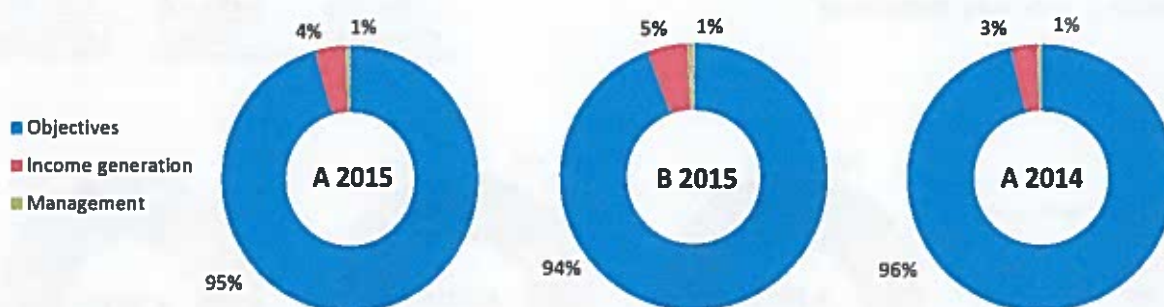
This contains the received dividend from AgroFair Europe B.V..

### (Un)realized price gains and losses

The price gain of selling the ASN participations in 2014 is a realized price gain.

## EXPENDITURES

Total expenditures	Actual 2015	Budget 2015	Actual 2014
Expenditures on objectives	20,222,477	15,067,500	20,372,354
Costs of income generation	830,710	780,500	688,571
Management and administration	134,840	152,000	132,966
	<u>21,188,027</u>	<u>16,000,000</u>	<u>21,193,891</u>



## Expenditure on achieving our objective: communication and information

	Actual 2015	Budget 2015	Actual 2014
Own activities	348,827	474,000	378,108
Operating costs	279,314	289,000	245,927
	<u>628,141</u>	<u>763,000</u>	<u>624,035</u>

## Own activities

	Actual 2015	Budget 2015	Actual 2014
Annual report and website	45,510	44,000	41,015
PR and market development	101,482	100,000	82,874
Campaigns	201,835	330,000	254,219
	<b>348,827</b>	<b>474,000</b>	<b>378,108</b>

## Solidaridad reaches a broader public

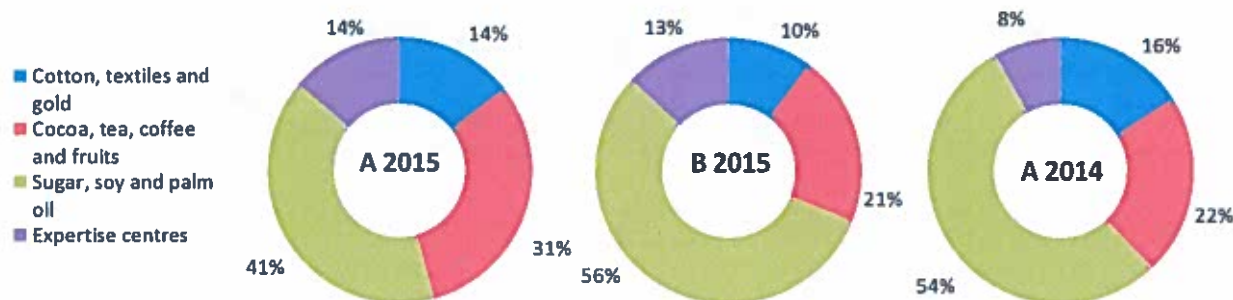
Solidaridad conducts campaigns and communicates in a wider sense about sustainable economic development, in order to stimulate companies to act, to influence the public agenda and to win support from private donors.

## Operating costs

For notes to the operating costs please see "Specification and breakdown of costs by categories".

## Expenditure on achieving our objective: structural aid

	Actual 2015	Budget 2015	Actual 2014
Cotton, textiles and gold	2,501,974	1,218,000	2,781,123
Cocoa, tea, coffee and fruits	5,385,919	2,470,000	3,864,179
Sugar, soy, palm oil, livestock and aquaculture	7,016,681	6,624,000	9,443,134
Expertise centres	2,383,824	1,534,000	1,431,966
Total project costs	17,288,398	11,846,000	17,520,402
Operating costs in the Netherlands	2,305,938	2,458,500	2,227,917
	<b>19,594,336</b>	<b>14,304,500</b>	<b>19,748,319</b>



## Operating costs

For notes to the operating costs please see "Specification and breakdown of costs by categories".

## Costs income generation

### Costs of own fundraising

	Actual 2015	Budget 2015	Actual 2014
Direct mail administration	25,050	30,000	61,638
Partnerships VFI and CBF	21,675	20,000	19,981
Fundraising campaigns	241,058	220,000	153,125
Operating costs	210,095	219,500	201,028
	<u>497,878</u>	<u>489,500</u>	<u>435,772</u>
<i>Costs as a percentage of income of own fundraising</i>	<u>6.5%</u>	<u>15.4%</u>	<u>9.1%</u>

Solidaridad aims for a (reasonably) stable proportion of between ten and fifteen per cent, unless it can be demonstrated that an investment in fundraising will generate sufficient additional income in the future. Because of exceptional high income of own fundraising the percentage is lower than budgeted and than in 2014. For notes to the operating costs please see "Specification and breakdown of costs by categories".

### Costs of third party activities

This contains only operating costs. For notes to the operating costs please see "Specification and breakdown of costs by categories".

### Costs of obtaining government subsidies

	Actual 2015	Budget 2015	Actual 2014
Own activities	59,946	-	-
Operating costs	263,421	271,000	238,514
	<u>323,367</u>	<u>271,000</u>	<u>238,514</u>

For notes to the operating costs please see "Specification and breakdown of costs by categories".

### Management and administration

This contains only operating costs. As in 2014, the management and administration costs include the following personnel costs: director, 0.2 FTE; secretariat, 0.25 FTE; controller, 0.33 FTE (including the personnel department); administrator 0.4 FTE; and the planning, monitoring, evaluation officer, 0.1 FTE. Solidaridad strives to achieve the lowest possible percentage of management and administrative costs without endangering the quality of its operations. A percentage of between one and two per cent of total costs is considered to be a healthy proportion.



## Specification and breakdown of costs by categories

The table below shows the level and composition of the costs.

Expenditure	Objectives		Income generation			Management and administration	Total 2015	Budget 2015	Total 2014
	Structural aid	Communication and information	Fundraising	third-party activities	Subsidies	Investments			
Contribution to projects	17,288,398	-	-	-	-	-	17,288,398	11,846,000	17,520,402
Communication		348,827	287,783	-	59,946	-	696,556	744,000	612,852
Personnel	1,884,882	228,313	171,732	7,736	215,322	-	2,618,204	2,755,000	2,468,340
Travel and accommodation	145,938	17,677	13,296	600	16,671	-	202,716	210,000	246,733
Premises	109,474	13,260	9,974	449	12,506	-	152,065	206,000	177,140
Office/general	143,266	17,353	13,054	588	16,366	-	199,004	200,000	133,197
Depreciation	22,378	2,711	2,039	92	2,556	-	31,084	39,000	35,227
	19,594,336	628,141	497,878	9,465	323,367	-	21,188,027	16,000,000	21,193,891

## Explanation of cost allocation

Operating costs are allocated to the various cost categories. The calculation method for 2015 is the same as the one used in 2014. The job descriptions for each member of staff are used to determine which parts of their work relate to the various categories. The general overhead is then allocated using the same percentage distribution as for the staff costs.

## Personnel

	Actual 2015	Budget 2015	Actual 2014
Gross salaries	2,053,316	2,027,000	1,931,318
Social premiums	286,762	320,000	282,866
Pension expenses	170,454	260,000	172,487
Other personnel expenses	107,672	148,000	81,669
	<u>2,618,204</u>	<u>2,755,000</u>	<u>2,468,340</u>

Training budget is included in other personnel expenses. For training € 21,500 has been spent in 2015 (2014: € 20,000).

### Number of staff members

During the 2015 year, the average number of staff members employed by Solidaridad, expressed as full-time equivalents (FTEs), was 31.0 (2014: 31.5).

### Remuneration of the Director

The Supervisory Board updates policy on salaries from time to time, the latest performance appraisal took place in December 2014. The Guidelines for the Remuneration of Directors in Philanthropic Organisations (Adviesregeling Beloning Directeuren van Goede Doelen) were taken as guidelines in the evaluation. The latter proposes a maximum norm for annual incomes, based on certain criteria. The Supervisory Board found that the Director's position had a Basic Score for management positions (BSD) score of 430 points, for which the full-time maximum annual income is € 109,550.

Saskia Jongma left the organization by the end of July 2015, so the BSD maximum for 7 month is € 63,904. The actual annual income of the Managing Director for 2015 was € 63,025. The level and composition of this salary is explained below. From May 2015 Nico Roozen was statutory director ad interim. Saskia Jongma was employed by Solidaridad and Nico Roozen has been appointed as fulltime Executive Director of Foundation Solidaridad Network.

### Remuneration of the Director:

	2015 May- December	2015 January- July
Employment contract	none	Indefinite period
Hours		36
Percentage of full time		100
Remuneration (in euros)		
Gross salary	-	51,719
End of year bonus	-	4,292
Holiday pay paid in 2015	-	7,014
Total	-	<u>63,025</u>

Solidaridad provided no loans, advances or guarantees to the Managing Director.

As of January 1, 2013 the *Wet Normering bezoldiging topfunctionarissen publieke en semipublieke sector*, or WNT (law salary senior executives of public and semi-public sector) has been operative. This composition below has been prepared based on the applicable regulations.

Remuneration of the Director:	2015 May- December	2015 January- July
WNT maximum for development sector € 163,000 per year		95,000 for 7 months
Remuneration paid in 2015	-	63,025
Taxable benefits (expenses)	-	-
Employers pension contribution	-	7,590
Total	-	70,615
WNT maximum for employment termination benefits	-	75,000
Employment termination benefits	-	60,000

#### *Remuneration of the Supervisory Board*

In accordance with Solidaridad's statutes, the members of the Supervisory Boards of Solidaridad receive no remuneration of any kind.

#### *Pension*

Solidaridad has a service agreement with Interpolis for a indexed average pay pension for its employees. Paid and to be paid premiums during 2015 has been charged to the profit and loss account of 2015. All premiums have been paid in time, to prevent the risk of additional responsibilities in case of the pension agreement.

## Other information

### **Appropriation of result**

In anticipation of the coming Continental Supervisory Board's adoption of the financial statements 2015, the appropriation of the result in this annual report is as follows:

	2015
<i>Changes in:</i>	
Continuity reserve	441,109
Reserve for financing operational assets	-14,401
Reserve for financing assets to meet our objectives	-
Designated fund for Haiti	-12,336
	414,372

### **Signing**

The Managing Director of Solidaridad in 2015 approved this Annual Financial Report by signing it on 26 January 2016.

w.s. Nico Roozen

The Continental Supervisory Board adopted this Annual Financial Report by signing it on 2 February 2016.

w.s. Ton Geurts (chair)

w.s. Gerrit Meester

w.s. Carlos Alva Nieto

w.s. Theo Jan Simons

w.s. Ann-Françoise Versele

## INDEPENDENT AUDITOR'S REPORT

To: the Supervisory Board of Stichting Solidaridad Nederland

We have audited the accompanying financial statements 2015 of Stichting Solidaridad Nederland, Utrecht, which comprise the balance sheet as at 31 December 2015, the statement of income and expenses for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

### *Management's responsibility*

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with the Guidelines for annual reporting of the Dutch Accounting Standards Board, especially Guideline 650 "Fundraising Institutions". Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Solidaridad Nederland, Utrecht, as at 31 December 2015 and of its result for the year then ended in accordance with the Guidelines for annual reporting of the Dutch Accounting Standards Board, especially Guideline 650 "Fundraising Institutions".

Amsterdam, 26 January 2016

Dubois & Co. Registeraccountants

Signed on original:  
A.P Buteijn RA

