

Financial Report 2020

(Including Annual Accounts)

Stichting IRC, International Water and Sanitation Centre

Bezuidenhoutseweg 2

2594 AV The Hague

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Board report

Corporate Information

Legal form:	Foundation
Corporate name:	Stichting IRC, International Water and Sanitation Centre
Statutory seat:	The Hague, The Netherlands
Chamber of Commerce registration nr:	41151952
CEO:	1 January – 31 December 2020, Moriarty, Patrick Barré

Dates of (re)nomination of the Supervisory Board members:

	Accession or Reappointment in	Resignation, resp reappointment in
Mr. R. Bos (Chairman)	2013, 2017	2023 *
Mr. H. den Boer (Treasurer)	2014, 2018	2022
Ms. M. Metha	2014, 2018	2022
Mr. E. Wegelin	2016, 2020	2024
Mr. L. Boorstin	2017	2021
Ms. C. Brocklehurst	2017	2021

* *Mr. Robert Bos took a sabbatical of 1.5 years. As a consequence, he will resign later than originally planned*

Report of the Supervisory Board

“In a world in confusion over COVID-19 it will be clear to everyone that the importance of WASH will increasingly come to the foreground.” With this observation we started the 2019 report of the IRC Supervisory Board.

We could not foresee that 2020 would become such an extra-ordinary year and what the implications of the pandemic would be for IRC, for WASH and WASH systems, and for sustainable development at large.

It proved fortunate that, in preceding years, IRC developed the infrastructure and capacity for video-conferencing and virtual meetings. Together with the existing agreement with the CEO for him to work partly from his home in the UK, this allowed for a practically seamless transition to office-less operations. Strong capacities at the country offices allowed for the visibility of operations in Burkina Faso, Ethiopia, Ghana, Honduras, India and Uganda to remain high and to respond meaningfully to national COVID-19 measures. The Supervisory Board discussed with Management the possible scenario's and the Supervisory Board was regularly informed about the challenges faced and the results of the measures that were taken. The Supervisory Board and Management agreed upon the chosen scenario.

Perhaps even more than before, our team members in the different countries are the ambassadors for the important messages of safe and clean drinking water, adequate and dignified sanitation and household hygiene for the health of everyone.

In the opinion of the IRC Supervisory Board and the Management the development of a strategic alliance with a compatible organization with complementary capacities and functions will enhance the contributions to WASH needed to achieve the targets of Sustainable Development Goal 6. It will also demonstrate that the fragmentation of WASH can be overcome effectively.

IRC has, therefore, started talks with Denver, Colorado-based *Water For People* to see whether it is possible to establish such an alliance. This process is well underway and will continue the coming time.

The Supervisory Board met twice in 2020: both times virtually in May and in November. The Chair and the Treasurer of the Supervisory Board attended two Audit Committee meetings with the CEO, CFO and the auditors in preparation for the Supervisory Board meetings. During those meetings the Audit Report, Annual Statement for the year 2019 and Budget 2020 were discussed. The Supervisory Board approved the Annual Report 2019.

The year 2020 is part of the Strategic Plan period of 2017-2021. The Supervisory Board is happy to note that despite the difficult year it was again possible to strengthen the reserves of the Foundation.

Discussions of the Supervisory Board with the Works Council continue in good spirits and have been productive. Plans for Organization-wide staff representation are well underway. The Supervisory Board is grateful for the open discussions with IRC staff and management. We are confident that, as the pandemic goes through its cyclical motions, IRC remains in a position to continue its leading role in the efforts to provide access to safe drinking water and adequate sanitation to everyone.

Robert Bos
Chair

Director's Statement

At IRC, we want every person in the world to enjoy their human right to safe water, sanitation and hygiene, now and forever.

Our mission is to work with people in the poorest communities in the world, with local and national governments, with non-governmental organisations and with the private sector, to develop Water, Sanitation and Hygiene services that last not for years, but forever. We identify the barriers to making this happen and we tackle them. We help people to make the change from short-term interventions to long-term services that will transform their lives and their futures.

IRC is a foundation (Stichting) registered in the Netherlands and operating under Dutch law. As well as an office in The Hague, we have registered branch offices in Burkina Faso, Ethiopia, Ghana and Uganda. In addition, we are present (including full time staff) and undertake activities in five additional 'focus countries': Bangladesh, India, Honduras, Mali and Niger.

IRC's formal governance is assured through a Supervisory Board (Raad van Toezicht) with up to seven members, and a Board of Directors (Raad van Bestuur) with one member: the IRC CEO (Directeur). In addition to this, IRC has a Work's Council (Ondernemingsraad) that represents those staff contracted through its office in the Netherlands. Practical management is undertaken by 10 department managers (including four Country Directors of decentralised national offices) – who meet together as a Management Team. The Management Team's mandate is to provide strategic advice to the CEO. In addition, operational decisions that affect the entire organisation are taken by an Executive Team consisting of the CEO, CFO and Manager of the Strategic Partnerships Department.

As a unique think-and-do tank, our business model is based around two pillars:

- *mission-driven* support to partner districts in focus countries, coupled with knowledge sharing, capacity building and influencing at national level and globally; and,
- *market-responsive* not-for-profit professional services provided to a wide range of clients within and beyond our focus countries.

Our business model proved resilient in the face of COVID-19, allowing us to pivot from planned activities (where these were not possible due to COVID-19 related restrictions) and identify new work and opportunities. This meant that despite revenue that was 15% below plan, we returned an on-target Annual Result.

At the same time, failure to renew a major activity (Watershed) with our key funder DGIS meant that we acquired only €5 million of new work in total during the year. Our business model is premised on the ability to raise upwards of €12 million in new business every year, and as such this was a disappointment. This impact will be particularly felt in our mission-driven work (our support to civil-society) and has resulted in a reduced level of budget ambition for 2021 and 2022 (to €10 million/year). We are confident that fundraising in 2021 will return to trend.

By the end of 2020, IRC employed 94 staff, of which 59 (63%) were in our country offices and 35 (37%) through our office in the Hague. IRC's medium-term objective, in line with our decentralisation strategy, is to continue to grow the proportion of staff recruited nationally to at least 75% of our total workforce. In addition to our own employees, IRC hosted 8 staff for various sector alliances, provided placements for 3 interns and worked with 27 associates.

The *Black Lives Matter* campaign that swept the globe in mid-2020 and the related attention it has given to long-held assumptions about power and agency in development cooperation, has given renewed impetus to our process of gradual decentralisation. In 2021, we will give attention to ensuring shared voice between North and South in setting IRC's strategy and priorities.

2020 was an exceptional year, for IRC as for many other organisations in the world. Starting in March, staff across the organisation were forced to work remotely for varying lengths of time. Those based out of the Netherlands for most of the year, those in national offices typically for several months followed by greater or lesser degrees of restriction on field activities. IRC's tradition of supporting flexible working, together with our 2019 investment in implementing MS O365 Teams across the organisation, allowed teams to maintain effective working relations despite almost no international travel.

COVID-19 provided water, sanitation and especially hygiene with a visibility and prominence they have struggled for years to attain, and our investment in partner districts and deeply embedded teams allowed us to pivot our programming rapidly to support district partners in their reaction to the pandemic. This has led, most notably, to greatly strengthened relations with the local and national department of health. In 2021, the focus will need to be on building back stronger. Maintaining the enhanced profile for water, sanitation and hygiene, and helping our district, national and international partners to ensure that this results in increased finance and political support for systems strengthening and service delivery.

In early 2020, IRC and long-term ally Water for People announced our intention to explore a strategic partnership. This work progressed during the year, with the development of an ambitious new shared strategy (*Destination 2030*) that clearly sets out our intended contribution to the sustainable development goals for water, sanitation and hygiene; in the districts and countries where we work, and beyond. The Supervisory Boards of both organisations agreed to *Destination 2030* in October 2020, as well as to further exploring the creation of a new, shared, federated organisation. Bringing our two organisations together will result in a larger, more diverse and diversified organisation with a combined staff of more than 300 people, operating across 15 countries on three continents.

It will be important for IRC to achieve or exceed a global fundraising goal of at least €10 million during 2021. This includes an anticipated renewal of one major grant that expires at the end of 2021. Despite the perturbations to the

global market for development aid caused by COVID-19, we remain reasonably confident and maintain a moderate risk appetite. This confidence is based in part on the greater prominence given by the COVID-19 pandemic to water, sanitation and hygiene, as key public health interventions, as well as positive signals from key funders. We are further confident that IRC is well-positioned in the sector and market, for it to acquire the usual €10 million during 2021. We assume the financial years of 2021 and 2022 will not see significant positive business result, and minor negative results are acceptable. At the same time, we have also taken precautions against future turbulence in the form of additional provisions against possible costs of non-renewal of some contracts based in the Netherlands.

Exploring a Strategic Partnership with WFP during a period of global turbulence and insecurity is not without any risks, because it may influence – both positively and negatively – motivation of staff, donor and partner relations, and general reputation. The organisations developed their vision and strategy documents together, with a high degree of staff participation and open communication. A roadmap was developed to guide the exploration and to bring the parties gradually closer together. To inform decision making, a brand perception study is planned for and main partners are being consulted. A Joint Venture may be launched in 2021-2022 to further formalize the partnership and explore practical ways of future collaboration.

A start was made in December with the implementation of a cloud-based Exact Enterprise Resources Planning (ERP) system with modules for Finance, Project Management, HR and CRM. The ERP system will integrate and further professionalize the (decentralized) management of resources, as such supporting (semi-) independent business units and an internal market while preparing solid foundations for future independence and federalization of business units. Because all IRC offices will use the same cloud-based system, the constraints deriving from Excel interfaces will disappear and reporting will become much more (time-) efficient. The ERP system will integrate a number of workflows and internal control measures – from approval of purchase orders to contract signing and leave requests. The assumption is that the ERP system will be 'going live' on July 1st 2021, after a period of thorough testing in order to minimize business disruption.

The make up of IRC's project portfolio is changing, following the non-renewal of Watershed and the increasing portion of funding originating from the US and UN organisations. A compliance risk assessment will take place during 2021, looking into the consequences of change on for instance the tariff calculations and VAT issues.

A broader and less clearly defined risk is the impact on our staff and programmes of the prolonged lack of physical contact between different parts of the business as well as the inability to meet partners, and current and potential funders. With almost no global travel for the last 12 months, it will be imperative to work on maintaining relationships between different teams and individuals. With this in mind, IRC management (while following national rules and good practice) will also actively seek opportunities to bring staff together at the earliest opportunity.

Financial Report

IRC ended 2020 with a total income of €10,723,799 and an Annual Result of €88,770. It was the fourth year of the IRC Strategy 2017-2021 and the sixth consecutive year with a positive Annual Result.

The Annual Plan 2020 included a planned income of €12.7 million and an Annual Result of €90,505. The planned income for 2020 included 22% (2019: 15%) of unsecured funding, an average percentage compared to previous years and considered not unrealistic (albeit ambitious). As a direct consequence of the COVID-19 pandemic new financial scenarios were developed in April 2020 and the expected total income was reduced to €11.5 million – considered to be the most likely scenario. This scenario assumed a potential negative business result of €50,000. The year 2020 ended indeed with a significantly reduced total income, but the eventual Annual Result was conform the original planning.

During 2020, IRC acquired a total of €5 million of new project work, less than half of the acquisition target for the year. €1 million (20%) of the acquired volume was directly related to a COVID-19 response. The largest disappointment was the failure to renew the Strategic Partnership for Watershed with the Dutch Ministry of Foreign Affairs. The direct impact of not renewing IRC's largest project is at least €1 million per year for the coming five years, not taking into account planned budget for Consortium partners. On the other hand, the Osprey Foundation increased its commitment to US\$ 300,000 annually and a number of new donors and clients came on board – among them Sanitation and Water for All (SWA), Unilever and the Church of Jesus Christ of Latter-Day Saints (LDS). When looking at the full 2017-2021 planning period, IRC had secured 93% of its €58 million budget target by the end of 2020.

IRC's total income over the year was €10.72 million – some €2 million below the Annual Plan and €0.75 million lower than the 'COVID-19 scenario' developed in April 2020. With hindsight, the Annual Plan of €12.7 million may have been too ambitious. A little less than one-third of earlier mentioned 22% unsecured funding was acquired during the year, unlike previous years when acquisition during the year was largely in accordance with management estimates. It is assumed that the COVID-19 pandemic had an indirect effect on the donor landscape and direct acquisition. The Burkina Faso country program was furthermore challenged with security constraints and a sudden reduction of operational budgets, together causing the country budget to be some €1.25 million lower than planned.

Contributing 48% of total income, the Dutch Ministry of Foreign Affairs (DGIS) remained IRC's largest donor during 2020. The Conrad N. Hilton Foundation was next at 15%. Portfolios of USAID, European Union, UNICEF and Danida funded work are also significant – with a combined total of 20%. These latter portfolios provide a specific challenge to IRC with regard to its indirect cost recovery strategy, as none permit the use of full cost tariffs (i.e. including an overhead component). In all, a total of 37 donors financed the 110 active projects during 2020.

To achieve its mission and ambition, as well as maintain organizational flexibility, IRC works with partner organizations, associates, and consultants. Of the total income in 2020, 26% went to partner organizations and 12% to associates or consultants. An additional 13% was spent on direct project costs including: travel, meeting venues and equipment. In total, a little more than half of the income of €10.72 million went to third parties. Compared to 2019, amounts spent on direct project costs were reduced; a reduction directly caused by the global travel and meeting restrictions imposed during the COVID-19 pandemic. Part of the budget originally meant for international travel and meeting expenses were translated into time spending budgets during the year, following the implementation of alternative virtual meetings.

On December 31st 2020, IRC employed 94 staff members of which 59 (63%) were located in one of IRC's focus countries. The total number of staff increased by 10 compared to 2019, with the total personnel costs increasing by 4% to €4.24 million. A good part of the increase in number of staff has been due to recognition (and hence inclusion) of all staff positions in-country, including guards and cleaners. These positions have always been part of the personnel costs but were only partially included in the organigram and headcount. The COVID-19 pandemic forced IRC to be conservative in the renewal of definite contracts, especially in the Netherlands. The total personnel costs for 2020 were some €145,000 below budget. In addition to its employees, IRC also hosted 8 staff for the Agenda for Change, SWA, RCN Ghana and Para Todos Por Siempre in Honduras. Furthermore, 27 Associates and 3 interns contributed to IRC's efforts during 2020.

The total amount of personnel-related provision increased from €133,121 to €294,855. This includes a provision for unemployment benefits (as IRC is own-risk bearer), due to a continued conservative approach to contracting in the Netherlands as a direct result of disappointing acquisition figures during 2020. The provision for accrued employee leave rights also increased, following a year with travel and other restrictions that impacted staff's motivation to take leave.

IRC closed the year with a positive Annual Result of €88,770 – in line with the planned business result in the Annual Plan but significantly better than the revised negative result in the most likely COVID-19 scenario of April 2020. Staff accounted for 10,445 billable days, 300 more than planned. This may have been indirectly caused by COVID-19 (less leave days taken and virtual working already the norm for many staff), while COVID-19 also caused IRC to spend less on general administrative costs and other project costs. Thus, in summary, more income and less costs, 'leveled' out by a significant negative (unrealized) exchange rate result of some €130,000. Additionally, an accrual of some €70,000 for foreseen project losses was included in the short term net balance on projects. The accrual is meant to cover a likely bad debt on a project invoice in Uganda, as well as a foreseen overspending on the Watershed budget.

Half of the Annual Result has been allocated to the General Reserves, the other half to the Earmarked Reserves. The latter are earmarked for unplanned unemployment benefits, investments in ICT and financial systems, as well as office upkeep.

During 2019, a total of €51,540 was taken from the Earmarked Reserves for investments in ICT and resources planning systems. IRC's total Reserves on December 31st 2020 were €1,361,801 – including €114,413 in Earmarked Reserves.

During 2020, the liquidity position of IRC narrowed by some €0.2 million. Nevertheless, with €5.2 million of cash and

cash equivalents (December 31st 2020) IRC's liquidity remains adequate and IRC is able to meet all of its short-term financial obligations.

Forward Looking Statement

Over the past 10 years, IRC has transformed itself from a Netherlands-based knowledge centre (*kennisorganisatie*) into a decentralised 'Think and Do Tank' with strong, respected and demanded presence globally and in its nine 'focus countries'. This transformation has included among others: the development of a new brand and digital presence; opening of four registered country offices (with up to four more planned for 2021-2022); the creation of IRC Consult as an advisory sub-brand; development of a new and simplified internal governance structure; adjusting of the Business Model; and agreeing with the union on new employment conditions. All these changes and measures were undertaken to make IRC more focussed and effective in the delivery of its mission whilst maintaining a sound financial bottom line.

In early 2020 IRC and long-term collaborator, US-based NGO Water for People (WFP) signed a Letter of Intent that set out our desire to develop a deeper 'strategic partnership' together. During the year we worked together to develop an exciting and ambitious new strategy: *Destination 2030 (D30)*. This sets out our intended contribution to the WASH Sustainable Development Goals, through our combined portfolio of 15 countries across three continents, more than 300 staff and upwards of US\$ 40 million.

D30 frames how our current competences will, when combined, ensure that 20 million people have access to safe and sustainable water and sanitation services in our partner districts in 15 countries; that we contribute to 200 million people in the countries where we work accessing services through scaling programmes; and that the more than 2 billion people worldwide who currently lack access do so – through a shared influencing programme drawing on our country work. At the heart of this effort will be the creation of a federated organisation that is attractive to others and that fundamentally changes the way that development cooperation is done.

The intention is that by 2025, the strategic partnership with WFP (and perhaps others in the future) has evolved in a federated model that potentially includes 3-5 independent country offices. By then, IRC hopes to have secured a capital buffer of €2 million and achieved a staff ratio between country offices and HQ of 4 : 1. Justice, Diversity, Equity and Inclusion will be guiding principles for a global framework of policies and operating practices, enabling subsidiarity, flexibility and accountability. As part of this, Southern and country leadership will continue to be prioritised and strengthened.

In 2021, ICT infrastructure will improve further as a result of investments in a cloud-based Exact Enterprise Resources Planning (ERP) system with modules for Finance, Project Management, HR and CRM. Emphasis during the year will be on 'One Organisation' approaches; compatibility of (resources and information) systems; and, increased efficiencies in workflows – all in the context of further decentralisation and the strategic partnership with WFP. The implementation costs of Exact ERP will be charged to the Earmarked Reserves.

The Annual Plan 2021 has a budget of €10,369,124, and a foreseen negative business result of €73,224. This reflects the continued global turbulence surrounding COVID-19, and the failure to renew the Watershed programme in 2020. Given these headwinds, a small loss is deemed an acceptable outcome for 2021.

The decision of the Dutch Ministry of Foreign Affairs to reject the proposed renewal of the Watershed programme for the period 2021-2025, had a direct impact on IRC's ambition for 2021. Our planning is more conservative than it has been during the past years, which is realistic considering the rather turbulent and unpredictable times. After a year with a €5 million acquisition result – following years of €10 million or even more – the focus will be on fundraising and achieving 'double digit figures' again.

The total number of employees will slightly grow to 100, due to recruitment in the new focus countries Mali and Niger. The number of employees in the Netherlands will stabilize at 35, or may slightly reduce if acquisition figures continue to be disappointing.

At the start of the year, some €8.3 million (83%, up from 76% in October 2020) of the Annual Plan budget had been contracted – a percentage that is similar to previous years and only slightly under what is considered ideal at the beginning of an operational year (2019: 81%). Additionally, a total of €2 million worth of proposed project work for 2021 awaits approval from donors.

Concept Income Statement

INCOME	Budget 2021	Actual 2020	Budget 2020
DGIS Watershed Strategic	0	€3,175,067	€2,689,028
DGIS Building WASH Systems for	€1,513,848	€1,611,476	€1,425,000
Other project funding (committed)	€6,341,241	€5,937,257	€5,782,454
Other project funding (proposed)	€2,514,035		€2,783,170
Total	€10,369,124	€10,723,799	€12,679,652
EXPENSES	Budget 2021	Actual 2020	Budget 2020
Personnel costs	€4,318,275	€4,239,743	€4,384,572
Other project related costs	€5,756,085	€ 6.033.748	€8,019,325
General & administrative expenses	€1,081,033	€ 976.574	€1,119,026
Recovered overhead expenses	-723.045	-761.631	-943.776
Total	€10,432,348	€ 10.488.434	€12,579,147
Operating result	-63.244	235.365	100.505
Financial expenditures	€ 10.000	€ 146.596	€ 10.000
Annual Result	€ -73.244	€ 88.770	€ 90.505

Acknowledgements

IRC would like to thank all of its donors and partners in 2020, above all for their flexibility and encouragement in the face of the COVID-19 pandemic. As in previous years, we keep especial thanks for the Dutch government's department for international development (DGIS) and its inclusive green growth section (IGG) for their continuing partnership and flexible support to our programmes. We also thank the Conrad N. Hilton Foundation for their partnership and leadership on water and sanitation systems strengthening. We are equally grateful to the 35 additional donors who share our vision and funded our work during the year; notably the USAID, the European Union, the Osprey Foundation, DFID and UNICEF.

Partnerships and alliances are at the core of how we work and we acknowledge the many partners with whom we have worked during the year. We continue to be especially appreciative of the support and trust bestowed on us by the governments (local and national) of our focus countries and partner districts. In the face of the devastating global pandemic, they have continued to show vision and leadership in achieving our shared goals.

IRC's primary asset in delivering our mission is our people and the knowledge, skills and passion they bring to their work. I would like to thank all IRC staff for their continued commitment during this extraordinary year. Their resilience and continued dedication to our vision and mission in the face of the unprecedented challenges we have faced has been truly inspiring.

The Hague, May 2021

Patrick Moriarty,
CEO

Annual Accounts

Balance Sheet as at 31 December 2020

(After result appropriation)

		<u>31 December 2020</u>		<u>31 December 2019</u>	
		€	€	€	€
<u>ASSETS</u>					
Non-current Assets					
Tangible fixed assets	1	<u>12.658</u>	12.658	<u>26.977</u>	26.977
Current assets					
Accounts receivable services	2	355.930		492.541	
VAT receivable	3	16.638		2.542	
DGIS Watershed Strategic Partnership	4	185.820		-	
Other receivables	5	143.094		129.544	
Cash and cash equivalents	6	<u>5.197.456</u>		<u>5.385.215</u>	
			5.898.938		6.009.843
Total assets			<u>5.911.596</u>		<u>6.036.820</u>
<u>LIABILITIES</u>					
Reserves					
Foundation's General Reserves	7	1.247.388		1.151.462	
Earmarked Reserves	8	<u>114.413</u>		<u>121.569</u>	
			1.361.801		1.273.031
Provisions					
Staff related provisions	9	<u>166.670</u>		<u>15.838</u>	
			166.670		15.838
Current liabilities					
DGIS Building WASH systems	10	932.386		993.862	
DGIS Watershed Strategic Partnership	4	-		2.989.247	
Short term net balance on projects	11	2.789.048		133.575	
Tax and Pension premiums payable	12	93.235		87.069	
Creditors services	13	172.644		195.741	
Other current liabilities	14	<u>395.811</u>		<u>348.457</u>	
			4.383.125		4.747.951
Total liabilities			<u>5.911.596</u>		<u>6.036.820</u>

Income Statement for 2020

	2020 Actual €	2020 Budget €	2019 Actual €
<u>INCOME</u>			
15 Project funding	5.937.257	8.470.624	6.945.076
16 DGIS Watershed Strategic Partnership	3.175.067	2.689.028	3.430.886
17 DGIS Building WASH systems	1.611.476	1.520.000	1.473.643
Total	<u>10.723.799</u>	<u>12.679.652</u>	<u>11.849.605</u>
<u>EXPENSES</u>			
18 Personnel expenses	4.239.743	4.384.572	4.066.934
19 Direct project related expenses	6.033.748	8.019.325	7.237.343
20 General & administrative expenses	976.574	1.119.026	1.140.189
21 Recovered overhead expenses	(761.631)	(943.776)	(684.939)
Total	<u>10.488.434</u>	<u>12.579.147</u>	<u>11.759.527</u>
Operating result	<u>235.365</u>	<u>100.505</u>	<u>90.078</u>
22 Financial income and expenditures +/-	(146.596)	(10.000)	7.392
24 Annual result	<u>88.770</u>	<u>90.505</u>	<u>97.470</u>

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ALLOCATION OF THE ANNUAL RESULT

The 2020 Annual Result is charged to the Foundation's reserves as follows:

Result 2020	88.770	97.470
Added to the General Reserves 50%	44.385	48.735
Added to the Earmarked Reserves 50%	44.385	48.735

Cash Flow Statement for 2020

	<u>2020</u>	<u>2019</u>
	€	€
Cash flows from operating activities		
Annual result	88.770	97.471
Adjustments for:		
Depreciation	13.741	20.055
Movement in provisions	150.833	(54.009)
Bad debts accrual	<u>-</u>	<u>-</u>
	164.574	(33.955)
Changes in working capital		
Short-term net balance	(395.250)	(666.029)
Receivables	(76.929)	320.732
Current liabilities	<u>30.424</u>	<u>66.118</u>
	(441.755)	(279.179)
Cash generated from operations	<u>(188.412)</u>	<u>(215.663)</u>
Interest income	449	(4.509)
Interest received	<u>(373)</u>	<u>22.260</u>
	76	17.751
Net cash used in operating activities	<u>(188.336)</u>	<u>(197.911)</u>
Cash flows from investing activities		
Purchases/Sales of assets	<u>577</u>	<u>(16.588)</u>
Net cash used in investing activities	577	(16.588)
Net cash flow	<u>(187.758)</u>	<u>(214.498)</u>
Cash and cash equivalents		
Opening book year	5.385.215	5.599.713
Closure book year	5.197.456	5.385.215
Movement	<u>(187.758)</u>	<u>(214.498)</u>
	0	(0)

Basis of the Valuations

General Notes

Objective

Our mission is to work with people in the poorest communities in the world, with local and national governments, with non-governmental organisations (NGOs) and with the private sector, to develop water, sanitation and hygiene (WASH) services that last not for years, but forever. We identify the barriers to make this happen and we tackle them. We help people to make the change from short-term interventions to long-term services that will transform their lives and their futures.

To realize its goals, the foundation works together with partner organisations in developing countries as well as other agencies and individuals within and outside the Netherlands that work in the same areas of focus.

General

The annual accounts have been prepared in accordance with the Guideline for financial reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standard Board. The basis of the valuations have not changed compared to 2019.

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. All amounts are in Euro (functional currency), unless specified otherwise. If assets and liabilities are expressed in foreign currencies, conversion takes place against the official exchange rate at the balance sheet date. The exchange rate results are included in the income statement.

All current assets and liabilities are due within one year, while all non-current assets and liabilities are due after one year.

In the Balance Sheet, Statement of Income and Expenses 2020 and the Cashflow Statement, references are made to the notes.

The basis for the valuations has not changed in comparison to previous years.

In the appendices separate information is given on branch offices abroad. The financial figures are an integral part of IRC's financial statements, since IRC operates as one entity. Note: These appendices are not part of this audit and are presented clearly separately after the audit opinion. The annual accounts of the branch offices are audited by local audit firms.

Judgements, estimates and uncertainties

In applying the principles and policies for drawing up the financial statements, the Director of IRC makes different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the true and fair view required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Going concern

The present accounting policies of valuation and determination of results used are based on the assumption of going concern.

Tangible fixed assets

The tangible fixed assets are valued at the historic purchase price less straight-line depreciation over the estimated useful economic life. The residual value of the tangible fixed assets is set at zero.

Computer equipment is depreciated over three years.

The telephone switchboard with accessories and the coffeemachine are depreciated over five years.

Other durable business assets are depreciated over ten years.

No extra-ordinary depreciations, nor value adjustments or impairments have been determined at the balance sheet date.

Accounts receivable

Receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected income. When a receivable is uncollectible, it is written off against the allowance account for receivables.

Cash and cash equivalents

Cash and cash equivalents are at face value and at full disposal for IRC to execute its projects and programmes. It consists of petty cash and the balances on the ABN AMRO bank accounts in The Netherlands. Two types of bank accounts can be distinguished: non-interest bearing current accounts and interest-bearing deposit accounts. There are only non interest bearing current accounts in the country offices.

The balances on the bank and deposit accounts are withdrawable on demand.

Balances in the foreign currency accounts (U.S. Dollars and British Pounds) have been converted to Euro at the official exchange rate at the balance sheet date.

Provisions

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required and a reliable estimate can be made.

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

Jubilee benefits

The provision for jubilee benefits is measured at the present value of expected benefits payable during employment. The calculation of the provision takes the expected future salary increases and the likely stay into account. The present value factor is the market rate of interest of high quality corporate bonds of 0.0% (2018: 0.0%)

Net balance on projects

The 'net balance on projects' comprises amounts for projects that were not completed at the balance sheet date minus the amounts that were already received or billed to external clients.

Projects in progress are valued on the basis of the directly attributable salary expenses at the rates applicable for the reporting year, plus other direct expenses.

Project losses/gains are recognized upon completion except for provisions related to expected losses that are made at the moment they are foreseeable and are deducted from the work in progress balance.

Work in progress is balanced with the item 'pre-invoiced on projects' and is shown on a net basis in the balance sheet as long as the individual amounts meet the criteria for netting.

Employee costs

Salaries, wages and social security contributions are charged to the Statement of Income and Expenses 2020 based on the terms of employment, where they are due to employees and the tax authorities respectively

Pension benefits

IRC operates a defined benefit pension plan at ABP. This provides defined pension benefits to staff in the Netherlands upon reaching retirement age. The amount depends on age, years of service and compensation. IRC has accounted for the multi-employer defined benefit plan as if it was a defined contribution plan. IRC has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods other than higher future contributions. The premium payable during the financial year is charged to the result.

Pension schemes for staff in IRC Branch Offices follow country-specific labor law.

Liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised costs price. This is usually the nominal value. All current liabilities fall due within one year unless mentioned otherwise.

Rental and lease agreements

The company may have lease contracts (including rental contracts) whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Interest paid and received are included in cash from operating activities. Under the investments in tangible fixed assets, only the investments are included for which cash was paid.

Principles for the determination of the result**Result**

The result is the difference between the realisable value of the services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised. The result is determined taking into account the recognition of unrealised changes in fair value of financial instruments.

Income from projects

Income from projects comprises the hours spent per employee on the basis of time registration at the rates applicable in the reporting year, increased by other costs that can be charged to clients. Revenues from the services rendered are recognised in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered. This is consistent with the 'percentage of completion method'. Operating subsidies are recorded as income in the Statement of Income and Expenses in the year in which the subsidised costs were incurred

Exchange rate results

The currency used throughout this report is Euro.

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date. Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the Statement of Income and Expenses 2020. Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Expenses

Selling expenses and general and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods and services sold.

Notes to the Balance Sheet

ASSETS

1 Tangible fixed assets

Movement in tangible fixed assets can be specified as follows:

	Office Equipment	Computer Equipment	2020
	€	€	€
<u>Position as of 1 January 2020</u>			
Purchase price	122.960	321.609	444.569
Minus: Accumulated depreciation	(119.518)	(298.074)	(417.592)
Book value	3.442	23.535	26.977
<u>Transactions during financial year</u>			
Additions	-	-	-
Minus: Depreciation	(1.476)	(12.265)	(13.741)
Minus: Disposals at cost	-	(1.849)	(1.849)
Plus: Accumulated depreciation disposals	-	1.271	1.271
Total transactions	(1.476)	(12.843)	(14.319)
<u>Position as of 31 December 2020</u>			
Purchase price	122.960	319.760	442.720
Minus: Accumulated depreciation	(120.994)	(309.068)	(430.062)
Book value 31 December 2020	1.966	10.692	12.658

2 Accounts receivable services

The outstanding balance for accounts receivable amounts to €420,968 as of 31 December 2020 (2019: € 557,580)
The provision of €65,038 concerns receivables from one donor, and originates from book year 2018.

Aging of outstanding receivables can be specified as follows:

	Original amount	Provision	31 December 2020
	€	€	€
Less than 6 months	355.930	-	355.930
6 to 12 months	-	-	-
12 to 18 months	65.038	65.038	-
Balance 31 December 2020	420.968	65.038	355.930

3 VAT receivable

On 31 December 2020, a total amount of €16,638 VAT was to be claimed from the tax authorities. At the end of 2019, the refundable VAT amounted to €2,543

VAT receivable can be specified as follows:

	2020	2019
	€	€
Position as of 1 January	2.542	19.696
Plus: Addition to receivable	33.882	2.787
Minus: receipt	(19.786)	(19.940)
VAT position 31 December	16.638	2.542

The amount of €16,638 was received from the tax authorities on 19 February 2021.

4 DGIS Watershed Strategic Partnership

The Ministry of Foreign Affairs (DGIS) granted a Strategic Partnership totalling € 16,352,500 for the period 2016-2020. IRC is in the lead and has Consortium Agreements with AKVO, Simavi and Wetlands International.

	€
Funding instalment received for 2016 till 2020	16.188.975
Disbursement to other Consortium partners	10.974.920
Expense reported from 2016 till 2020 by IRC	5.200.604
Expense reported from 2016 till 2020 by partners	11.175.016
Total spent till end of 2020	16.375.620

	31 December 2020	31 December 2019
	€	€
Current balance received in advance	(186.645)	2.988.422
Received interest	825	825
Current balance received in advance by IRC including received interest	(185.820)	2.989.247

The Watershed Strategic Partnership ended on 31 December 2020, with final reporting and audit May 2021. The project has a total budget overspending of €22,295 budget. Following approval of the final reporting, the outstanding disbursement of €163,525 will be made.

5 Other receivables

The item 'other receivables' can be specified as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
	€	€
Interest receivable	-	76
Rent deposits for office rent in USA	6.658	6.658
Rent deposits for office HQ	28.708	28.708
Prepaid amount (invoices 2020 - expenses 2021)	81.124	61.741
To be claimed from NWP (housing expenses 2020)	23.177	32.362
Other receivables (refund of unused flight tickets)	3.427	-
Other receivables 31 December	143.094	129.544

6 Cash and cash equivalents

Bank and cash in hand can be specified as follows:

	<u>31 December 2020</u>	<u>31 December 2019</u>
	€	€
Current and savings accounts	4.717.002	4.270.554
Cash and Bank Burkina Faso office	232.246	883.616
Cash and Bank Ghana office	67.897	101.050
Cash and Bank Ethiopia office	48.049	34.208
Cash and Bank Uganda office	130.742	95.757
Disbursement IRC Honduras	1.498	-
Cash in hand	23	30
Balance 31 December	5.197.456	5.385.215

The amounts on the bank accounts and cash in hand are unrestricted for regular activities.

LIABILITIES

7 Reserves

The foundation's General Reserves serve to cover general business risks without restrictions.

The Annual Result 2020 is allocated to the Reserves as follows:

	€		
Result 2020	88.770		
Added to the General Reserves 50%	44.385		
Added to the Earmarked Reserves 50%	44.385		
		<u>2020</u>	<u>2019</u>
		€	€
Foundation's General Reserves on 1 January		1.151.462	1.065.241
Addition to the General Reserves from Annual Result 2020		44.385	48.735
Transfer to General Reserves from Earmarked Reserves		51.540	37.485
Position 31 December		1.247.388	1.151.462

8 Earmarked reserves

Since 2016, IRC maintains Earmarked Reserve. With the endorsement of the Supervisory Board, 50% of the Annual Result is added to the Earmarked Reserves annually.

The Earmarked Reserves are used for unplanned unemployment benefits (IRC is own risk bearer for unemployment benefits), investments in website and (IT) systems, rebranding and potential office moves.

	<u>2020</u>	<u>2019</u>
	€	€
Foundation's Earmarked Reserves on 1 January	121.569	110.319
Addition to the Earmarked Reserves from Annual Result 2020	44.385	48.735
Transfer to General Reserves from Earmarked Reserves	(51.540)	(37.485)
Position 31 December	114.413	121.569

The transfer of €51,540 to the General Reserves concerns investments in ICT systems.

The total IRC reserves on 31 December 2020 amount to €1,361,801

9 Staff related provisions

At 12.5, 25 and 40 years employment with IRC, each employee is entitled to receive an extra allowance equal to respectively 25%, 70% and 100% of one month's salary including holiday allowance and end of year allowance. The jubilee provision calculation is based on the Employment Conditions (IRC AVR2020-2022); i.e. only after ten years of service are employees entitled to the built-up provision

A provisions was taken into account at the end of 2020 for unemployment benefits. As a result of lower percentage of (contractually) secured work at the time of developing the Annual Plan 2021, it is assumed that not all definite contracts can be renewed. As own-risk bearer for unemployment benefits we created a provision for this.

	Jubilee provision	Provision unemployment	Total
	€	€	€
Position as of 1 January 2020	6.785	9.053	15.838
Addition	13.285	147.830	161.115
Release	(1.230)	(9.053)	(10.283)
Book value 31 December 2020	18.840	147.830	166.670

An amount of ~~€ 17.032~~ (17.933 + 99,089) of the provisions can be classified as non-current (longer than one year).

10 DGIS Building WASH systems

In 2017 the Ministry of Foreign Affairs (DGIS) issued a grant totalling €4,800,000 for the period 2017 through 2021. In 2019, the grant was increased by € 6,850,000 to a total new budget of € 11,650,000 - with the total program period extended until 31 December 2024. The grant is for the project "Building WASH systems to deliver the Sustainable Development Goals".

Funding received 2017 till 2020	€		
		6.700.000	
Expense reported 2017 till 2020		5.767.614	
		31 December 2020	31 December 2019
	€	€	€
Total received in advance		932.386	993.862
Received interest		-	-
Total received in advance by IRC including received interest		932.386	993.862

11 Short term net balance on projects

The item 'short-term net balance on projects' amounts to €2,779,989 as of 31 December 2020. It concerns amounts that were received and invoiced for projects that were not completed as of 31 December 2020. At the end of 2019, the short-term net balance was € 133,575.

The total 'Work in progress' (total value of all ongoing projects and disbursements for subgrants) was € 15,655,879 in 2020, which is €1,343,932 higher than the total of € 14,311,947 at the end of 2019. In other words, the total volume of the portfolio became bigger during 2020 and includes a significant portion of pre-financing.

	31 December 2020	31 December 2019
	€	€
Accrual project losses	69.044	15.390
Work in progress	(15.655.879)	(14.311.947)
Work invoiced (projects in progress)	18.375.883	14.430.133
Total Net Balance	2.789.048	133.575

12 Tax and Pension premiums payable

	2020	2019
	€	€
Employer Tax and Pension premiums payable	93.235	87.069
Balance 31 December	93.235	87.069

The outstanding balance of €93,235 was paid in January 2021 to the Tax and Pension authorities.

13 Creditors services

The aging of the outstanding items is as follows:

	2020	2019
	€	€
Less than 6 months	172.644	195.741
6 to 12 months	-	-
C	172.644	195.741

14 Other current liabilities

Other current liabilities is specified as follows:

	2020	2019
	€	€
Hypotax	2.903	-
Holiday allowance	123.761	111.324
Year-end allowance	16.638	15.206
Employee leave rights payable	144.122	124.069
Accrued expenses/prepayments	108.387	97.859
Book value 31 December 2020	395.811	348.457

All current liabilities fall due within one year.

Contingencies and Commitments not included in the balance sheet

Theoretical unemployment (WW) commitments

IRC is a so-called B3-entity and as such responsible for its own potential unemployment commitments (own risk bearer). The total theoretical amount of combined unemployment benefits of staff in the Netherlands on 31 December 2020 is €1,446,209.

Sick pay

IRC bears its own risk for the Sickness Benefits Act. The costs of continued salary payments to personnel in the event of illness are to be borne entirely by IRC. The costs in the first year of illness is 100% whereas in the second year, it is 70%.

Number of employees as per 31 December 2020

Total employees on contract from IRC the Netherlands as per 31 December 2020 is 35 (33.2 FTE), which is a decrease of 2 (1.9 FTE). The number of employees working from the branch offices as per 31 December 2020 is 59 (58.5 FTE), an increase of 12 (12.0 FTE). Total IRC employees as per December 2020 is 94 (91.7 FTE), which excludes staff hosted by IRC (8) and interns (2).

Risk carrier for disability (WIA)

As per 1-1-2013 IRC has insured disability risk (WIA). There are no risks outstanding associated from before 31 December 2020.

Rental and lease agreement

IRC in the Netherlands is housed in the International Water House in The Hague. The rental agreement with NSI/Vastned was renewed for a period of 3.5 years, starting 1 August 2019 and ending 31 December 2022.

The rented WeWork office space in Washington DC USA has been terminated as per 31 December 2020.

The future rent and lease obligations can be specified as follows:

	€
Rent obligations up to 1 year office	68.156
Rent obligation up to 1 year copiers	2.102
Rent obligations > 1 year office	68.156
Rent obligation > 1 year copier	0
Lease/rent obligations total	138.415

Notes to the Statement of Income and Expenses

Income from projects

The income from projects consists of the paid days spent by IRC employees on externally financed projects (at the current external rates), increased by other costs charged (for projects with a rate based on direct costs), out-of-pocket expenses on projects (e.g. travel expenses, consultants and contributions to partner organizations) and project results that derived from subsequent calculation of projects at completion.

The total income from projects can be specified as follows:

Income

15 Project Funding

	Actual 2020	Budget 2020	Actual 2019
	€	€	€
IRC Projects	5.929.068	8.470.624	6.937.912
Result on closed project	8.189	-	7.164
	<u>5.937.257</u>	<u>8.470.624</u>	<u>6.945.076</u>

16 DGIS Watershed Strategic Partnership

	Actual 2020	Budget 2020	Actual 2019
	€	€	€
Programme 2017 - 2020	3.175.067	2.689.028	3.430.886

17 DGIS Building WASH systems

	Actual 2020	Budget 2020	Actual 2019
	€	€	€
Programme 2017 - 2021 (expanded to 2024)	1.611.476	1.520.000	1.473.643

The total revenue from projects in 2020 amounts to € 10,723,799 which is 85% of the annual budget for 2020.

Expenses

18 Personnel expenses

The total personnel expenses for 2020 were € 4,239,743. This is 3% lower than budgeted, caused by the non-renewal of contracts (the Netherlands) and putting recruitment on hold (Ghana). Additional capacity was recruited in Ethiopia. The total other personnel expenses were lower than planned, because restrictions due to the COVID-19 pandemic prevented travel for the annual IRCenergy week, training and other social events

	Actual 2020	Budget 2020	Actual 2019
Total FTE used from the Netherlands in 2020	33,4	34,7	34,9
Total FTE used from country offices in 2020	56,2	57,0	42,3
Total FTE used in 2020	89,6	91,7	77,2

The specification of personnel expenses is as follows:

	Actual 2020	Budget 2020	Actual 2019
	€	€	€
<i>Salary expenses</i>			
Gross salaries including vacation allowance	2.275.940		2.230.611
National insurance contributions	243.300		228.293
Pension premium contributions	303.275		279.801
Personnel expenses The Netherlands	2.822.514	3.088.552	2.738.705
Other allowances (commuting, union contribution, insurances)	54.875	0	179.613
Personnel expenses Ghana	220.149	258.015	236.908
Personnel expenses Burkina Faso	231.585	246.198	210.722
Personnel expenses Uganda	261.880	256.277	246.838
Personnel expenses Ethiopia	360.093	339.596	208.118
Personnel expenses India	43.226	47.287	42.598
Personnel expenses Honduras	26.383	27.147	26.824
Personnel expenses Bangladesh	25.200	24.000	23.750
Total salary expenses	<u>4.045.905</u>	<u>4.287.072</u>	<u>3.914.075</u>
<i>Other personnel expenses</i>			
Temporary employees	0	0	70.842
Recruitment	0	0	2.613
Provision unemployment	149.195	0	1.711
Training and education	12.300	45.000	29.060
Personnel administration	10.739	12.500	10.601
Health expenses and health support	4.530	7.500	9.772
Travel free weeks and social events	4.764	15.000	11.437
Personnel insurances	12.248	15.000	16.116
Miscellaneous	62	2.500	706
	<u>193.838</u>	<u>97.500</u>	<u>152.858</u>
Total personnel expenses	4.239.743	4.384.572	4.066.934

19 Direct project related expenses

	Actual 2020	Budget 2020	Actual 2019
	€	€	€
Project expenses	10.555.564	8.019.325	11.842.004
Coverage written hours	(4.575.470)		(4.566.739)
Release of foreseen losses on projects	(12.358)		(37.921,15)
Additions of foreseen losses on projects	66.012		-
Total project related expenses	6.033.748	8.019.325	7.237.343

Other project related expenses are contributions to partners, consultants, travel, meetings and other project expenses.

20 General & administrative expenses (G&A)

G&A concerns all office related expenses as well as management and operational costs of the organisation. Total G&A amounts to €976,574 in the year 2020, which is 13% lower than budgeted. The COVID-19 pandemic did not have an effect on rental charges and some recurrent services, but due to travel restrictions and staff working from home a number of budget lines were not exhausted. Others, like accountants, were overspent because of increased demands due to COVID-19.

From the total G&A costs an amount of €761,631 could be recovered on projects, as recovered contract coordination fee and in cases where Full Cost Tariffs were not used. Full Cost Tariffs include an overhead component to receiver indirect costs (including G&A costs). Projects funded for by USAID, EU or UNICEF generally do not allow the use of overhead components in tariffs. Indirect costs are then made direct on project budgets

The specification of the G&A is as follows:

	Actual 2020	Budget 2020	Actual 2019
	€	€	€
Housing	193.659	197.500	209.075
Depreciation expenses	13.741	22.500	20.055
Information Technology	86.708	90.000	108.457
Office inventory	-	0	-
Office supplies	1.532	5.000	3.137
Printing	5.420	12.500	7.120
Communication, postage	5.741	10.000	9.259
Supervisory Board	12.000	22.500	21.480
Auditor	83.655	52.500	49.820
Management, marketing, PR and Advisory	55.187	60.000	72.620
Influencing & advocacy, monitoring	14.136	35.000	-
Fundraising & Business Development	34.032	50.000	52.945
IRC Consult	-	0	-
Tax & legal consultancy	306	7.500	2.596
Professional Indemnity Insurance	-	0	-
Expenses ICT systems	51.540	0	31.973
Literature & Works Council	11.918	2.500	14.182
General & Administrative expenses Netherlands	569.574,58	567.500	602.719
General & Administrative expenses Ghana	82.909	126.891	126.923
General & Administrative expenses Burkina Faso	132.287	158.354	167.888
General & Administrative expenses Ethiopia	60.093	121.558	91.112
General & Administrative expenses Uganda	100.514	105.160	123.677
General & Administrative expenses USA	28.604	30.000	25.525
General & Administrative expenses India	973	7.663	546
General & Administrative expenses Honduras	1.619	1.900	1.800
General & Administrative expenses Bangladesh	0	0	0
Total gross General & Administrative expenses	976.573,84	1.119.026	1.140.189
21 Recovered overhead expenses	(761.631,07)	-943.776	-684.939
Total net General & Administrative expenses	214.942,77	175.250	455.249

Remuneration of the Supervisory Board

The members of the Supervisory Board received a total allowance of € 12,000. There are no loans, advances or guarantees provided to the Director or one of the Supervisory Board members. Hotel costs and flights to attend meetings are paid on actual expenditure for the Supervisory Board members, but there were no such costs during 2020 (COVID19 travel restrictions). A specification of the allowances paid is provided under Remuneration of the Director

23 Financial income / expenditures and extra-ordinary income / expenditures

Financial income & expenditures in 2020 amounts to an additional expense of €200,249 and is mainly due to unrealized exchange rate results (US Dollar) and an addition for foreseen losses on projects.

Financial income & expenditures can be specified as follows:

	<u>Actual 2020</u>	<u>Budget 2020</u>	<u>Actual 2019</u>
	€	€	€
Interest deposit Accounts	-449	0	4.509
Bank costs	-9.566	-10.000	-9.721
Accrual bad debts	0	0	0
Realised currency exchange result	23.637	0	12.970
Unrealised currency exchange result	-157.388	0	-16.771
Result former years	-2.874	0	16.326
Cash & payment differences	44	0	79
Total financial income & expenditures	-146.596	-10.000	7.392

24 Annual result

The Annual Result of 2020 of €88,770 is allocated as follows:

	<u>Actual 2020</u>	<u>Actual 2019</u>
	€	€
Result 2020	88.770	97.470
Added to the general reserve 50%	44.385	48.735
Added to the earmarked reserves 50%	44.385	48.735

Remuneration for the CEO of IRC

Name	Dr. Patrick Moriarty	
Job position	Director	
Year	2020	2019
Type of contract		
hours	40	40
Part time percentage	100%	100%
Period	01/01 - 31/12	01/01 - 31/12
Salary (€)		
Annual Income, gross		
Gross salary	95.880	93.512
Holiday allowance	7.670	7.342
Year end allowance	7.958	7.617
Variable income	0	0
Gross employee income	111.508	108.471
Employers Social Security costs	9.014	8.926
Taxable disbursement	0	0
Employers Pension Contribution	20.058	19.198
Other (future) benefits	0	0
Severance Entitlement	0	0
Total Remuneration CEO	140.580	136.595

Remuneration of the Supervisory Board members	€
Mr. R. Bos	4.000
Ms. C. Brocklehurst	1.600
Mr. H. den Boer	1.600
Mr. L. Boorstin	1.600
Ms. M. Metha	1.600
Mr. E. Wegelin	1.600
Total Remuneration Supervisory Board members	12.000

Approved and signed in the Supervisory Board Meeting

The Hague, June 3rd, 2021

The Hague, June 3rd, 2021

Patrick Moriarty
CEO
IRC
Bezuidenhoutseweg 2
2594 AV The Hague

Robert Bos
Chairman Supervisory Board
IRC
Bezuidenhoutseweg 2
2594 AV The Hague

Result appropriation

The Annual Result appropriation is proposed by the Board of Directors (CEO), for endorsement by the Supervisory Board. Since 2016, the (endorsed) proposal has been to allocate 50% of the Annual Result to the General Reserves and 50% to the Earmarked Reserves.

IRC Full Cost Tariffs 2021

IRC Office, The Netherlands

CEO	€	1.150
Manager	€	955
Senior Programme Officer	€	915
Programme Officer	€	730
Communications Officer	€	845
Project Controller	€	820
Programme Support Officer	€	715
General Support Officer	€	425

IRC Office, Ghana

Country Director	€	725
Programme Officer	€	365
Communications Officer	€	380
Finance & Control	€	375
Programme Support Officer	€	350

IRC Office, Burkina Faso

Country Director	€	555
Programme Officer	€	265
Communications Officer	€	215
Finance & Control	€	275
Programme Support Officer	€	235

IRC Office, Uganda

Country Director	€	580
Programme Officer	€	390
(District) Project Officer	€	315
Communications Officer	€	365
Finance & Control	€	400
Programme Support Officer	€	345

IRC Office, Ethiopia

Country Director	€	485
Programme Officer	€	225
(District) Project Officer	€	170
Communications Officer	€	240
Programme Support Officer	€	170

IRC presence, West Africa

Regional Programme Officer	€	565
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IRC presence Mali

Country Representative	€	335
Programme Officer	€	280
(District) Project Officer	€	230

IRC presence Niger

Country Representative	€	260
(District) Project Officer	€	215

IRC presence India

Country Representative	€	255
(District) Project Officer	€	195

IRC presence Bangladesh

Country Representative	€	235
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IRC presence Honduras

Country Representative	€	260
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Independent Auditors Report

Annexes

Branch office IRC Burkina Faso

Balance Sheet as at 31 December 2020

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	EUR	EUR	EUR	EUR
<u>Assets</u>				
Non-current Assets				
Current assets				
Prepayments	33.695		37.740	
Advances to partners	23.526		74.067	
Cash and Bank Balance	204.070		843.429	
		<u>261.291</u>		<u>955.236</u>
Total assets		<u>261.291</u>		<u>955.236</u>
<u>Liabilities</u>				
Current liabilities				
Accounts payable	3.281		63.381	
		<u>3.281</u>		<u>63.381</u>
		<u>3.281</u>		<u>63.381</u>
Provisions				
Employees - end of contract benefits	5.176		14.174	
		<u>5.176</u>		<u>14.174</u>
		<u>5.176</u>		<u>14.174</u>
Net Assets		<u>252.834</u>		<u>877.681</u>
Financed by				
Accumulated Fund		<u>252.834</u>		<u>877.681</u>

Income and Expenditure for 2020

	<u>2020</u>	<u>2019</u>
	EUR	EUR
<u>Income</u>		
Transfer IRC NL to Burkina Faso	185.737	404.116
Transfer other projects	447.681	1.682.039
Other resources	2.080	0
Other contribution	561.216	519.611
	<u>1.196.714</u>	<u>2.605.766</u>
<u>Expenditures</u>		
Project expenses	1.529.865	1.788.298
Overhead formation costs	164.922	167.888
Overhead admin costs	126.774	147.295
Total expenses	1.821.561	2.103.481
Surplus transferred to accumulated	<u>-624.847</u>	<u>502.285</u>
Balance carried forward	<u>(624.847)</u>	<u>502.285</u>

Branch office IRC Ghana

Amounts in Cedis

Balance Sheet as at 31 December 2020

	31 December 2020		31 December 2019	
	GHS	GHS	GHS	GHS
<u>Assets</u>				
Non-current assets		515.917		678.138
Current assets				
Prepayments	370.273		238.610	
Cash and Bank Balance	135.581		523.297	
		505.854	522.551	761.907
Total current assets		<u>505.854</u>		<u>761.907</u>
				761.161
Total Assets		1.021.771		1.440.045
				1.439.299
<u>Liabilities</u>				
Current liabilities				
Accounts payable	157.718		118.348	
Deferred income	53.465			
IRC Netherlands	467.048		832.914	
		<u>678.231</u>		<u>951.262</u>
Net Current Assets	-172.377		-189.355	
		-172.377		-189.355
Net Assets		<u>343.540</u>		<u>488.783</u>
Financed by				
Accumulated Fund		<u>343.540</u>		<u>488.783</u>

Income and Expenditure for 2019

	2020		2019	
	€	€	€	€
<u>Income</u>				
Core Programme funding		2.874.083		2.727.611
Other projects		506.242		1.086.411
Exchange differences		0		0
		<u>3.380.325</u>		<u>3.814.022</u>
<u>Expenditures</u>				
Personnel Costs		1.248.055		1.251.760
Housing Costs		292.223		302.113
Administrative costs		370.970		385.593
RCN		40.600		31.856
Other projects		1.572.974		1.707.880
		<u>3.524.822</u>		<u>3.679.202</u>
Surplus for the year		<u>-144.497</u>		<u>134.820</u>
Balance brought forward		488.783		353.963
Balance carried forward		<u>344.286</u>		<u>488.783</u>
currency rate 31 December		7,18471		6,36873

386.339

Branch office IRC Uganda

Amounts in Ugandan Shillings

Balance Sheet as at 31 December 2020

	31st December 2020		31st December 2019	
	UGX	UGX	UGX	UGX
ASSETS				
Current Assets				
Cash and Bank Balance	481,255,189		383,749,667	
Advances and prepayments	46,521,848		55,186,110	
		527,777,037		438,935,777
TOTAL ASSETS		527,777,037		438,935,777
LIABILITIES				
Account payable				
PAYE Payable	10,000		328,400	
Withholding Tax	6,393,079		3,119,360	
Accruals	18,880,000		30,992,690	
		25,283,079		34,440,450
TOTAL LIABILITIES		25,283,079		34,440,450
NET CURRENT ASSETS		502,493,958		404,495,327
Financed by				
As at 1 January		404,495,327		295,860,571
Prior year adjustment		(25,581,249)		-
Surplus for the year		123,579,880		108,634,756
Fund balance		502,493,958		404,495,327

**Statement of income and expenditure for 2020
January through December 2020**

	2020		2019	
	UGX	UGX	UGX	UGX
Income				
Transfer from IRC- NL	1,799,418,556		2,315,122,934	
Donor income	924,790,518		472,084,479	
Other income	-		102,120,660	
Total Income		2,724,209,074		2,889,328,073
Expenses				
Office Costs	267,078,507		278,632,726	
Capital expenses	21,852,000		165,857,115	
Communication	82,561,098		94,039,400	
Transport & Travel	176,732,213		478,969,756	
Personnel Expenses	1,104,286,324		939,609,642	
Partners & Consultants	333,042,564		445,203,282	
Programme costs	615,076,488		378,381,396	
Total Expense		2,600,629,194		2,780,693,317
Balance carried forward		123,579,880		108,634,756
currency rate 31 December		4,450,39		4,067,27

Branch office IRC Ethiopia - NGO

Balance Sheet as at 31 December 2020

	31st December 2020		31st December 2019	
	Birr	Birr	Birr	Birr
ASSETS				
Non-current assets				
Property, plant and equipment	418.009		419.929	
Current assets				
Receivables	849.424		140.547	
Cash and bank balance	953.205		1.140.243	
	1.802.629		1.280.790	
Total assets		2.220.638		1.700.719
EQUITY AND LIABILITIES				
Equity				
Retained earnings	644.254		-	
Fund balance	356.373		644.254	
Total Equity	1.000.627		644.254	
Current liabilities				
Accounts Payable	1.220.011		1.056.465	
Total equity and liabilities		2.220.638		1.700.719
Financed by				
Fund balance		356.373		644.254

Income and Expenditure for 2019

	2020		2019	
	Birr	Birr	Birr	Birr
Income / Revenue				
IRC - Head quarter NL	18.490.304		9.061.493	
In-kind donation (liaison office)	-		78.078	
		18.490.304		9.139.571
Other income (exchange gain)		294.231		219.118
Direct expenditures		11.481.075		5.205.008
General and Admin. Expenses		6.947.087		3.509.427
FUND BALANCE CARRIED FORWARD		356.373		644.254
currency rate 31 December	47,60800		35,44310	