

Annual Accounts 2018

IRC

Bezuidenhoutseweg 2

2594 AV The Hague



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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 2018, 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	2021
Mr. H. den Boer (Treasurer)	2014, 2018	2022
Ms. M. Metha	2014, 2018	2022
Mr. E. Wegelin	2016	2020
Mr. L. Boorstin	2017	2021
Ms. C. Brocklehurst	2017	2021

Report of the Supervisory Board

IRC was created in 1968 by the Dutch Government and the World Health Organization and 2018 was, therefore, a crown year for the institution: the year it celebrated its 50th anniversary. The Supervisory Board and its individual members contributed to the various high-profile events during the year.

This started off in Ghana with the launch of the Asutifi North District Master Plan for the Sustainable Development of WASH Services. This was a colourful event, attended by local authorities (Regional Minister, Member of Parliament), traditional leaders from the Ashanti community, partners of the initiative (including World Vision and Safe Water Network, Aquaya) and external support agencies (Conrad N. Hilton Foundation, Osprey Foundation). The Supervisory Board was represented by its Chair and by Louis Boorstin. The visit also included a meeting with the Minister of Sanitation and Water Resources and a courtesy call at the Embassy of the Netherlands in Accra.

A similar District Master Plan launch took place later in the year in Burkina Faso.

Several Board members also took part in an anniversary dinner organised for IRC partners in the Netherlands on 23 May.

The Supervisory Board met twice in 2018: once in May in The Hague and once in November in Chapel Hill, North Carolina, USA, in conjunction with the annual Water Conference at the University of North Carolina.

At the Ghana event, at the IRC Synergy Week in The Hague the week of 16 April and at the November Board meeting, Board members had an opportunity to meet with the Directors and Programme Managers of IRC Country Offices and be informed first-hand about progress at the country level.

Over the year, several Board members had meetings with staff members in The Netherlands and in countries where IRC has an office. Discussions with the Works Council proceeded in good spirits and were productive.


The second half of 2018 was dominated by the preparations for the March 2019 IRC Symposium "All Systems Go" – Board members provided advice on organisational issues and helped to connect with potential keynote speakers. The Chair also assisted with establishing links with the organisers of the fifth Regional Sanitation Conference for Latin-America and the Caribbean (LatinoSan V) to be held in Costa Rica in April 2019; IRC aimed for a high profile at this event.

The Chair and the Treasurer of the Supervisory Board had two Audit Committee meetings with the CEO, CFO and the auditors, in preparation of the formal Supervisory Board meetings.

The year 2018 was the second year of the Strategic Plan period of 2017-2021. The Supervisory Board was happy to note that it was again possible to strengthen the reserves of the Foundation.

The Supervisory Board is grateful for the open discussions with IRC staff and management. We are confident that IRC is in a position to continue its leading role in the efforts to provide access to safe drinking water and adequate sanitation to everyone everywhere in the world.

Robert Bos
Chair


9 June 2019

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.

2018 was the second year of IRC's new, Sustainable Development Goal focussed, Strategic Framework; and of our new business model. The turnover of slightly over €11 million and the positive annual result of €112,148 (nearly double that of 2017) were in line with expectations and a pleasing further indication that the changes implemented over the previous five years have made IRC into a more successful, robust and business-like organisation.

An important concrete indicator of this, in the first quarter of the year, was the agreement by the Conrad N. Hilton Foundation of a new four year grant for a total of US\$7.5 million; a major part of the more than €9 million of new funding contracted during the year.

The special place of partner districts at the heart of our new strategy was consolidated, with full time presence established in two (Ghana and Uganda) and under exploration in Burkina Faso. On the programming side, district master plans targeting universal delivery of water and sanitation services by 2030 were launched in Burkina Faso and Ghana, and well underway in Uganda and Ethiopia. The challenge in 2019 will be to make appreciable progress on implementing the plans and on systems strengthening work identified during their development.

The positive result for 2018 has allowed us to continue to build up both general and earmarked reserves. At the same time, it fell some way short of the target of €219,409 set in the 2018 budget. As we grow our experience with the new business model it is clear that the annual result is strongly influenced by exchange rate results (both positive and negative) and exceptional project results (in 2018 this included provisions for bad debts). These are largely outside of IRC's control, and indeed are the reason for building reserves in the first place.

More structural issues include the growth in the proportion of IRC's total portfolio of projects of those where "full tariffs" (that fully cover indirect costs) are not allowed; and the overall number and (reducing) size of projects. For the former, IRC struggles to fully recover indirect costs, whilst for the latter the increasing number of small projects leads to growing management complexity. As both trends are expected to increase, in 2019 we will undertake a review of both project and programme management systems (including cost recovery models) with the aim of making these more fit to purpose in 2020.

At the same time, the continued proof (shown in four years of positive results) that IRC's business model is, fundamentally, sound is leading to a moderately increased risk appetite. Concretely, in 2019 this is manifested in moderate staff growth (from 73 FTE to 85 FTE), including the creation of three new management positions: head of strategy communications; head of new focus countries; and director of IRC Consult.

In 2017 IRC adopted a 2030 focussed strategic framework and theory of change, in line with the end date of the sustainable development goals. This was accompanied by a five year (2017-2021) planning framework of medium term goals and objectives. It is our intention that these five year frameworks should be updated every three years (meaning in practice that IRC is always looking at least three years ahead) based on a light review. In 2019 we will carry out the first such review, and will develop a new five year framework for the years 2020-2024.



Financial report

IRC ended the year of its 50th anniversary positively with an Annual Result of €112,148. It was the second year of the new IRC Strategy (2017-2021) and the fourth consecutive year with a positive Annual Result.

During 2018, IRC acquired a total of €9 million of new project work. With these new acquisitions, IRC has now secured 75% of its target budget of €58 million for the Strategic Plan period 2017-2021. A highlight in business development during 2018 was the awarding of US\$ 7.5 million by the Conrad N. Hilton Foundation for IRC's district-wide approach and the implementation of district Masterplans. The biggest financial challenge for IRC remains the increasing portion in the project portfolio where IRC cannot apply its standard indirect cost recovery strategy. Additionally, IRC remains vulnerable to exchange rate fluctuations, particularly those against the US\$.

IRC's total gross revenue over 2018 was €11,08 million, in line with the Annual Plan, but nearly €0.9 million lower than during 2017. Contributing 47% (up from 44% during 2017) of total income, DGIS remained IRC's main donor. The Conrad N. Hilton Foundation was next at 23%. The portfolios of USAID-funded and UNICEF-funded projects are also significant (7% and 5% respectively), providing a challenge to IRC in regards to its indirect cost recovery strategy (neither permits the use of full tariffs). In all, a total of 32 donors financed the 89 active projects during 2018.

To achieve its mission and ambition, IRC works with partner organisations, associates and consultants. From the total gross revenue in 2018, 29% went to partner organisations and 12% to associates or consultants. An additional 16% was spent on other project costs including: travel, meeting venues and equipment. In total, almost 57% of the gross revenue of €11.08 million went to third parties.

On December 31st 2018, IRC employed 75 staff members of which 43 (57%) were located in one of IRC's six focus countries. The total number of staff increased by six, while the total personnel costs remained similar to the year before at €3.59 million. The total amount of personnel-related provisions increased from €170,142 to €193,195. These provisions mainly include employee leave rights, reservations for unemployment benefits and hypo-tax.

IRC closed the year 2018 with a positive Annual Result of €112,148. This reflects an encouraging gross operating result of €181,580 against which a provision of some €65,000 has been made for a bad debt on a closed project in India. Half of the Annual Result has been allocated to the general reserves, the other half to the earmarked reserves. The latter are earmarked for unemployment and exchange rate risks, investments in ICT and financial systems, as well as necessary refurbishments to the office in The Hague.

During 2018, a total of €87,850 was taken from the earmarked reserves for unemployment benefits, an update of the website and changes to the ICT system. IRC's total reserves on December 31st 2018 were €1,175,560 – including €110,319 in earmarked reserves.

IRC's liquidity position narrowed significantly during past years, with the amount of cash and cash equivalents decreasing by almost €5 million during the period 2014-2016. This trend reversed during 2017 and 2018 due to early disbursements from DGIS, with the total cash and cash equivalents increasing by some €0.9 million during 2018. This said, IRC's liquidity position remains satisfactory and IRC is capable of fulfilling its short and long-time financial obligations.



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Forward looking statement

Over the period 2012 to date, IRC has transformed itself from a Netherlands-based knowledge centre to a decentralised 'Think and Do Tank' with strong, respected and demanded presence globally and in its six focus countries. This transformation has included among others: the developing of a new brand and digital presence; opening of four country offices (and up to four more planned by 2021); 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.

IRC celebrated its 50th anniversary in December 2018. This was a time to reflect on the progress made by an organisation that started with a US\$5,000 agreement between WHO and the Dutch Government in 1968 to provide Dutch expertise to WHO partners and has seen IRC evolve into a unique and valued 'think & do tank' with a global presence, country programs and an annual turnover of more than €11 million. An international seminar on Water and Sanitation Systems Change in March 2019 will mark the culmination of a year of celebrations.

IRC is seen as valuable partner because of its vision, its passionate professionals and its country presence and programmes. IRC's brand, mission and messages resonate in the WASH sector, particularly in the era of the sustainable development goals. This is confirmed by, among others, the very positive End of Program Evaluation from DGIS on the previous Business Plan, the feedback from the Conrad N. Hilton Foundation, the requests to join consortia for USAID-proposals and, above all, the growing movement under the Agenda for Change that was launched in 2015 together with like-minded organisations.

2019 will be a year of consolidation and review. A first review of the IRC Strategy 2017-2030 will be undertaken during the summer. IRC aims to expand its number of focus countries – eventually to 10 by 2021 – while strengthening the current decentralised set-up. It will require more efficiencies in the support structure, including ICT and financial systems. A planned organisational 'scan' will highlight gaps and weaknesses and form the basis for a process of further change and improvement of organisational efficiency.

The Annual Plan 2019 assumes a budget of €12.1, with a predicted Annual Result of €136,634. As in previous years, the result will be split between 50% for the Earmarked Reserves, covering for potential unemployment benefits (in the Netherlands) and end-of-service liability (in the country offices) of staff, as well as necessary investments in website, ICT and financial systems; and 50% for the general reserves.

At the start of the year, nearly 85% of the Annual Plan budget had been contracted – a percentage that is lower than a year ago, but still in line with historic values.

Concept Income Statement 2019

INCOME	Budget 2019	Actual 2018	Budget 2018
	€	€	€
DGIS Watershed Strategic Partnership	3,369,091	3,657,782	3,310,273
DGIS Building WASH Systems for SDGs	915,100	1,280,945	1,249,450
Other project funding (committed)	6,004,899	6,145,917	3,513,737
Other project funding (proposed)	1,766,571		3,088,825
Total	12,055,661	11,084,644	11,162,285
EXPENSES	Budget 2019	Actual 2018	Budget 2018
Personnel costs	4,405,310	3,589,901	3,870,518
Other project related costs	7,073,342	6,910,789	6,560,169
General & administrative expenses	1,127,273	999,117	957,229
Recovered overhead expenses	-696,898	-596,742	-455,040
Total	11,909,027	10,903,065	10,932,876
Operating result	146,634	181,579	229,409
Financial income and expenditures +/-	-10,000	-69,431	-10,000
Annual Result	136,634	112,148	219,409



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Beyond 2019

Despite the relatively positive signals for 2019, the period from 2020 onwards remains uncertain. IRC's management has set ambitious growth targets for the coming years – linked to an intention to expand from the current six to ten focus countries by 2021. The target for total turnover during the period 2017-2021 is €59 million, an increase from the €51 million in the previous five-year business plan (2012-2016). At the end of 2018, €44 million (74%) had been contracted for the aforementioned period, with a further €9 million of project contracts in the pipeline. IRC will have to acquire an average of some €7.5 million during 2019 and 2020 to fill the current gap for the full 2017-2021 period, which is realistic in relation to previous years.

IRC is a going concern.

The year 2018 ended with a positive annual result, for the fourth consecutive year, confirming IRC is on the right track in regards to the adjusted Business Model. The reserves position of IRC has further improved but, at €1.2 million, remains too low in view of the preferred capital buffer of €2 million.

IRC is clearly a 'going concern' in 2019, with 85% of its budget ambition already contracted at the start of the year. It is assumed that IRC will be able to acquire the additional funding for 2019 during the year, as well as developing a portfolio of new contracts for at least €7.5 million for subsequent years.

Exchange rate results were a major (negative) factor during 2017, but less so during 2018. It is expected that IRC will remain vulnerable to exchange rate results on its non-Euro (particularly US dollar) denominated contracts.

In an increasing proportion of projects, IRC is not able to apply its full tariffs, providing a significant challenge in regards to the full recovery of indirect costs.

For both these sources of risk, improved financial performance monitoring – developed during 2017 – and a more realistic budgeting for country (and district) work should provide early warnings on emerging gaps and allow for mitigation of financial consequences. Improvements to IRC's financial system will be explored during 2019, with a particular focus on more robust recovery of indirect costs where these cannot be included in tariffs. It is foreseen that this will lead to changes that are operational from 2020.



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Acknowledgements

IRC would like to thank all of its donors and partners in 2018. In particular we are grateful to the Dutch government for its continued flexible support to our programmes, essential to allow us to remain innovative and flexible in the face of rapid sector change; and to the Conrad N. Hilton Foundation for their partnership and leadership on water and sanitation systems strengthening. We are equally grateful to the 30 additional donors who have funded our work, notably USAID, UNICEF and the Osprey Foundation.

Partnership is at the core of how IRC works and we acknowledge the many partners with whom we have worked during the year, particularly the governments (local and national) of our focus countries who we have striven to support and without whom our vision of a transformed WASH sector capable of bringing services to everyone cannot be achieved.

IRC's primary contribution to 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 another year of change and challenges – during which they continued their commitment to cutting edge and transformative work.

The Hague, May 2019

Patrick Moriarty,
CEO



Balance Sheet as at 31 December 2018

(After profit appropriation)

(For further explanation please see chapter "Notes to the balance sheet")

		31 December 2018		31 December 2017	
		€	€	€	€
ASSETS					
Non-current Assets					
Tangible fixed assets	1	30,444		47,143	
			30,444		47,143
Current assets					
Accounts receivable services	2	605,961		266,689	
VAT receivable	3	19,696		15,895	
DGIS Building WASH systems	11	0		1,551	
Other receivables	5	337,454		231,139	
Cash and cash equivalents	6	5,599,713		4,642,074	
Short term net balance on projects	12	0		250,530	
			6,562,824		5,407,878
Total assets		6,593,268		5,455,021	
LIABILITIES					
Reserves					
Foundation's general reserves	7	1,065,241		921,317	
Earmarked reserves	8	110,319		142,095	
			1,175,560		1,063,412
Provisions					
Jubilee provision	9	9,000		2,478	
Other staff related provisions	10	184,915		167,664	
			193,915		170,142
Current liabilities					
DGIS Subsidy Agreement 2012 -2016	4a	0		575	
DGIS Watershed subsidy	4b	3,744,564		3,816,547	
DGIS Building WASH systems	11	917,504		0	
Short term net balance on projects	12	120,644		0	
Tax and Pension premiums payable	13	80,003		72,545	
Creditors services	14	137,326		69,404	
Other current liabilities	15	223,752		262,396	
			5,223,793		4,221,467
Total liabilities		6,593,268		5,455,021	

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Income Statement for 2018

(For further explanation please see chapter "Notes to the income statement")

	2018 Actual €	2018 Budget €	2017 Actual €	2017 Budget €
<u>INCOME</u>				
16 Core programme funding (Gates Foundation)	0	0	48,319	0
17 DGIS Watershed programme	3,657,782	3,310,273	3,684,525	3,358,100
18 DGIS Building WASH systems	1,280,945	1,249,450	1,401,551	585,000
19 Other project funding	6,145,917	6,602,562	6,857,154	7,286,532
Total	11,084,644	11,162,285	11,991,549	11,229,632
<u>EXPENSES</u>				
20 Personnel costs	3,589,901	3,870,518	3,341,137	3,420,355
21 Other project related costs	6,910,789	6,560,169	8,152,855	6,824,004
22 General & administrative expenses	999,117	957,229	816,368	892,415
23 Recovered overhead expenses	-596,742	-455,040	-456,204	0
Subtotal	10,903,065	10,932,876	11,854,156	11,136,774
Operating result	181,579	229,409	137,393	92,858
24 Financial income and expenditures +/-	-69,431	-10,000	-78,913	40,000
25 Annual result	112,147	219,409	58,480	132,858

Cash Flow Statement for 2018

	2018	2017
	€	€
Cash flows from operating activities		
Annual result	112,147	58,480
Adjustments for:		
Depreciation	28,991	26,312
Movement in provisions	17,251	-12,572
Bad debts accrual	-65,038	-534
Interest income	-17,826	-16,856
	-36,623	-3,650
Changes in working capital		
Short-term net balance	1,217,673	1,685,497
Receivables	-383,374	116,967
Provisions	6,522	-9,188
Current liabilities	36,735	-71,331
Cash used in operations	877,555	1,721,945
Interest received	16,852	20,360
	16,852	20,360
Net cash used in operating activities	969,932	1,797,136
Cash flows from investing activities		
Purchases of assets	-12,293	-15,147
Net cash used in investing activities	-12,293	-15,147
Net cash flow	957,639	1,781,989
Net increase in cash & cash equivalents	957,639	1,781,989

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Basis of the Valuations

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 realise 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 Guideline RI640.

Assets are at face value and 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.

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.

Going Concern

The present accounting policies of valuation and determination of result 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 or value adjustments have been determined at the balance sheet date.

Accounts receivable

Receivables are at face value less a provision for possibly uncollectable amounts. The provision for uncollectable amounts is calculated by using the static method (expected non-payment per debtor).

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.

Inventory

Inventory of publications is not included in the balance sheet; the production costs of these publications are externally financed or are charged to the income statement in the year of production.

Purchase costs of paper, office supplies, etc. are included in the expenses in the year they were incurred. Any inventory of paper and office supplies at the balance sheet date is valued at zero.

Any other inventory present at the balance sheet date is at face value.

Provisions

Provisions are calculated to cover specific risks that exist at the balance sheet date of which the timing is uncertain but the amount can be reasonably estimated.

The provisions are valued at the nominal value of the expected costs.

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 recognised 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.

Pension benefits

IRC operates a defined benefit pension plan at ABP. This provides defined pension benefits to staff 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.

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.

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. This is consistent with the 'percentage of completion method'.

Exchange rate results

The currency used throughout this report is Euro.

Transactions denominated in foreign currency are translated into the relevant functional currency of the company at the exchange rate applying on the transactions date.

Translation gains and losses are recognised in the income statement.

Cash flow statement

The cash flow statement has been prepared using the indirect method.

The cash flow is derived from the operating result adjusted for non cash items, for the changes in working capital and the cash generated from investing and financing activities such as purchases of assets, repayment and collection of debts and interest.

The result of the cash flow statement matches the change in the balance of cash and cash equivalents as compared to the previous year.



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Notes to the Balance Sheet

ASSETS

1 Tangible fixed assets

The movement in the tangible fixed assets can be specified as follows:

	Office Equipment	Computer Equipment	2018	2017
	€	€	€	€
Position as of 1 January 2018				
Purchase price	122,960	297,221	420,181	409,851
Minus: Accumulated depreciation	-104,839	-268,200	-373,039	-351,543
Book value	18,121	29,021	47,142	58,308
Transactions during financial year				
Additions	0	12,293	12,293	15,147
Minus: Depreciation	-12,570	-16,421	-28,991	-26,312
Minus: Disposals at cost	0	-4,494	-4,494	-4,816
Plus: Accumulated depreciation disposals	0	4,494	4,494	4,816
Total transactions	-12,570	-4,128	-16,698	-11,165
Position as of 31 December 2018				
Purchase price	122,960	305,020	427,980	420,182
Minus: Accumulated depreciation	-117,409	-280,127	-397,536	-373,039
Book value 31 December 2018	5,551	24,893	30,444	47,143

2 Accounts receivable services

The outstanding balance for accounts receivable amounts to € 671,000 as of 31 December 2018.

The provision of € 65,038 concerns receivables from one donor.

The aging of the outstanding receivables can be specified as follows:

	Original amount	Provision	31 December 2018	31 December 2017
	€	€	€	€
Less than 6 months	609,719	5,500	604,219	266,689
6 to 12 months	40,660	40,660	0	0
12 to 18 months	20,620	18,878	1,742	0
Balance 31 December 2018	670,999	65,038	605,961	266,689

3 VAT receivable

As of 31 December 2018, a VAT amount of € 19,696 can be claimed from the tax authorities. At the end of 2017 the refundable VAT amounted to € 15,895

The item 'VAT receivable' can be specified as follows:

	2018	2017
	€	€
Position as of 1 January	15,895	20,333
Plus: Addition to receivable	3,801	0
Minus: receipt	0	-4,438
VAT position 31 December 2018	19,696	15,895

In 2019 the amount of € 19,696 was received from the tax authorities.

4a DGIS Subsidy Agreement 2012 - 2016

The Ministry of Foreign Affairs (DGIS) has issued a Subsidy Agreement totaling € 11,420,000 for the period 2012 through 2016. This subsidy consist of € 10,670,000 for core activities and € 750,000 to be used for ad-hoc advisory assignments. Based upon the Business Plan 2012-2016 and Annual Plans, IRC received two instalments per year: in January and in July. In 2016 a € 1,000,000 additional funding was received from DGIS on top of the original amount of € 10,420,000

	<u>Core activities</u>	<u>Interest</u>
	€	€
Subsidy received for 2012 - 2016	10,099,000	25,309
Final subsidy instalment received	571,000	-
	<u>10,670,000</u>	<u>25,309</u>
Subsidy DGIS spent in 2012 - 2018	10,695,309	
	<u>10,695,309</u>	

	<u>31 December</u> <u>2018</u>	<u>31 December</u> <u>2017</u>
	€	€
Total (received in advance)/prepaid by IRC	0	24,734
Received interest	0	-25,309
Total (received in advance)/prepaid by IRC including received interest	<u>0</u>	<u>-575</u>

The balance of EUR 575 was used in 2018 for the ad-hoc advisory assignments.

4b DGIS Watershed programme

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

	<u>DGIS</u>	<u>Interest</u>
	€	€
Funding instalment received for 2016 till 2019	13,513,407	825
Disbursement to the partners	6,931,925	
Available for the programme	<u>6,581,482</u>	<u>825</u>
Funding DGIS spent in 2016 till 2018 by IRC	2,858,355	
Funding DGIS spent in 2016 till 2018 by partners	6,911,313	
Total spent till end of 2018	<u>9,769,668</u>	

	<u>31 December</u> <u>2018</u>	<u>31 December</u> <u>2017</u>
	€	€
Total received in advance	3,743,739	3,816,547
Received interest	825	0
Total received in advance by IRC including received interest	<u>3,744,564</u>	<u>3,816,547</u>

5 Other receivables

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

	<u>31 December</u> <u>2018</u>	<u>31 December</u> <u>2017</u>
	€	€
Interest receivable	17,827	16,852
Rent deposits for office rent in USA	6,658	6,658
Prepaid amount	312,969	207,629
Other receivables December 31 2018	<u>337,454</u>	<u>231,139</u>

6 Cash and cash equivalents

Bank and cash in hand can be specified as follows:

	31 December 2018	31 December 2017
	€	€
Current and savings accounts	5,142,339	4,204,680
Cash and Bank Burkina Faso office	301,221	238,912
Cash and Bank Ghana office	96,255	136,542
Cash and Bank Ethiopia office	579	16,819
Cash and Bank Uganda office	58,200	43,723
Cash in hand	1,119	1,398
Balance December 31 2018	5,599,713	4,642,074

The cash 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.

IRC is building its reserves the coming years to a desirable amount that covers a half year of operating expenses.

The profit of 2018 of € 112.148 is allocated as follows:

	€
Result 2018	112,148
Added to the general reserve 50%	56,074
Added to the earmarked reserves 50%	56,074

	31 December 2018	31 December 2017
	€	€
Foundation's general reserves	921,317	855,781
Addition to the general reserves	56,074	29,240
From earmarked reserves	87,850	36,296
Position 31 December 2018	1,065,241	921,317

The general reserves can be split into the following designated reserves allocations:

	€	€
Fixed asset equalisation reserves	30,444	47,143
Other resistance equity	1,034,797	874,174
	1,065,241	921,317

8 Earmarked reserves

At the end of 2016 it was decided to create an earmarked reserve. The addition to this reserve is 50% of the annual result.

This earmarked reserve is to reduce the risks for unemployment benefits, as IRC is own riskbarrier for the WW, and exchange rate fluctuations. As well as to invest in rebranding, the website and investments in ICT and financial systems in the near future.

	31 December 2018	31 December 2017
	€	€
Earmarked reserves	142,095	149,151
Addition to the earmarked reserves	56,074	29,240
Taken from the earmarked reserves for exchange rate results	-87,850	-36,296
Position 31 December	110,319	142,095

The total IRC reserves on 31 December 2018 amount to € 1,175,560

9 Jubilee provision

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 salary including holiday allowance and end of year allowance.

The jubilee provision calculation is based on the guidelines of the new labour agreement (CAO). According to the CAO, only after ten years of service employees are entitled to the build up provision. In previous years, the provision was formed from the starting date of service.

	31 December 2018	31 December 2017
	€	€
Position as of 1 January	2,478	5,047
Changes in provision	6,522	-2,569
Position 31 December 2018	9,000	2,478

10 Other staff related provisions

At the end of 2018 IRC has taken into account a provision for outstanding leave days, hypotax and unemployment benefits for two members of staff.

The other staff related provisions are specified as follows:

	31 December 2018	31 December 2017
	€	€
Hypotax	49,985	35,100
Minus: Used from provision hypotax	-21,430	-18,120
Provision unemployment	36,316	31,000
Addition/Release provision for unemployment	-2,626	5,316
One-off payment to staff	0	0
Employee leave rights payable	122,670	114,367
Balance 31 December 2018	184,915	187,664

11 DGIS Building WASH systems

The Ministry of Foreign Affairs (DGIS) has issued on 3 July 2017 a grant totaling €4,800,000 for the period 2017 through 2021. The grant is for the project "Building WASH systems to deliver the Sustainable Development Goals".

	€
Funding instalment received for 2017 till 2019	3,600,000
Funding DGIS spent in 2017 and 2018	2,682,496

	31 December 2018	31 December 2017
	€	€
Total received (prepaid) in advance	917,504	-1,551
Received interest	0	0
Total received in advance by IRC including received interest	917,504	-1,551

12 Net balance on projects

The item 'Net balance on projects' amounts to € 120,644 as of 31 December 2018. It concerns amounts that were received and invoiced for projects that were not completed as of 31 December 2018. As of the end of 2017 this item amounted to € -250,530

The total for the 'Work in progress' (total amount of all the running projects) was € 11,781,417 in 2018, this is € 2,3 million lower than the total of € 14,123,342 at the end of 2017.

The Net balance shows the difference of these total amounts minus the part that is executed at that moment

On the other side of this balance there are prepaid amounts to partners, including the partners of the DGIS Watershed programme.

In the balance sheet the items 'pre-invoiced on projects' and 'work in progress' have been netted in the following overview.

	31 December 2018	31 December 2017
	€	€
Other external financed projects	120,644	-250,530
Total Net Balance	120,644	-250,530

13 Tax and Pension premiums payable

	31 December 2018	31 December 2017
	€	€
Employer Tax and Pension premiums payable	80,003	72,545
Balance 31 December 2018	80,003	72,545

The outstanding balance was paid in January to Tax and Pension authorities.

14 Creditors for services

The aging of the outstanding items is as follows:

	31 December 2018	31 December 2017
Less than 6 months	137,326	69,404
6 to 12 months	0	0
More than 12 months	0	0
Balance 31 December 2018	137,326	69,404

15 Other current liabilities

The other current liabilities are specified as follows:

	31 December 2018	31 December 2017
	€	€
Holiday allowance payable	98,863	91,130
Year-end allowance payable	12,090	11,285
Annuity Mortgage Vastned	-	-
Other payable items	112,799	159,981
Balance 31 December 2018	223,752	262,396

All current liabilities fall due within one year.

Contingencies and Commitments not included in the balance sheet

Fictitious unemployment (WW) commitments

IRC is responsible for the potential unemployment commitments of its own personnel.

The maximum unemployment commitment amounts for which IRC could be held responsible in the event of fictitious liquidation is as follows:

Maximum unemployment commitment nominal as of 31 December 2018 € 1,778,712.

The calculated maximum unemployment commitment is based on the number of years of service at IRC.

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 2018

The number of employees working from the Netherlands as per 31 December is 32 (30,1 FTE); in 2017 was respectively 29 (27,1 FTE)
The number of employees working from the branch offices as per 31 December is 43 (43,0 FTE); in 2017 was this respectively 40 (40,0 FTE)

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 2018.

Rental and lease agreement

With regard to the housing in the International Water House, IRC together with NWP are renewing her rental agreement with NSI/Vastned for a period of 3.5 years effective as from 1 August 2019.

The bank guarantee regarding the rental agreement with "Stichting Netherlands Water Partnership" and "NSI/Vastned" amounts to € 21,000.

Since 1 December 2016 an office space is rented in Washington, USA

Termination of the contract is possible with 1 months notice.

The monthly fee is USD 2,047,50 as per 1 January 2019, Exchange rate as per 31 December 2018 is USD 1,1439

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

	€
Rent obligations up to 1 year office in The Netherlands (until July 2019)	48,315
Rent obligations up to 1 month office in USA	1,790
Rent obligation up to 1 year copiers	4,436
Rent obligations > 1 year office	0
Rent obligation > 1 year copier	4,492
Lease/rent obligations total	59,033

Notes to the income statement

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 (particularly travel expenses, consultants and contributions to partner organisations) and project results that are derived from subsequent calculation of projects at completion.

The total income from projects can be specified as follows:

Income

16 Core programme funding

	Actual 2018	Budget 2018	Actual 2017	Budget 2017
	€	€	€	€
Core programme funding (Gates Foundation)	0	0	48,319	0
This programme has ended in 2017				

17 DGIS Watershed programme 2016 - 2020

	Actual 2018	Budget 2018	Actual 2017	Budget 2017
	€	€	€	€
DGIS Watershed	3,657,782	3,310,273	3,684,525	3,358,100

18 DGIS Building WASH systems 2017 - 2021

	Actual 2018	Budget 2018	Actual 2017	Budget 2017
	€	€	€	€
DGIS Building WASH systems	1,280,945	1,249,450	1,401,551	585,000

19 Other project funding

	Actual 2018	Budget 2018	Actual 2017	Budget 2017
	€	€	€	€
Other IRC projects	5,947,485	6,602,562	6,838,377	7,286,532
Result on closed projects	198,432	0	18,777	0
	6,145,917	6,602,562	6,857,154	7,286,532

The total revenue from projects for the financial year 2018 amounts to €11,084,644 which is conform budget.

Expenses

20 Personnel costs

The total personnel costs for 2018 were € 3,589,901. This is 8% less than budgeted.

In Ethiopia and the Netherlands, a number of vacancies were not full filled, resulting in lower salary costs.

The salary costs of the country director of Ethiopia was included in the formation costs of Ethiopia, but his actual salary costs were included in the formation costs of the Netherlands

Number of FTE's in the Netherlands 31/12/2018 30.1

Number of FTE's in the country offices 31/12/2018 43.0

The specification of personnel costs is as follows:

	Actual 2018	Budget 2018	Actual 2017	Budget 2017
	€	€	€	€
Salary expenses				
Gross salaries including vacation allowance	1,996,819		2,050,000	
National insurance contributions	210,907		193,924	
Pension premium contributions	255,170		223,255	
Formation costs The Netherlands	2,462,896	2,589,290	2,467,180	2,339,834
Salary expenses paid from provision	0	0	0	0
Other	122,765	12,500	46,102	18,000
Formation costs Ghana	228,159	247,965	182,777	240,443
Formation costs Burkina Faso	205,416	263,611	158,977	187,306
Formation costs Uganda	203,922	247,069	157,084	190,306
Formation costs Ethiopia	107,865	225,551	121,320	245,441
Formation costs India	32,246	33,229	29,545	38,982
Formation costs Honduras	40,120	42,803	44,691	46,043
Total salary expenses	3,403,389	3,662,018	3,207,676	3,306,355
Other personnel costs				
Temporary employees	0	0	0	25,000
Recruitment	1,690	0	195	0
Foreign posting costs	90,287	111,000	66,708	0
Training and education	43,893	50,000	30,126	30,000
Personnel administration	12,787	12,500	11,016	17,500
Health expenses and health support	9,292	5,000	3,724	10,000
Travel free weeks and social events	16,239	17,500	9,004	16,500
Personnel insurances	12,116	12,500	12,348	15,000
Miscellaneous	208	0	340	0
	186,512	208,500	133,461	114,000
Total personnel costs	3,589,901	3,870,518	3,341,137	3,420,355

21 Other project related costs

	Actual 2018	Budget 2018	Actual 2017	Budget 2017
	€	€	€	€
Total project related costs	6,910,789	6,560,169	8,152,855	6,824,004

The other project related costs relate to partner contributions, Associates / consultants, travel, etc. (or 57% of the gross revenue). The actual expenses were over budget, mainly because vacancies were replaced by consultants. The amount paid to consultants was EUR 583,000 above budget.

22 General & administrative expenses (G&A)

G&A concerns all office related expenses as well as management and operational costs of the organisation. G&A amounts to € 999,117 in the year 2018, some € 40,000 more spent than originally budgeted for. From the total G&A costs an amount of € 596,742 could be recovered on projects.

Information Technology costs were some € 24,000 higher than budgeted, partially because of the move to Office 365. Management and PR/marketing costs were some € 38,000 higher than budgeted for due to a new campaign and the rebranding of the website.

The specification of the G&A is as follows:

	Actual 2018 €	Budget 2018 €	Actual 2017 €	Budget 2017 €
Housing	198,444	200,000	198,669	197,000
Depreciation expenses	28,916	25,000	26,088	25,000
Information Technology	108,750	85,000	87,022	75,000
Office inventory	517	0	0	0
Office supplies	2,717	5,000	3,770	12,500
Printing	10,829	15,000	15,456	15,000
Communication, postage	9,914	10,000	8,210	17,500
Supervisory Board	25,365	30,000	28,554	17,500
Auditor	55,610	50,000	48,712	39,000
Management, marketing, PR and Advisory	85,692	47,500	45,279	50,000
Fundraising & Business Development	49,455	50,000	34,988	60,000
IRC Consult	385	7,000	5,149	15,000
Tax & legal consultancy	8,609	10,000	3,274	10,000
Professional Indemnity Insurance	2,672	5,000	34,535	25,000
Literature & WorksCouncil	4,141	2,500	4,326	2,500
General & Administrative expenses Netherlands	592,016	542,000	544,033	561,000
General & Administrative expenses Ghana	103,407	115,530	88,102	111,183
General & Administrative expenses Burkina Faso	115,852	70,602	24,016	27,923
General & Administrative expenses Ethiopia	66,695	53,220	76,374	71,612
General & Administrative expenses Uganda	91,573	149,034	69,892	96,635
General & Administrative expenses USA	25,530	15,000	7,817	0
General & Administrative expenses India	1,298	6,557	5,085	14,675
General & Administrative expenses Honduras	2,746	5,286	1,049	9,387
Total gross General & Administrative expenses	999,117	957,229	816,368	892,415
23 Recovered overhead expenses	-596,742	-455,040	-456,204	0
Total net General & Administrative expenses	402,375	502,189	360,164	892,415

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 CEO or one of the Supervisory Board members. Hotel costs and flights to attend meetings were paid on invoice basis for the Supervisory Board members. A specification of the allowances paid are mentioned under the remuneration.

24 Financial income & expenditures

Financial income & expenditures in 2018 amounts to a loss of € 69,431, mainly caused due to an accrual for bad debts.

Financial income & expenditures can be specified as follows:

	Actual 2018 €	Budget 2018 €	Actual 2017 €	Budget 2017 €
Interest deposit accounts	17,826	0	16,856	25,000
Bank costs	-9,520	-10,000	-11,109	-10,000
Accrual bad debts	-65,038	0	16,261	0
Currency exchange result	-1,638	0	-93,227	0
Other financial charges	0	0	0	25,000
Result former years	-11,233	0	-6,819	0
Cash & payment differences	174	0	-877	0
Total financial income & expenditures	-69,431	-10,000	-78,913	40,000

25 Annual result

The profit of 2018 of € 112,148 is allocated in the following way:


	€
Result 2018	112,148
Added to the general reserve 50%	56,074
Added to the earmarked reserves 50%	56,074

	€
Foundation's general reserves	921,317
Result financial year	56,074
appropriation earmarked reserves	87,850
Position 31 December 2018	1,065,241

	€
Foundation's earmarked reserves	142,095
Result financial year	56,074
Deductions from earmarked results	-87,850
Position 31 December 2018	110,319

Deductions from the earmarked result	€
Deduction for unemployment expenses	-40,269
Deduction for new ICT systems	-27,668
Deduction for rebranding website	-18,275
Deduction for exchange rate result 2018	-1,638
Total taken from earmarked reserves	-87,850




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Remuneration for the CEO of IRC

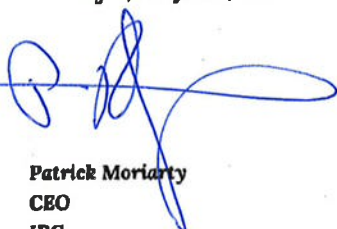
Name	Dr. Patrick Moriarty		
Job position	CEO		
	Year	2018	2017
Type of contract			
hours		40	40
Part time percentage		100	100
Period		01/01 - 31/12	01/01 - 31/12
Salary (€)			
Annual Income, gross			
Gross salary		92,283	91,308
Holiday allowance		7,316	7,237
Year end allowance		7,590	7,509
Variable income		0	0
Gross employee income		107,189	106,054
Employers Social Security costs		8,498	8,189
Taxable disbursement		0	0
Employers Pension Contribution		17,765	16,441
Other (future) benefits		0	0
Severance Entitlement		0	0
Total Remuneration CEO		133,452	130,685

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 on May 16th 2019

The Hague, May 16th, 2019

The Hague, May 16th, 2019



Patrick Moriarty
CEO
IRC
Bezuidenhoutseweg 2
2594 AV The Hague



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



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Independent Auditors Report

A handwritten signature in black ink, appearing to be 'P. van der...'.



Independent auditor's report

To: supervisory board of IRC International Water and Sanitation Centre

Report on the financial statements 2018

Our opinion

In our opinion, IRC International Water and Sanitation Centre's financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2018, and of its result for the year then ended in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

What we have audited

We have audited the accompanying financial statements 2018 of IRC International Water and Sanitation Centre, Den Haag ('the Foundation').

The financial statements comprise:

- the balance sheet as at 31 December 2018;
- the income statement for the year then ended;
- the cash-flow statement for the year ended;
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

The basis for our opinion

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

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

Independence

We are independent of IRC International Water and Sanitation Centre in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands.

53QMER6YM6VQ-903960010-51

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Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Report on the other information included in the annual report

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

- the directors' report.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

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

By performing our procedures, we comply with the requirements of the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report pursuant to the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

Responsibilities for the financial statements and the audit

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board;
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Foundation's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Foundation's financial reporting process.



Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 16 May 2019
PricewaterhouseCoopers Accountants N.V.



M. van Ginkel RA

Appendix to our auditor's report on the financial statements 2018 of IRC International Water and Sanitation Centre

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the foundation to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Branch office IRC Burkina Faso

amounts in Euros

Balance Sheet as at 31 December 2018

	<u>31 December 2018</u>		<u>31 December 2017</u>	
	EUR	EUR	EUR	EUR
<u>Assets</u>				
Non-current Assets				
Current assets				
Pre-payments	37,976		8,246	
Advances to partners	51,353		69,389	
Cash and Bank Balance	301,221		238,912	
		<u>390,550</u>		<u>316,547</u>
Total assets		390,550		316,547
<u>Liabilities</u>				
Current liabilities				
Accounts payable	8,240		13,808	
		<u>8,240</u>		<u>13,808</u>
		8,240		13,808
Provisions				
Employees - end of contract benefits	6,914		6,304	
		<u>6,914</u>		<u>6,304</u>
		6,914		6,304
Net Assets		<u><u>375,396</u></u>		<u><u>296,435</u></u>
Financed by				
Accumulated Fund		<u><u>375,396</u></u>		<u><u>296,435</u></u>

Income and Expenditure for 2018

	2018	2017
	EUR	EUR
<u>Income</u>		
Transfer IRC NL to Burkina Faso	900,498	1,284,103
Transfer other projects	732,194	425,084
Other ressources	0	19,456
Other contribution	338,815	572,981
	1,971,507	2,301,624
<u>Expenditures</u>		
Project costs DGIS	44,700	65,205
Project costs DGIS 9 Countries M&E	0	11,352
Project costs SaniEst	37,752	1,194,750
Project costs Unicef	110,874	58,223
Project costs Fas Eau	490,332	23,123
Project costs SaniEst Helvetas	0	214,520
project costs BRAVE	63,044	46,972
project costs COWI Niger	0	2,322
project costs Watershed	53,621	38,216
project costs CEMEAU	7,965	0
project costs Trackfin	0	45,804
project costs REACH	19,211	0
Project costs Hilton Burkina Faso	377,554	171,894
Project costs Hilton Niger	75,504	55,928
Project costs Hilton Mali	228,065	11,964
Project ASWA IPME	3,026	0
Project LRDD	117,073	16,266
Project Faso toilettes	4,132	2,195
Project Regis ER	0	6,759
Project AJDD	0	536
	1,632,854	1,966,028
Overhead formation costs	140,177	17,404
Overhead admin costs	119,514	21,757
Total expenses	1,892,545	2,005,189
Surplus transferred to accumulated	78,962	296,435
Balance carried forward	78,962	296,435

Branch office IRC Ghana

Amounts in Cedis

Balance Sheet as at 31 December 2018

	31 December 2018		31 December 2017	
	GHS	GHS	GHS	GHS
Assets				
Non-current assets		256,912		104,773
Current assets				
Pre-payments	505,799		240,931	
Cash and Bank Balance	532,361		739,339	
		1,038,160		980,270
Total current assets		1,038,160		980,270
Total Assets		1,295,072		1,085,043
Liabilities				
Current liabilities				
Accounts payable	107,952		117,051	
IRC Netherlands	833,157		702,910	
		941,109		819,961
Net Current Assets	97,051		160,309	
		97,051		160,309
Net Assets		353,963		265,083
Financed by				
Accumulated Fund		353,963		265,083

Income and Expenditure for 2018

	2018	2017
	GHS	GHS
Income		
Core Programme funding	2,619,442	1,589,328
Other projects	430,206	580,815
Exchange differences	29,590	51,254
	3,079,238	2,221,397
Expenditures		
Personnel Costs	1,115,379	788,431
Housing Costs	272,774	165,845
Administrative costs	233,649	179,650
RCN	15,248	23,859
Other projects	1,353,309	993,987
	2,990,359	2,151,772
Surplus for the year	88,880	69,625
Balance brought forward	265,083	195,458
Balance carried forward	353,963	265,083
 currency rate 31 December 2018	 5.53072	

Branch office IRC Uganda

Amounts in Shiling

Balance Sheet as at 31 December 2018

	31st December 2018		31st December 2017	
	UGX	UGX	UGX	UGX
ASSETS				
Current Assets				
Cash and Bank Balance	245,849,134		189,124,520	
Staff Working Advances	54,436,530		59,633,168	
		300,285,664		248,757,688
TOTAL ASSETS		300,285,664		248,757,688
LIABILITIES				
Account payable				
PAYE Payable	4,347,273		0	
Withholding Tax	77,820		4,120,674	
		4,425,093		4,120,674
TOTAL LIABILITIES		4,425,093		4,120,674
NET CURRENT ASSETS		295,860,571		244,637,014
Financed by				
Fund balance		295,860,571		244,637,014

Statement of income and expenditure for 2018**January through December 2018**

	2018		2017	
	UGX	UGX	UGX	UGX
Income				
Transfer from IRC- NL	2,246,554,223		1,328,332,880	
Water Aid	-		51,000,000	
Donor income	111,261,354		74,255,030	
Other income	8,057,427		57,578,339	
Total Income		2,365,873,004		1,511,166,249
Expenses				
Office Costs	215,235,634		130,461,363	
Capital expenses	229,666,175		12,015,000	
Communication	43,697,293		21,246,160	
Transport & Travel	183,363,972		143,590,423	
Personnel Expenses	798,579,125		627,863,443	
Partners & Consultants	277,566,684		227,385,369	
Programme costs	566,540,564		327,262,133	
Total Expenses		2,314,649,447		1,489,823,891
Balance carried forward		51,223,557		21,342,358

currency rate 31 December 201 4,224.190



PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

Branch office IRC Ethiopia

Amounts in Birr

Balance Sheet as at 31 December 2018

	31st December 2018		31st December 2017	
	ETB	ETB	ETB	ETB
ASSETS				
Non-current assets				
Property, plant and equipment	103,777		134,613	
Current assets				
Receivables	91,202		97,724	
Cash and bank balance	18,581		548,013	
	109,783		645,737	
Total assets		213,560		780,350
EQUITY AND LIABILITIES				
Equity				
Capital	2,070,990		2,070,990	
Fund balance	(2,043,878)		(1,622,527)	
Total Equity	27,112		448,463	
Current liabilities				
Accounts Payable	186,448		331,887	
Total equity and liabilities		213,560		780,350
Financed by				
Fund balance		(2,043,878)		(1,622,527)

Income and Expenditure for 2018

	2018		2017	
	ETB	ETB	ETB	ETB
Income (Transfer from Head office)		8,695,134		7,539,989
General and Admin. Expenses				
Office costs	853,295		716,006	
Survey costs	66,116		433,156	
Communication	90,450		77,042	
Challenge fund subsidy	-		891,022	
Transport and Travel	1,933,838		1,353,734	
Meetings and events	1,259,871		428,022	
Personal expenses	3,619,579		4,005,855	
Other personnel expenses	844,863		111,778	
Insurance	-		219,859	
Partners and consultants	384,100		517,119	
Bank service charge	950		852	
License and registration	5,061		7,369	
Newspaper translation and printing	19,500		71,760	
Depreciation	30,836		13,636	
Miscellaneous	8,026		17,679	
Total expenditure		9,116,485		8,864,889
DEFICIT OF INCOME OVER EXPENDITURE		(421,351)		(1,324,900)
FUND BALANCE BROUGHT FORWARD		(1,622,527)		(297,627)
FUND BALANCE CARRIED FORWARD		(2,043,878)		(1,622,527)

currency rate 31 December 2018

32.09380