



**STICHTING INTERNATIONALE ORDE
VAN HOSPITAALBROEDERS**

**seat at
AMSTERDAM**

Annual Report 2017



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
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PART A OUR ORGANIZATION

General information

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Stichting Internationale Orde van Hospitaalbroeders (SJOG-Hospitaalbroeders) was founded in 1994 and is part of an international Catholic organisation, of which the head office – the Generale Curia – is based in Rome, Italy.

The Dutch branch of SJOG-Hospitaalbroeders belongs to the West European Province.

HospitaalBroeders is a development aid organisation working with the very poorest in Africa. We are mental health care specialists and experts in managing small-scale and result-oriented projects. HospitaalBroeders is part of an international organisation running 334 hospitals and clinics in a total of 54 countries worldwide. SJOG-Hospitaalbroeders supports clinics and projects in Africa only.

On 31 December 2017, the members of the Board of Directors were:

- W.M. Forkan;
- J.E. Lennon;
- J. Gallagher;
- S. Kearns.

1. Mission and vision

Inspired by our Catholic background, the mission of SJOG-Hospitaalbroeders is to provide care of the highest quality to the most vulnerable groups in Africa regardless of a person's ethnic background, gender or religion.

We have been mental health care specialists for over 450 years and operate our own hospitals and clinics.

SJOG-Hospitaalbroeders' vision for the world is one where everybody is treated with care and attention and given fair opportunities. We give meaning to this under three different pillars: health, knowledge and independence.

The care we provide focuses on the acceptance of people with a mental or physical disability and their emancipation. We do this, not only, by providing care in our 18 hospitals and clinics in Africa, but also by training our own doctors and nurses.

Within the three pillars, we teach people to use their potential to the fullest.

Hospitality is the central value of our organisation manifesting itself in four core values: compassion, respect, excellence and justice, in the manner of St. John of God.

2. Strategy and approach worldwide

Traditionally, SJOG has been an organisation specialising in mental health care in the broadest sense of the word. From South America to China and Europe, the focus has been on specialised medical care for people from the most vulnerable groups. This ranges from mental health care to caring for people with mental disabilities and addiction treatment.



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In Africa, we provide health care in nine countries. The main emphasis is on general health care. However, in three of these countries – Malawi, Senegal and Mozambique – a total of five institutions provide mental health care.

The Dutch branch of SJOG-Hospitaalbroeders is the only branch that does not include active Brothers from the International Order. The Netherlands falls within the West European Province, which is directed by Ireland.

In Africa, SJOG-Hospitaalbroeders runs 24 hospitals and clinics. The majority of these clinics fall within the African Province: Kenya (1), Cameroon (3), Mozambique (1), Sierra Leone (2), Liberia (2), Zambia (1), Senegal (3) and Ghana (4).

The hospitals in Togo (2) and Benin (3) fall within a separate entity, the Province of Togo-Benin (St. Richard Pampurri).

Malawi (2) falls within the West European Province.

Since SJOG-Hospitaalbroeders began its operations in the Netherlands, all countries have received support. In the last few years, financial support has shifted to notably Malawi, which just like the Netherlands belongs to the West European Province, as well as to the countries of the African Province.

3. Strategy in the Netherlands

Fundraising in the Netherlands is intended to support African hospitals and the projects managed from these hospitals. The 2017-2020 Multi-Year Strategy provides a clear description of the strategic objectives.

1. Extending and expanding successful programmes in the three different pillars (care, education, autonomy)

- Care: expanding and improving services in our hospital and clinics.
- Care: expanding services via Outreach Programmes to extend the reach in peripheral regions.
- Education: expanding scholarship programmes in Malawi and Sierra Leone.
- Education: more attention to quality in our own training programmes.
- Autonomy: innovative water systems in clinics.
- Autonomy: developing income generating programmes.

2. Building a strong supporters network

- Focussing on growth of financial income through active fundraising.
- Identifying and developing new partnerships.
- Expanding donor base.
- Developing a 'middle donor' programme including visits by donors to projects.
- Implementing a more campaign-based approach.

3. Increasing name recognition in the Netherlands

- Stronger branding of the name 'HospitaalBroeders'.
- Developing a PR and communication policy based on increased publicity for activities.



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Besides practical objectives there is a statutory goal which is primarily bent towards fundraising.

“The objective of the foundation is to organise and manage fundraising activities, to receive charitable gifts, to raise and manage entrusted funds and to acquire, manage and maintain moveable and immovable property and manage such investments, and, from time to time, to use and allocate all income, including any assets the foundation shall receive, to ensure that this is used in accordance with current legislation to benefit the Hospitaller Order of St. John of God in relation to its various charitable activities.

Furthermore to provide information and education relating to the charitable projects of the Order’s Mission worldwide.

It is the express intention that no part of net income or assets will go to private individuals.”¹

4. Fundraising policy

The Dutch office is, unlike the offices in other countries, a separate entity. In contrast to all other country offices, there are no Brothers. This is because the St. John of God Hospitaller Order has no members left in the Netherlands. The Dutch office raises funds for the African hospitals and clinics.

Fundraising is the core business of the Dutch organisation and built on a number of ‘sources’, of which the most important consists of private donations. Private donations are received through direct mailings and in the form of bequests. Other sources include crowdfunding at events, and institutional support. Structural support through pledges comes from D2D-acquisition.

SJOG-Hospitaalbroeders aims to apply the concept of cross-fertilisation in the use of these various channels. Many projects are financed by both private and institutional funds.

The essence of fundraising is the human factor. Projects aim to serve people and are supported by the Brothers and people of our organisation. By telling the stories of our workers and our patients, we try to convey the urgency of our work to donors in an intimate and personal way.

5. Results and impact

Impact measurement has become increasingly important in the work of NGOs in the past years. For organisations in the health care sector, measuring impact can be a challenging task. After all, how do we define the ‘outcome’ of health care activities?

Some output, such as numbers of patients treated, and bed occupancy rates, can easily be established, but the final ‘outcome’ is harder to pin down. Hospital care is more than a series of actions performed under medical protocols. Giving care includes being attentive and expressing sympathy as part of a professional attitude as well as a caring attitude.

SJOG-Hospitaalbroeders continuously works to optimise the way funds are spent to ensure effective and efficient operations towards the realisation of our objectives. In the past years, our direct partners, the hospitals and clinics in Africa supported by us, have made steps to accommodate the growing Western demand to increase transparency and result and impact measurement.

A standardised application form for all projects including a question on the intended outcome of a project is intended to support this development.

Nevertheless, it remains difficult to get our African partners to meet the high reporting standards valued so much in the Netherlands. While we put a high premium on transparency and timeliness, the daily reality of a hospital in Liberia and Sierra Leone presents other challenges. The few available resources are often – and rightfully so – spent on the improvement of care, with too little left over to create well-organised operational processes. The poor quality of the digital networks does not help the situation either. Yet enormous steps are made in the African Province in the area of accountability. SJOG-Hospitaalbroeders will continue to keep focusing attention on what we in the Netherlands consider to be important.

¹ In 2018 the Articles of Association have been expanded.



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Collecting and analysing data can be done in a number of ways. With respect to qualitative research, meetings and workshops to improve administrative processes are frequently conducted in Africa. From the Netherlands, the importance of storytelling is stressed, projects in hospitals are visited regularly, often on an annual basis, informal conversations are held with medical staff and patients, and Brothers are interviewed. With respect to quantitative data, reports are received, information is distilled from annual reports, and results are communicated to stakeholders and donors.

The Brothers send regular reports about the implementation of projects. These are shared with stakeholders such as the institutional donors.

SJOG-Hospitaalbroeders aims to further embed result and impact measurement in the organisation culture.

An important new development is pushing clinics and hospitals towards organising more income generating activities. This helps a facility to build a financial buffer to meet growing expenditures. This new way of working has a double advantage. First, a euro collected by SJOG-Hospitaalbroeders will be used several times, as it is used for a loan to a hospital which will then be paid back to SJOG-Hospitaalbroeders.

Secondly, the loan helps the hospital to start generating its own income. In 2017 we had two active loan projects in operation.

Output

A total of 78 African Brothers worked in the African Province¹ in 2017.

The Brothers worked with a total of approximately 1,200 staff members.

The total number of patients in 2017 was 352,003.

We received 31,528 patients in our five mental institutions.

A further 31,736 patients were seen in our six clinics.

266,797 patients received treatment in our seven – larger – general hospitals.

Besides the niche of mental health care in which HospitaalBroeders works in Africa, our Outreach activities also continue to expand. In 2017 a total of 16,861 patients were seen – and received treatment – outside of the hospitals:

- Asafo (Ghana): 1,685
- Amrahia (Ghana): 6,106
- Mzuzu & Lilongwe (Malawi): 4,221
- Batibo (Cameroon): 1,700
- Lunsar (Sierra Leone): 573
- Fatick (Senegal): 1,606
- Thies (Senegal): 970.

The Outreach programmes in Senegal and Malawi especially are focussed on mental health.

The total number of clients in Malawi was 21,960 and came from a wide range of treatments.

Mental Health outpatients, Outreach clients, school pupils, elderly, women self-help groups, detainees and addicts.

¹The African Province includes: Ghana, Sierra Leone, Liberia, Cameroon, Senegal, Kenya, Mozambique, Zambia. Malawi falls within the West European Province.



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Developments in programme countries – Results per country

(The figure behind the country shows the percentage of the Dutch budget spent in that country.)

In 2017 project visits were conducted in Sierra Leone, Ghana and Liberia.

Each year we try to visit a number of these countries. Each visit is recorded in a detailed report.

Malawi (50%)

Malawi has always been the main partner in Africa for HospitaalBroeders' projects. This has to do with the fact that Malawi has been part of the west-European province and because of its specialization: mental health. Three multi-annual projects were funded, in collaboration with Mísean Cara from Ireland. The three projects that were funded were: Community Based Mental Health Services and early child interventions in Mzuzu. The second project was the support of the Training Programme for Registered Nurses. The third a Vocational Programme in the prisons in the North of Malawi, combined with mental health education for staff of these prisons. Shipment of books and scholarships for staff were smaller projects.

Sierra Leone (32%)

In 2017, the hospital celebrated its 50th anniversary with a lot of special activities.

One of the accomplishments is that more than 400 students completed the nursery training since the start of this programme in 2009.

More than 40 new students were supported in 2017. Also a new school bus for the Nursing School was purchased, in collaboration funded with MIVA.

We also funded a container with drugs and equipment to the hospital in Lunsar.

Liberia (11%)

A container with much needed drugs was shipped from the Netherlands to our hospital in Liberia. At the hospital a public toilet was constructed and a new well was dug for clean drinking water.

Ghana (5%)

For several years now we have been running a medical post, affiliated to the hospital in Asafo, in the rural village of Oseikojokrom. It is close to the border with Ivory Coast and very remote. A laboratory and a pharmacy were built in this village so health workers can run tests and prescribe medication themselves – an enormous advance for the local population. The entire cost of constructing these facilities is funded by the legacy of a donor who visited our hospital in Ghana in the seventies and who had expressed the wish that his estate be used for health care in the country he loved so much. In Amrahia equipment for the new theatre was purchased. Also an ultrasound machine and two suction machines.

Cameroon (2%)

A theatre bed for the hospital in Batibo was purchased.

There was no project help in 2017 for Mozambique, Zambia and Kenya

6. Communication

We are using a communication style based on storytelling. The visual design has also become more recognisable. SJOG-Hospitaalbroeders considers it important to transcend the standard practice of Africa's negative representation. Our images are positive and optimistic, showing the strong and autonomous people with and for whom we work. With our stories, we want to show the resilience of these people.

Storytelling was used to increase loyalty among existing donors and other interested parties. The stories zoomed in on the people in Africa and the people who make up SJOG-HospitaalBroeders and were told



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using video, text and photography. Good photography is key. An English photographer, who lives and works in Freetown, did a visual report from our hospital and its staff in Liberia.

Storytelling was also crucial in our Legacy campaign (called *Warm Hart*).

One of the advantages of being a small and flexible organization is that it is rather easy to match the wishes of a bequestor. That was our starting-point when we started the *Warm Hart* campaign. Two donors had put HospitaalBroeders in their will. One was woman that wished that we'd do something for children. As Wild Geese happened to be the other beneficent we'd teamed up and constructed a shelter for street children in Malawi. After construction and opening of the shelter, we've contacted her sister, who'd told us on camera how she thought that her sister would have felt about our endeavors. The second video of our campaign was the life story of priest Jan Zutt, who had visited our hospital in Asafo in 1975. We've contacted his best friends and visited them three times to get the story about Jan Zutt's life straight. The goal of both videos was to attract people to the special website 'Warm Hart' to interest more donors to consider HospitaalBroeders in their last will. Our USP is that we actually can make their dreams come true. (Paper) ads, Facebook posts, advertorials free publicity, online ads, Google Grants led to our webpage. This campaign was also intended to increase name recognition.

To turn the tide of our low name recognition in the Netherlands, we've initiated two main activities;

- a tv-commercial
- a filler campaign (print and online)

The tv commercial was a 25 seconds during commercial made out of an existing a 3D animation. The reach was 1,488,940 persons.

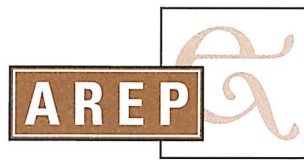
The filler campaign, existing of 100 fillers, reached 20,856,152 persons.

Online communication towards potential or existing donors was through: website, e-news, Facebook and adgrants. Because of the fact that more than 50% of the online donations (one offs) is done after a request by e-news, we decided to generate online leads in 2018.

In October, 17 runners took part in the Amsterdam Marathon on behalf of SJOG-HospitaalBroeders and for the benefit of the Nursing School in Lunsar, Sierra Leone. The runners raised almost 6,000 euros among their networks of friends. The runners had been recruited among clients of Clubkoffie, a company with which we had joined forces for this purpose.

In 2017 we've completed 30 small videos about our work.

However, website visit decreased significantly. From 35,276 to 19,961 visits. The reason is a change in Google's Grants policies. In 2017 67% of our traffic came from Google searches. In the Google Grants programme (for NGO's) *relevance* is key now. Google only allows relevant web visit. They do this by putting up a threshold of a 5% CTR. If the CTR is below 5% Google stops the Grants Programme because - so they argue - the traffic will not be relevant. Basically people who are looking for relevant information about HospitaalBroeders will go to our website. Therefore only relevant searches will find their way to our website. The downside of this new policy is that web visit decreased but the promising part is that only relevant visit, so people who are actually want to find you, come to our website. Compared to 2016 our number of online donations grew from 121 to 150. Other proof that our web visits were more relevant are increased *pages per sessions* (from 1,58 to 3,62); longer average time spent on website (from 00:48 to 01:39s); lower bounce percentage (from 81% to 14,70%).



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7. Internal organization

In 2017 SJOG-Hospitaalbroeders had 3 people on the payroll (2.4 FTE).

Absence through sickness is traditionally low: at 0.5%, it was substantially lower than the national average of 3.7%.

Director and board

John Fleming was the Irish director of SJOG-Hospitaalbroeders. 15% of his salary was paid for by the Dutch organization. The salaries of the three staff members with a permanent contract are in accordance with the salary structures of other charitable organizations.

Most of the employees work part-time. In addition to their salary, staff receive 8% holiday pay. Additional employment benefits are modest and include a pension scheme and ample training and development opportunities. SJOG-Hospitaalbroeders does not pay annual bonuses or any other type of bonuses.

Volunteers policy

Hospitaalbroeders has put a policy for volunteers in writing.

Volunteers sometimes help with events, like the Marathon of Amsterdam.

The volunteer roles and responsibilities have been put down in an agreement, signed by both parties.

The organization has a volunteer policy, which can be retrieved from the secretariat.

8. Segregation of functions: supervisory tasks, executive powers and operational activities

In 2017, the board of trustees for SJOG-Hospitaalbroeders was made up of three members. The members were: William Martin Forkan, Michael Neild and John Lennon. The board convened five times. In 2018 the Board will be completed to the minimum of 5 Board members.

The CEO (John Fleming) reports to a Board of Directors.

The board is responsible for governance including:

- a. Setting the strategic direction of the company
- b. Ensuring the financial viability of the company
- c. Reviewing and agreeing operational plans and budgets with the CEO
- d. Reviewing operational updates from the CEO
- e. Appointing the CEO
- f. Reviewing the CEO's performance
- g. Receiving and recommending the Annual Report to the Irish Governing Authority (Members).

The CEO is responsible for:

- a. Managing the operational and financial management of the company
- b. Assisting the Board in defining the strategic direction of the company
- c. Assisting and advising the board on compliance with relevant company and charity law.

The CEO is not a member of the board. Meetings are held every two months. The CEO presents the following information in these meetings:

- a. Financial Update
- b. Operational Update
- c. Strategic Plan development
- d. Compliance Updates.



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Apart from scheduled board meetings, the CEO will consult with individual board members on areas and subjects of their particular expertise.

The Board of Directors reports to a Governing Authority known as Provincial Definitor who usually meet every year at the AGM. They receive the Annual Report and approve it for publication. Board members do not receive any remuneration. Expenses are allowed for travel to and from board meetings.

Directors are appointed every three years by the Governing Authority (Members). There are no other key functions.

9. Future plans

Our year plan for 2017 has been drafted in line with the strategic plan 2017-2020 and is building on the experiences and lessons learned over past years.

One important development is the integration of our communication in an overall strategy: communications and fundraising should reinforce each other.

The most important goals for 2017 are:

- Increase fundraising income to € 800,000+ and increase project expenses to Africa;
- Increase name awareness and recognition of the brand 'HospitaalBroeders'
- Increase organisational impact by improving and professionalising business processes (in both the Netherlands and Africa).

PART B FINANCE

In 2017, the financial accounts were recorded by accounting firm IAS. Donors' pledges and mutations in SJOG-Hospitaalbroeders' database were entered into eTapestry, a CRM database. IAS prepared monthly financial accounts that were sent to the board of trustees. In preparation of each board meeting, the office drew up an explanatory report on the financial accounts.

IAS played a role in additional controls on the payroll. The office sends a calculation to the office in Ireland, which then has money transferred to IAS, which then pays the salaries and the corresponding social security charges.

The audit was carried out by Arep Accountants from Nieuwegein, the Netherlands. The audit report for the 2017 financial year has been included in full at the end of the annual report.

1. Incoming resources

The income in 2017 amounted to € 837,708, a decline of 8.9% from 2016, and slightly under the set objective of € 862,000.

Year	2017	2016	2015	2014
Target	€ 862,000	€ 945,000	€ 895,224	€ 923,000
Actual	€ 837,708	€ 919,248	€ 909,108	€ 867,079
% difference from target	-2.8%	-2.7%	+1.6%	- 6.1%

Actual income fell short of the target income. The main reason for this was that income from structural donors (those who have agreed to a direct debit mandate) and income from incidental gifts fell some percentage points short of the projected amounts.



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Pledge income (standing orders) was budgeted at € 47,000 per month. On average this was € 44,357. In the first six months acquisition fell still due to problems with our Face 2 Face agency. They restarted the campaign in the summer months and only hit € 47,000 in December again. The income from institutional funds remained € 18,650 below target as only one (MIVA) application received money.

When broken down into channels of fundraising, the sources of income are as follows:

- direct debit mandates (64% vs 58% in 2016)
- direct mailings (13% vs 13%)
- bequests (15% vs 22%)
- events (1% vs 1%)
- institutional funding (1% vs 5%)
- and other sources (6% vs 1%).

'Other sources' was a grant from St. John of God Development Company.

Legacy income was - again - important as an income channel. Therefore, it will be a focal point for our fundraising in the coming years.

2. Expenditure and expenditure allocation

In the statement of expenditure, direct and indirect expenses have been allocated to strategic targets, fundraising and management and administration. A total of € 498,473 was spent on strategic targets (61%), € 226,687 on fundraising (27%), and € 94,493 on management and administration (12%). Compared to 2016 there was an increase in fundraising of 8%.

Direct expenses entail a demonstrable relationship between the actual expense and the results achieved. In the case of indirect expenses such a demonstrable relationship is not present. In consultation with the accountant, an expense allocation key was defined on the basis of actual figures from previous years. This expense allocation key can be found on page 28 of the 2017 Financial Statements report by AREP.

In 2017, direct project expenditure amounted to € 238,605.

The expenditure on strategic objectives as a percentage of income was 60,81%.

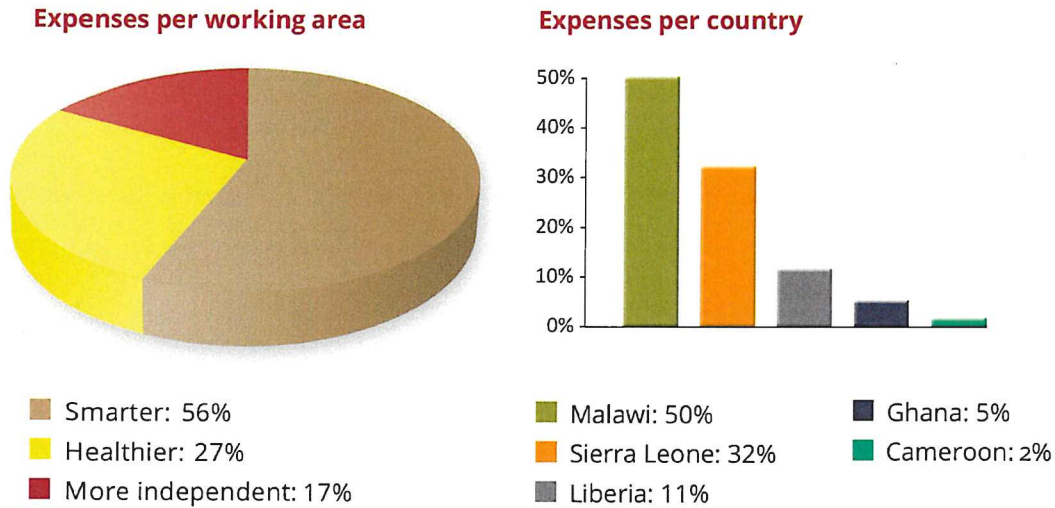
The cost of fundraising in 2017 as a percentage of income derived from our own fundraising was 27.4%.

SJOG-Hospitaalbroeders uses a classification based on three distinct pillars: 'health, knowledge, autonomy'. 'Health' refers to expenditure on health care; 'knowledge' refers to expenditure on scholarships and training programmes; 'autonomy' refers to expenditure on ways to help communities and people to build their own lives or improve the quality of their lives by, for example, building water points or granaries.



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The resulting breakdown of the direct project expenditure is as follows:



Budget 2018

INCOME		EXPENSES	
Pledges	€ 564.000	Employee Costs	€ 199.000
Donations	€ 100.000	Accommodation	€ 29.000
Legacies	€ 120.000	Office Costs	€ 12.000
Institutional	€ 25.000	General Costs	€ 19.000
Events	€ 5.000	Donor Administration	€ 21.000
Other	€ 5.000	Banking Costs	€ 10.000
		Selling Expense (existing donors)	€ 55.000
		Selling Expense (prospective donors)	€ 150.000
		Selling Expense – prospects (DM)	€ 5.000
		Events & crowdfunding	€ 3.000
		Loyalty	€ 6.000
		Communication & PR	€ 12.000
		Telemarketing	€ 40.000
		Online Marketing/Development	€ 14.000
		Legacies & Major Donors	€ 10.000
		Expenses Projects	€ 234.000
TOTAL	€ 819.000		€ 819.000

3. Resources expended on charitable activities

Direct project expenditure remained 19% below budget. This was a result of the fact that the income from structural donors remained below budget. At the beginning of each year, the project applications from Africa are systematically reviewed by the management team and presented to the board of trustees. The board selects the projects that qualify for funding. The relatively high share of private donations in total



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income enables us to finance a large part of the projects from our own resources. Funds from institutional donors are always earmarked and must be used for designated projects.

4. Scope of reserves and funds

Continuity reserve

A continuity reserve is intended to cover short-term risks and to ensure that the fundraising organization will be able to meet its obligations not only now, but also in the future. At the end of the year, the reserve had grown to almost € 110,000. In 2018 this will be reviewed and increased.

Special purpose reserve

Funds earmarked for educational purposes are set aside on a separate bank account. These funds result from different donor campaigns all designed to raise funds for scholarships for African students. These funds are generated at different moments during the year and are set aside until scholarship applications are received.

5. Financial flows within the international organization

SJOG-Hospitaalbroeders Nederland belongs to the West European Province of the St. John of God Hospitaller Order. The Dutch manager reports to the Irish director. The director reports to the Irish/Dutch board.

SJOG-Hospitaalbroeders Nederland focuses exclusively on the funding of projects in Africa. Funding of projects often takes place in close cooperation with the Irish mother organization. Consultation and agreement between the Dutch and Irish branches of the organization are intended to realize a maximum return on invested external and institutional funds. For instance, it helps when the Dutch organization underwrites 25% of the project expenditure when the Irish organization makes an application to institutional funds such as Mísean Cara. In 2017 HospitaalBroeders participated in three (Malawian) projects as partner of Mísean Cara.

There are two meetings per year with other European entities within the Order. These meetings, known as the Alliance, bring Portuguese, Spanish, French, Italian, Irish and Dutch fundraisers together to reconcile their project funding activities. These activities are coordinated by the General Curia in Rome. Their purpose is to achieve the highest possible return on project funding and to ensure that the largest possible spectrum of projects in terms of different need receive funding.

6. Strategy, finance and risks

The following is the central objective as set out in the articles of association:

“The objective of the foundation is to organize and manage fundraising activities, to receive charitable gifts, to raise and manage entrusted funds, and to acquire, manage and maintain moveable and immovable property, to invest in the same and to manage such investments and, from time to time, to use and allocate all income, including any assets the foundation shall receive, to ensure that this is used in accordance with current legislation to benefit the Hospitaller Order of St. John of God in relation to its various charitable activities. Furthermore to provide information and education relating to the charitable projects of the Order’s Mission worldwide.”

Raising funds is the essence of this objective. SJOG-Hospitaalbroeders Netherlands is a charity that raises funds, but other activities have been added in the course of the years. The organization initiates projects in cooperation with the partners in Africa. Projects are evaluated and, when found successful, rolled out elsewhere. Examples are outreach programmes, food security programmes that were launched, schools



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that were built, and various sustainable projects that were initiated. Projects that prove successful are copied or modified and improved.

In 2018 new articles of association will replace this version.

Fundraising and spending policy

The board fulfils two roles in respect of fundraising.

First of all, it monitors sound fundraising policy resulting in income in an effective and efficient way.

Secondly, it has a responsibility with regard to risk management.

In the Dutch situation, the director and the fundraising manager are responsible for the fundraising policy together. Reports include issues such as the recoupment period of investments and analyses of the donating behaviour of donors; these subsequently form the basis for the year plan. In these reports, concepts like Life Time Value and ROI may be used.

We try to keep the cost of fundraising within the CBF norm (maximum cost of fundraising 25% of income). In 2017, with the cost of fundraising at 27% of income, we did not meet this threshold.

Spending policy

SJOG-Hospitaalbroeders puts no projects out to tender; all projects in Africa are set up and implemented by the Brothers that are liaised to the organisation. Projects are monitored through project visits and through financial and project reports.

There is scope for monitoring and evaluation contributing more to learning and improvement. Progress has been made in this respect, notably in the way African brothers make applications for project funds to SJOG-Hospitaalbroeders. Prior to the submission of a project, they fill in a form which includes specific questions about the evaluation of the project.

Year plan and reporting

A planning and control cycle helps to create and maintain a transparent and effective management of the organization. This cycle includes at least the following four elements:

Mission: long-term strategic objectives

Strategy: the way the organization achieves its objectives

Year plan: objectives for the current financial year and how these are to be achieved

Budget: the estimation of income, expenses and investments that is associated with the year plan.

The year plan actually serves as a contract between the director and the board of trustees and is the board's most important benchmark for evaluating performance.

The year plan and the budget are also the cornerstones of good governance and are instrumental in evaluating policy, objectives and quality of reporting.

Reporting is a part of project visits to the hospitals where we speak with stakeholders and project managers.

In the last years there has been increased attention for impact measurement. The African Brothers have become more aware that the result of an investment can of course be expressed in monetary terms, but also in quantitative terms about 'output' and 'outcome'. This concept remains difficult to grasp. In fact, impact refers to the part the organization or hospital has played in the change that has occurred with respect to the target group. This is the change as observed minus the change that 'would have occurred anyway'. In a hospital, such changes cannot always be easily measured.

It is obvious that the use of a new X-ray machine will result in more X-ray photos of a better quality. The impact can then be defined as: improved health care quality. But how can this be quantified? These are questions that the organization is still grappling with and still seeking answers to.



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
seat at AMSTERDAM

Investment policy

The organization does not invest funds in any type of financial product.

7. Annual accounts

The annual accounts are prepared by AREP Accountants, based in Nieuwegein, the Netherlands.

Development of income and expenses

The result for 2017 amounts to € 18,055 positive compared to positive € 94,860 for 2016. The results for both years can be summarized as follows:

	2017		2016		Difference
	€	%	€	%	€
INCOME					
Income from own fundraising	776,358	92,7	865,797	94,2	-89,439
Income / Grants by third parties	11,350	1,4	53,451	5,8	-42,101
Grants from related parties	50,000	5,9	–	–	50,000
Total income	837,708	100,0	919,248	100,0	-81,540
EXPENDITURE					
Spent on Strategic Objectives	498,473	59,5	566,730	61,7	-68,257
Fundraising expenses	226,687	27,1	168,127	18,3	58,560
Management and administration	94,493	11,3	89,531	9,7	4,962
Total expenditure	819,653	97,9	824,388	89,7	-4,735
Result expenditure and income	18,055	2,1	94,860	10,3	-76,805

Costs

	2017		2016		Difference
	€	%	€	%	€
Project costs	238,605	29,1	315,052	38,2	-76,447
Personnel costs	195,989	23,9	198,533	24,1	-2,544
Housing costs	27,960	3,4	29,553	3,6	-1,593
Office costs	10,670	1,3	16,086	2,0	-5,416
Selling expenses donors	291,194	35,5	208,888	25,3	82,306
Donor administration	12,215	1,5	9,308	1,1	2,907
General expenses	43,020	5,3	46,968	5,7	-3,948
	819,653	100,0	824,388	100,0	-4,735



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
seat at AMSTERDAM

REPORT FROM THE BOARD OF DIRECTORS

Principal activities

Stichting Internationale Orde van Hospitaalbroeders (The Foundation), located at the Nieuwendammerdijk 530A, Amsterdam, is a charity which raises funds primarily for health services in developing countries, especially in Africa. The foundation is part of the Hospitaller Order of Saint John of God, was founded 500 years ago and is active in 54 countries worldwide.

Statement of responsibility of the board of directors

The board of directors require financial statements to be prepared for each year in accordance with generally accepted accounting policies. The financial statements are to give a true and fair view of the state of affairs of The Foundation and the result of the Foundation for that period.

Accordingly, the board of directors must ensure that in the preparation of the financial statements;

- Suitable accounting policies are selected and then applied consistently
- Responsible and prudent judgements and estimates are made
- Material departures from applicable accounting standards are disclosed and explained and
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the foundation will continue

The board of directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of The Foundation. They are also responsible for safeguarding the assets of The Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Books of account

The measurements taken by the board of directors to secure compliance with its obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons.

The books of account are kept at Stichting Internationale Orde van Hospitaalbroeders, located at the Nieuwendammerdijk 530A, Amsterdam.

Legal status

The Foundation is a foundation in accordance with article 24 sub 4 of the Successiewet 1956. Stichting Internationale Orde van Hospitaalbroeders is also registered at the Chamber of Commerce in Amsterdam at number 41058935.

Results

For the 2017 results, we refer to the statement "Income and Expenditure" on page 21 of this report.

Future developments

The Foundation will continue to build up the number of pledge donors and actively start sponsor programmes, thereby reducing the fundraising cost.



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
seat at **AMSTERDAM**

Principal risks and uncertainties

Continued sustainability of donation income is considered to be the highest risk.

Subsequent events

There were no subsequent events for the disclosure.

On behalf of the board of directors

Amsterdam, 2018

Signed: W.M. Forkan
Voorzitter (Chairman)

Signed: P. Hulshof
Penningmeester (Treasurer)



FINANCIAL STATEMENTS 2017



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
 seat at AMSTERDAM

BALANCE SHEET AS AT 31 DECEMBER 2017

(After appropriation of result)

ASSETS		<u>31 December 2017</u>	<u>31 December 2016</u>
		€	€
Fixed assets			
Tangible fixed assets	(1)		
Inventory		1,774	2,556
Financial fixed assets	(2)		
Loan		2,420	5,769
Current assets			
Receivables	(3)		
Guarantee capital		5,922	5,922
Other receivables and prepayments		108,312	19,074
		<u>114,234</u>	<u>24,996</u>
Cash and cash equivalents	(4)	71,614	121,122
		<u><u>190,042</u></u>	<u><u>154,443</u></u>



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
seat at AMSTERDAM

EQUITY AND LIABILITIES

	<u>31 December 2017</u>	<u>31 December 2016</u>
	€	€
Reserves and funds	(5)	
Continuity reserve	110,029	97,980
Restricted fund	8,483	2,477
	<u>118,512</u>	<u>100,457</u>
Current liabilities	(6)	
Trade creditors	23,635	16,645
Taxes and social securities	5,032	5,049
Accruals and deferred income	42,863	32,292
	<u>71,530</u>	<u>53,986</u>
	<u><u>190,042</u></u>	<u><u>154,443</u></u>



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
 seat at AMSTERDAM

INCOME AND EXPENDITURE FOR THE YEAR 2017

		<u>2017</u>	<u>Budget</u>	<u>2016</u>
		€	€	€
INCOME				
Income from own fundraising	(7)	776,358	832,000	865,797
Income / Grants by third parties	(8)	11,350	30,000	53,451
Grants from related parties	(9)	50,000	-	-
Total income		<u>837,708</u>	<u>862,000</u>	<u>919,248</u>
EXPENSES				
Expenses made for Strategic Objectives (10)				
Direct aid		289,873	320,334	367,550
Coordination		58,926	59,664	61,035
Information and awareness raising		149,674	136,367	138,145
		<u>498,473</u>	<u>516,365</u>	<u>566,730</u>
Fundraising expenses (10)				
Existing donors		58,345	73,596	64,425
Prospective donors		168,342	174,909	103,702
		<u>226,687</u>	<u>248,505</u>	<u>168,127</u>
Management and administration (10)				
		94,493	96,554	89,531
Total expenses		<u>819,653</u>	<u>861,424</u>	<u>824,388</u>
Balance of Income and Expenses		<u>18,055</u>	<u>576</u>	<u>94,860</u>
Appropriation of the result				
Addition to continuity reserve		12,049	-	103,526
Addition to restricted funds		6,006	-	-8,666
		<u>18,055</u>	<u>576</u>	<u>94,860</u>
<u>INDEX NUMBERS</u>				
		<u>2017</u>	<u>Budget</u>	<u>2016</u>
- Management and administration in % of Total expenses		11,5%	11,2%	10,9%
- Expenses made for Strategic Objectives in % of Total expenses		60,8%	59,9%	68,7%
- Expenses for Fundraising in % of income from own Fundraising		29,2%	29,9%	19,4%
- Expenses made for Strategic Objectives in % of Total income		59,5%	59,9%	61,7%



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
 seat at AMSTERDAM

CASH FLOW STATEMENT FOR THE YEAR
ENDED 31 DECEMBER 2017

(According to the indirect method)

	2017		2016	
	€	€		
Cash flow from operating activities				
Operating result	18,055		94,860	
Adjustments for:				
- Depreciations	1,838		2,214	
		19,893		97,074
Changes in working capital:				
Movements in accounts receivable	-89,238		1,683	
Movements in current liabilities	17,544		-25,851	
Cash flow from operating activities		-71,694		-24,168
Cash flow from investment activities				
Investment tangible fixed assets	-1,056		-	
Provides loan financial fixed assets	-2,420		-5,769	
Repayment loan financial fixed assets	5,769		-	
Cash flow from investment activities		2,293		-5,769
Movement in cash position		-49,508		67,137
Compilation cash				
Cash and cash equivalents as at 1 January		121,122		53,985
Movements in cash and cash equivalents		-49,508		67,137
Cash and cash equivalents as at 31 December		71,614		121,122



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
seat at AMSTERDAM

NOTES TO THE 2017 FINANCIAL STATEMENTS

GENERAL

The financial statements have been prepared in accordance with the Dutch Accounting Standard for Fundraising Institutions (RJ 650) published by the Dutch Accounting Standards Board.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets are presented at nominal value.

Income and expenses are accounted for the period to which they relate. Surplus is only included when realized on the balance sheet date. Deficits originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Tangible fixed assets

Tangible fixed assets are valued at cost less straight-line depreciation based on the estimated useful lifetime.

Financial fixed assets

Upon initial recognition the loans are valued at fair value and then valued at amortised cost, which equal the face value, after deduction of any provisions.

Receivables

Upon initial recognition the receivables valued at fair value and then valued at amortised cost, which equal the face value. Any provision for doubtful accounts deemed necessary is deducted. Provisions are recognized on basis of individual assessment of recoverability of the receivables.

Cash and cash equivalents

Cash and cash equivalents are valued at nominal value.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is defined as the difference between the revenue from delivered performances and services and the costs and expenses and other charges for that year, valued at historical costs.

Legacy

Legacies are recognized as profit when received.



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
seat at AMSTERDAM

Financial result

Financial income and expenses comprise interest income and expenses on loans as accounted for the current reporting period.

PRINCIPLES FOR PREPARATION OF THE CASH FLOW STATEMENT

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

The finds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments.



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
seat at AMSTERDAM

NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2017

1. Tangible fixed assets

	<u>Inventory</u>
Balance as at 1 January:	
Acquisition costs	11,066
Accumulated depreciation	<u>-8,510</u>
Book-value	<u>2,556</u>
Movements during the year:	
Investments	1,056
Depreciation	<u>-1,838</u>
	<u>-782</u>
Balance as at 31 December:	
Acquisition costs	12,122
Accumulated depreciation	<u>-10,348</u>
Book-value	<u>1,774</u>

2. Financial fixed assets

Loan St. John of God Health Centre Batibo

	<u>2017</u>	<u>2016</u>
	€	€
Balance as at 1 January	11,538	-
Repayment	-5,769	-
Provides loan	<u>2,420</u>	<u>11,538</u>
	8,189	11,538
Recognized under receivables	<u>-5,769</u>	<u>-5,769</u>
Balance as at 31 December	<u>2,420</u>	<u>5,769</u>

This is an interest-free loan destined for an pigs animal farm. The loan provides in 2016 will be repaid in two consecutive instalments of € 5,769. The first instalment has been paid off before 1 August 2017 and the final instalment is due to be paid before 1 April 2018.

An additional interest-free loan was granted in 2017. This loan will be repaid in 2 equal parts of € 1,210 in 2018 in accordance with the repayment schedule.



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
 seat at AMSTERDAM

	<u>31-12-2017</u>	<u>31-12-2016</u>
	€	€
3. Receivables		
<i>Guarantee capital</i>		
Guarantee Rentmeester Hollandia N.V.	<u>5,922</u>	<u>5,922</u>
 <i>Other receivables and prepayments</i>		
Loan St. John of God Health Centre Batibo	5,769	5,769
Legacies to be received	84,000	–
Prepaid expenses	12,465	5,125
Others	6,078	8,180
	<u>108,312</u>	<u>19,074</u>
 4. Cash and cash equivalents		
ABN AMRO Bank N.V. 41.45.42.940	6,032	32,685
ABN AMRO Bank N.V. 41.45.42.169	120	1,592
Rabobank 3844.21.733	56,955	62,374
Rabobank 1515.5720.21	8,483	24,447
Cash	24	24
	<u>71,614</u>	<u>121,122</u>



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
seat at AMSTERDAM

	<u>2017</u>	<u>2016</u>
	€	€
5. Reserves and funds		
Continuity reserve		
Balance as at 1 January	97,980	-5,546
Appropriation of the result	<u>12,049</u>	<u>103,526</u>
Balance as at 31 December	<u><u>110,029</u></u>	<u><u>97,980</u></u>

The foundation wants to ensure sustainability of the organization. Therefore the foundation wants to create a continuity reserve to cover operational costs. This reserve is based on a prudent assessment of the time required to source additional funding. According to “The Wijffels code” this reserve should not exceed 1.5 times the operational costs. Based on the current operational costs the reserve should be € 375,000. It is our intention to build the continuity reserve to an amount of €250,000 (1 time the operational costs). A higher reserve will need clarification.

	<u>2017</u>	<u>2016</u>
	€	€
Restricted fund		
Balance as at 1 January	2,477	11,143
Appropriation of the result	<u>6,006</u>	<u>-8,666</u>
Balance as at 31 December	<u><u>8,483</u></u>	<u><u>2,477</u></u>

A limited amount of funds is earmarked for future spending on the objectives of Stichting Internationale Orde van Hospitaalbroeders. The net income from various activities (marathon, third parties) was earmarked to support our scholarship programme in Sierra Leone. The money, generated from the 2017 the marathon project and other actions of donors, has been put into a separate bank account. In 2018, scholarships in Malawi and Sierra Leone will also be paid from this account.

	<u>31-12-2017</u>	<u>31-12-2016</u>
	€	€
6. Current liabilities		
Trade creditors		
Trade creditors	<u>23,635</u>	<u>16,645</u>
Taxes and social securities		
Pay-roll tax	<u>5,032</u>	<u>5,049</u>
Accrued liabilities		
Project contributions	15,309	-
Accruals and deferred income	21,154	25,715
Holiday pay	<u>6,400</u>	<u>6,577</u>
	<u><u>42,863</u></u>	<u><u>32,292</u></u>



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
seat at **AMSTERDAM**

Off-balance sheet commitments

Long-term Financial obligations

Rental commitments buildings

The Foundation has long-term rental commitments, which relate to the rent of the office. The commitments amount to approximately € 25,270 (on a yearly basis).

Appropriation of the result

The board of Directors proposes to appropriate the 2017 result as follows:

Addition to continuity reserve	12,049
Addition to restricted funds	6,006
	<hr/>
	18,055
	<hr/>

This proposition is already recognized in the financial statements.



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
 seat at AMSTERDAM

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR 2017

	<u>2017</u>	<u>Budget</u>	<u>2016</u>
7. Income from own fundraising			
Donations	642,970	679,000	641,054
Legacy	122,692	123,000	205,896
Events	6,104	15,000	12,395
England Fundraising Initiatives	–	–	4,170
Income from special projects	4,592	15,000	2,282
	<u>776,358</u>	<u>832,000</u>	<u>865,797</u>
8. Income / Grants from third parties			
MIVA	11,350	–	28,250
Haëlla Stichting	–	–	4,000
St. Elisabeth Ziekenhuis	–	–	–
Stichting Dioraphte	–	–	–
ASN Foundation	–	–	5,000
Wilde Ganzen	–	–	16,201
Others	–	–	–
	<u>11,350</u>	<u>30,000</u>	<u>53,451</u>
9. Grants from related parties			
Fundraising Initiatives (Ireland)	<u>50,000</u>	<u>–</u>	<u>–</u>

Commentary on actual versus budget 2017

- The difference between budgeted donation income and real income of € 36.030 was caused by the - on average - lower monthly pledge income. € 47,000 had been budgeted per month but the actual income was € 44.357. The number of acquired donors was lower than budgeted also because of high attrition rates in year 1.
- Income from grants by third parties was also lower than expected (€ 18.650) as grants for expected projects didn't transpire.



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
seat at AMSTERDAM

10. Allocation of expenses to objectives

	<u>Strategic Objectives</u>			<u>Fundraising</u>		<u>M & A</u>	Total 2017	Budget 2017	Total 2016
	<i>Direct aid</i>	<i>Coordination</i>	<i>Information and awareness</i>	<i>Existing donors</i>	<i>Prospective donors</i>	<i>Management and administration</i>			
Project contributions	238,605	—	—	—	—	—	238,605	270,000	315,052
Personnel costs	44,098	44,098	44,098	9,799	9,799	44,097	195,989	200,000	198,533
Housing costs	—	4,658	4,658	4,658	4,658	9,328	27,960	30,000	29,553
Office costs	—	1,778	1,778	1,778	1,778	3,558	10,670	14,000	16,086
Selling expenses donors	—	—	90,748	28,833	142,495	29,118	291,194	295,422	208,888
Donor administration	—	1,222	1,222	6,107	2,442	1,222	12,215	20,000	9,308
General costs	7,170	7,170	7,170	7,170	7,170	7,170	43,020	32,000	46,968
Total	289,873	58,926	149,674	58,345	168,342	94,493	819,653	861,422	824,388

In the overview above all costs are incorporated. The allocation of costs over the various activities is divided in three main groups: Strategic Objectives (SO), Fundraising (FR) and Management and Administration (MA).

This allocation is primarily based on actual direct costs incurred, and the subdivision of a couple of posts and allocation of shared costs are decided on in cooperation with our accountant to ensure as accurate a basis as feasible is achieved.

Personnel Costs are divided according the following percentages: SO (67,5%), FR (10%) and MA (22,5%). Housing Costs/office costs are divided according the following percentages: SO, *coordination and information and awareness* (33,3%), FR (33,3%) and MA (33,3%).

Selling expenses (both of prospective and existing donors): MA (10%). For prospective donors we've made the subdivision in Information and Awareness (25%) and Fundraising (75%). For existing donors: Information and Awareness (60%) and Fundraising (40%).

Donor Administration: Coordination (10%), Information and Awareness (10%), existing donors (50%), prospective donors (20%) and Management and Administration (10%).

General costs are equally divided between direct aid, coordination, information and awareness, prospective donors, existing donors and management and administration.

Commentary on actual versus budget 2017

- The actual costs and budgeted costs were pretty much the same. The difference was that we had less money to spend on African projects.



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
 seat at AMSTERDAM

	<u>2017</u>	<u>Budget</u>	<u>2016</u>
	€	€	€
Projects			
Malawi	119,249	–	152,425
Sierra Leone	76,328	–	27,022
Ghana	11,910	–	28,363
Kenya	–	–	1,000
Cameroon	4,615	–	57,640
Liberia	26,500	–	48,602
	<u>238,602</u>	<u>270,000</u>	<u>315,052</u>

Personnel costs

During the 2017 financial year, the average number of (part-time) staff employed by The Foundation was 3, converted into full-time equivalents, amounted to 2,4 (2016 : 2,6).

	<u>2017</u>	<u>Budget</u>	<u>2016</u>
	€	€	€
Wages and salaries	138,497	–	142,520
Social security charges	23,214	–	24,027
Sickness insurance	4,574	–	4,638
Management costs	22,926	–	21,287
Other Personnel costs	6,778	–	6,061
	<u>195,989</u>	<u>200,000</u>	<u>198,533</u>

No members of the Board of Directors received any remuneration for the year ended December 31, 2017.

	<u>2017</u>	<u>Budget</u>	<u>2016</u>
	€	€	€
Housing costs			
Rent	24,109	–	25,269
Repair and maintenance	3,014	–	3,265
Other	837	–	1,019
	<u>27,960</u>	<u>30,000</u>	<u>29,553</u>

Office costs

Office supplies	2,128	–	5,049
Telephone, internet and postage	5,822	–	4,746
Website	2,720	–	6,291
	<u>10,670</u>	<u>14,000</u>	<u>16,086</u>



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
seat at AMSTERDAM

	<u>2017</u>	<u>Budget</u>	<u>2016</u>
	€	€	€
Selling expenses donors			
<i>Existing donors</i>			
Mailing expenses	48,330	–	63,210
Loyalty	31,762	–	32,374
	<u>80,092</u>	<u>75,800</u>	<u>95,584</u>
<i>Prospective donors</i>			
Canvassing	127,214	–	58,841
Loyalty	8,677	–	3,859
Telemarketing	61,869	–	26,793
Affiliate marketing	11,715	–	20,221
Events	1,627	–	3,590
	<u>211,102</u>	<u>219,622</u>	<u>113,304</u>
Total selling expenses donors	<u>291,194</u>	<u>295,422</u>	<u>208,888</u>
Donor administration			
Consultancy costs	<u>12,215</u>	<u>20,000</u>	<u>9,308</u>
General costs			
Auditor's fee	9,922	–	10,695
Consultancy fee	4,085	–	6,463
Administration fee	7,590	–	5,737
Bank charges	10,090	–	9,864
Depreciation	1,838	–	2,214
Other general expenses	9,495	–	11,995
	<u>43,020</u>	<u>32,000</u>	<u>46,968</u>

On behalf of the board of directors

Amsterdam,2018

Signed: W.M. Forkan
 Voorzitter (Chairman)

Signed: P. Hulshof
 Penningmeester (Treasurer)



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
seat at AMSTERDAM

OTHER INFORMATION



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
seat at AMSTERDAM

INDEPENDENT AUDITOR'S REPORT

To: the Managing Director and Supervisory board of Stichting Internationale Orde van Hospitaalbroeders

A. Report on the audit of the financial statements 2017 included in the annual report

Our opinion

We have audited the financial statements 2017 of Stichting Internationale Orde van Hospitaalbroeders ('the foundation'), based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Internationale Orde van Hospitaalbroeders as at 31 December 2017, and of its result for 2017 in accordance with the 'Richtlijn voor de Jaarverslaggeving 650'.

The financial statements comprise:

- the balance sheet as at 31 December 2017;
- the statement of income and expenditure for 2017;
- the notes, comprising a summary of the accounting policies and other explanatory information. The financial reporting framework that has been applied in the preparation of the financial statements is the 'Richtlijn voor de Jaarverslaggeving 650'.

The basis for our opinion

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

We are independent of Stichting Internationale Orde van Hospitaalbroeders in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

B. 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;
- the other information pursuant to the 'Richtlijn voor de Jaarverslaggeving 650'.

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 requirement of the 'Richtlijn voor de Jaarverslaggeving 650'. The scope of such procedures were substantially less than the scope of those performed in our audit of the financial statements.



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The managing director is responsible for the preparation of the other information, including the directors' report and the other information pursuant to Richtlijn voor de Jaarverslaggeving 650'.

C. Description of responsibilities regarding the financial statements

Responsibilities of the managing director and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 'Richtlijn voor de Jaarverslaggeving 650'. Furthermore, management is responsible for 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, the managing director is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the managing director should prepare the financial statements using the going-concern basis of accounting unless the managing director either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so.

The managing director 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.

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 the managing director.



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- Concluding on the appropriateness of the managing director'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.

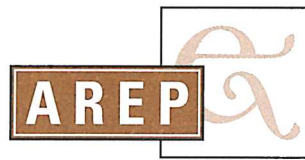
We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nieuwegein, June 21, 2018

AREP Accountants en Belastingadviseurs B.V.

A handwritten signature in blue ink, appearing to read 'G-J. Jordaan', is written over a faint, light blue circular stamp or watermark.

Drs. G-J. Jordaan RA



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APPENDIX



STICHTING INTERNATIONALE ORDE VAN HOSPITAALBROEDERS
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TRUSTEES OTHER INFORMATION

Board of Directors

W.M. Forkan;
J. Gallagher;
S. Kearns;
P. Hulshof;
M. Gianotten;
J. Lennon

Banks

ABN-AMRO
Postbus 283
1000 EA AMSTERDAM

Rabobank
Dreef 40
2012 HS AMSTERDAM

Auditor

AREP Accountants en Belastingadviseurs B.V.
Weverstede 15
3431 JS NIEUWEGEIN



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OVERVIEW OF SUPPORTED PROJECTS

Project	Country	Centre	Total €
Scholarships staff	Malawi	Mzuzu	5,700
Transport books	Malawi	Mzuzu	2,027
Training nurses	Malawi	Lilongwe	37,248
Mental health prison	Malawi	Lilongwe	36,865
Outreach	Malawi	Lilongwe	37,412
Theatre bed	Cameroon	Yassa	4,615
General public toilet	Liberia	Monrovia	3,298
Safe drinking water	Liberia	Monrovia	7,000
Drugs hospital	Liberia	Monrovia	16,202
Ultrasound machine	Ghana	Amrahia	2,910
Theatre equipment	Ghana	Amrahia	9,000
School Bus nursing school	Sierra Leone	Lunsar	23,100
Scholarships	Sierra Leone	Lunsar	16,236
Scholarships year 2	Sierra Leone	Lunsar	13,206
Container equipment / drugs	Sierra Leone	Lunsar	23,786
Total			238,605