



# MERCY CORPS NETHERLANDS

## Annual Report FY20

1 JULY 2019 – 30 JUNE 2020

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# Executive Directors Message

As I write this, and reflect on the past year, it is striking just how much the world has changed. Not a single country in the world has been left untouched by COVID-19: by the tragic loss of hundreds of thousands of lives, and by the economic uncertainty it will leave in its wake. In each and every one of the 40 countries we work in, COVID-19 has had an impact on a level that none of us have ever seen before. Through it all, Mercy Corps' global team of nearly 6,000 humanitarians have been on the front lines of this pandemic, supporting vulnerable communities in hard-hit countries like Iraq, Lebanon and Afghanistan - countries for whom COVID-19 is just the latest in a long line of crises. I am immensely proud and humbled to be part of this team, which has responded to the pandemic with both pragmatism and compassion.

All this is taking place at a time when the need for humanitarian aid is immense. Nearly 80 million people in the world are currently displaced –just over 1 percent of the global population. 690 million people lived in hunger last year, and this could rise by a further 130 million by the end of 2020, due to the effects of COVID-19.

I am immensely grateful to all of our donors who have helped us maintain our life-saving programmes during this pandemic, as well as the donors who have supported us in adapting our responses to help the most vulnerable communities on the frontlines. Their flexibility and partnership have been invaluable.

Over the past 12 months, Mercy Corps Netherlands has continued to make progress towards building its programme portfolio and contributing to our global efforts in supporting communities as they move from fragility to resilience and meeting urgent needs while addressing root causes. Our AMPERE (Accessing Markets through Private Enterprises for Refugees' Energy access) programme helped refugees in Uganda access affordable renewable energy. In Jordan, we are piloting a graduation model programme designed to provide sustainable livelihoods for vulnerable Syrian and Jordanian Youth and their households. Our COVID Resilience Fund has provided resources to support Jordan and Niger programmes seeking to mitigate the immediate impact of the crises and expand the work of our Crisis Analytics Team.

We are on track to increase the capacity of our team to provide support to our country programmes and play an increasingly important role in the Mercy Corps global structure. This role has only become more critical following the decision of the UK government to leave the European Union at the end of 2020.

At this time of rapid change and uncertainty, I am honoured to lead Mercy Corps in Europe and build on what Simon O'Connell has achieved. Simon stepped down from his role as Executive Director this year and I want to express a special thanks for his tremendous leadership with Mercy Corps over 12 years.

Finally, this year we also faced a huge personal loss when the Chair of the MCNL Board, Adrienne Airlie, very sadly and suddenly passed away. Adrienne was a dedicated and much loved member of the Mercy Corps team, and her commitment to Mercy Corps and our work all over the world was tireless, informed and highly professional. Adrienne had been a Board Director of MCNL since it was established in 2017 and a Board Chair since October 2018. We miss Adrienne immensely and our thoughts are constantly with her family and friends.



**Alexandra Angulo**

Interim Executive Director, Mercy Corps Europe

## Chair's Message

Since I joined the Mercy Corps Netherlands Board in July 2018, I have been very excited to see the organisation grow and make progress towards adapting to the shifting European landscape by building the foundations for a strong, robust, financially viable organisation that is actively leveraging strategic partnerships across the European landscapes, complementing and supporting the strategic objectives of the global organisation.

This has been a very challenging year for the entire development and humanitarian sector. The effects of COVID-19 are yet to be fully understood and the crisis continues to affect the lives and livelihoods of millions across the world. I have been impressed with Mercy Corps' response to the crisis: first in making sure that its global teams' safety is prioritised and then its rapid adaptation of programmatic focus and approaches, ensuring the continued delivery of assistance while addressing the new challenges and the secondary impact of the crisis.

Despite the challenges that the organisation has faced over the last year and the impact of the COVID-19 on the entire sector I am confident that we are in a good position to establish a management and organisational structure that will support the ongoing programmes and implement a growth strategy that will position it as an important partner to our European donors, peer agencies and other supporters and stakeholders. MCNL's programme portfolio has grown significantly, allowing us to boost the support to communities and individuals in ten countries in Africa, the Middle East and Asia. The efforts currently underway will ensure that this growth trend continues into the coming fiscal year.

We start the new fiscal year with new leadership in Europe: Simon O'Connell has stepped down as the Executive Director of Mercy Corps Netherlands and Mercy Corps Europe, having led the organisational growth and strategy with a tremendous dedication, commitment to excellence and a clear vision for success. Alexandra Angulo, Mercy Corps Europe Director of Compliance Governance and Risk, has stepped in as an Interim Executive Director. Alexandra's deep commitment to Mercy Corps' mission, and an extensive experience in the humanitarian sector will ensure a smooth leadership transition and a continued strengthening of our position as a global leader in our sector.

I also want to pay tribute to Adrienne Airlie, who passed away this year, suddenly and unexpectedly. Adrienne's commitment to Mercy Corps was unparalleled, and she was a driving force for change on vitally important aspects of our work, including safeguarding, accounting and risk management. She is greatly missed, and our thoughts are with her family.

I look forward to seeing Mercy Corps enhance its position as a key partner, thought leader and innovator amongst its peers and supporters in Europe. I remain committed to providing leadership and ensuring support of the entire MCNL board in achieving this goal.



**Roberto Bocca**  
Chair of MCNL Board

# Mercy Corps

## Who We Are

Mercy Corps is a global team of humanitarians who partner with communities, corporations and governments to transform lives around the world.

Our more than 5,500 team members work with people in the world's most vulnerable communities across over 40 countries. 87 per cent of our team is from the countries where they work.

We believe we must go beyond emergency aid to create more resilient communities, and we believe communities are the best agents of their own change. This year as a global organisation, our work saved and improved the lives of nearly 29 million people.



## Mercy Corps Netherlands

Mercy Corps Netherlands (MCNL) was established in December 2017 as a separate legal entity with its own constitution operating as a part of the global organisation, Mercy Corps.

Mercy Corps consists of: Mercy Corps Global (MCG), a US entity registered in Washington State and its field operations, including branches and local organisations (located in approximately 40 countries); Mercy Corps Europe (MCE), a UK entity with offices in Edinburgh, London and Geneva; Mercy Corps Netherlands (MCNL) with an office in The Hague; other affiliated entities of the global organisation<sup>1</sup>.

Mercy Corps Netherlands shares the global organisation's mission, vision, core values, and charitable objectives, as well as operational resources for the implementation of program activities. MCNL maintains an independent governance structure and decision making in relation to those programs for which it is directly responsible<sup>2</sup>. Mercy Corps Netherlands contributes to the strategic objectives of the global Mercy Corps organisation through effective stewardship and management of resources, raising income, building influence and demonstrating impact.

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<sup>1</sup> Consolidated affiliates include: Mercy Corps Corporate Fund (MCCF), Kompanion Development Institution, Kompanion Bank, Kompanion Invest, MC Nigeria LTD/GTE (Nigeria), Mercy Corps China Holdings (dissolved February 2020), LLC, Mercy Corps Development Holdings, LLC, Mercy Corps India, and CIT Services, LLC.

<sup>2</sup> In this Report we use "Mercy Corps" to refer to the global organisation and MCNL, MCE, and MCG to refer to these individual legal entities.



# STRATEGIC FRAMEWORK

## OUR MISSION

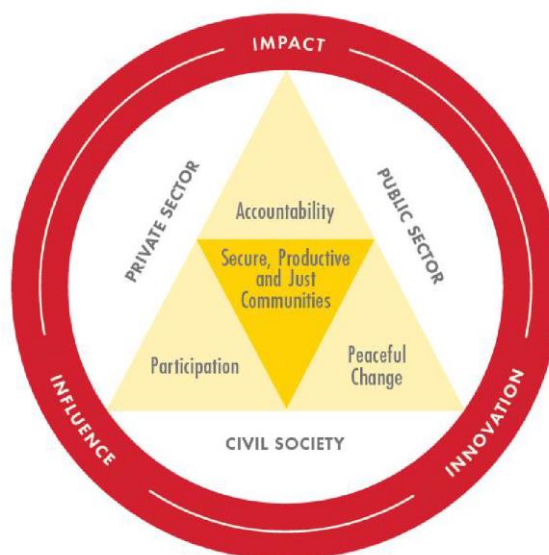


Mercy Corps exists to alleviate suffering, poverty and oppression by helping build secure, productive and just communities.

We partner with communities as they move from a place of fragility to resilience, meeting urgent needs while addressing root causes – always powered by the belief that a better world is possible.

## VISION FOR CHANGE

We believe that secure, productive and just communities emerge and endure when the private, public and civil society sectors interact with accountability, inclusive participation and mechanisms for peaceful change. Transformational change occurs through the combination of: programmatic impact; influencing change-makers at local and global levels; and a restlessness to innovate in search of better solutions.



## WHAT WE DO

Three core strategies guide our work:

- 1) **Saving Lives and Livelihoods:** We empower people to find opportunity during times of crisis. In moments of transition – disaster, conflict, political upheaval, economic collapse – the status quo is challenged and windows of opportunity for change emerge. We often begin our work during a humanitarian crisis, move rapidly to recovery, and then build long-term resilience to recurring shocks and stresses.
- 2) **Transformational Change in the World's Most Fragile Places:** We help identify and drive solutions to address underlying causes of fragility, especially: grievances; weak governance; and, inequitable economic growth.
- 3) **Transformational Change at Scale or Depth:** We seek breakthrough innovations that transform lives. New technology, business models and creative partnerships provide transformational opportunities for overcoming poverty and suffering. We leverage our robust global program platform to identify breakthrough ideas, test them in the field and take them to scale.

## OUR GUIDING PRINCIPLES

- We tackle complex challenges by taking an integrated, adaptive, multi-sector approach, understanding that there are no easy or fast fixes.
- We work in partnerships to create sustainable change at scale, knowing no single group can solve the world's toughest challenges alone.
- We believe in evidence and learning. We use data to manage our programs more effectively, understand the impact of our work and influence others.
- We remove barriers, address the root cause of inequalities and model the power of diversity and gender equality in who we are and how we partner with communities.



## OUR OBJECTIVES

The Objectives of Mercy Corps are:

- The relief of poverty;
- The advancement of health;
- The advancement of community development;
- The saving of lives;
- The advancement of human rights, conflict resolution or reconciliation; and
- The advancement of environmental protection.

We aim to achieve these objectives by:

- Helping people build secure, productive, and just communities across the globe;
- Providing international relief, development and economic opportunity to meet the needs of people around the world, with a special emphasis on support to countries in transition, refugees and world hunger;
- Educating and informing the public as to the causes of chronic poverty, conflict, suffering, homelessness, hunger and injustice;
- Providing and inspiring innovative, sustainable solutions to climate change and the global challenges arising out of chronic poverty, conflict, suffering, homelessness, hunger and injustice;
- Empowering people to better manage their differences, learn skills that promote peace, and achieve lasting, positive change; and
- To cooperate in any way with organizations with similar objectives and achievements.

# Activities and Results in FY20

In FY20, MCNL programme portfolio grew to cover new initiatives in Africa, the Middle East and Asia, delivering vital humanitarian assistance and working on long term solutions to critical challenges faced by programme participants. Building on the work done in previous years, we continued to engage in profile building activities in the Netherlands, prioritising our work on conflict mitigation and peacebuilding, youth employment, market systems development, and innovative solutions in humanitarian settings.

## Results in FY20

### URGENT NEEDS

In an increasingly unstable world, more communities are vulnerable to suffering and poverty. And when disaster strikes, the effects can be devastating. Whenever and wherever suffering is dire, Mercy Corps strives to be there. We are well-positioned to provide urgent lifesaving relief and meet people's basic needs — helping them help themselves. And from the earliest days, we work toward integrated, long-term solutions.

### Generating value-for-money when delivering aid

Mercy Corps, along with Stichting Vluchteling, International Rescue Committee and Save the Children, established a Consortium to jointly develop a multi-agency Systematic Cost Analysis Tool (SCAN) to calculate cost-efficiency among humanitarian programming consistently, quickly, and rigorously.

The software was piloted in two Mercy Corps country programs in January 2020, in Uganda and Mali. The tool makes analysis easier for country teams, standardising reports and methodology, and allowing country teams to effectively work out value for money so that aid is delivered in the most cost-efficient way possible.

Mercy Corps is using the pilots from FY20 to further strengthen the tool so that it can be used widely across the international development sector in the future.

### Affordable renewable energy for migrants in Uganda

Mercy Corps has been working in Uganda since 2006 and has helped millions of Ugandans and refugees to adapt their livelihoods in the face of the climate crisis and uncertainty caused by mass migration and conflict.

Although Uganda is now in a state of stability after decades of conflict, some of its neighbours are not. Because of ongoing violence and conflict in South Sudan and Democratic Republic of Congo, Uganda is now the second-largest refugee-hosting country on the planet, after Lebanon. Almost 1.1 million refugees have fled their home countries to seek refuge in Uganda. The growing population is putting an increasing strain on already limited resources. Basic necessities like food and clean drinking water are out of reach for far too many Ugandans and refugees.





Mercy Corps, with funding from the Dutch government, works to support refugees in Uganda access affordable renewable energy, in areas of the country where electricity is unreliable and often too expensive for many people. Working with two local companies, we have helped provide subsidised solar energy to over 2,000 households, with refugees paying 50 percent of the cost over a 12 month period.

## Providing electricity to Ethiopian refugee camps

With conflict spillover from neighbouring Somalia and South Sudan, Ethiopia is home to a large number of refugees living in camps and local communities.

Mercy Corps worked in collaboration with Shell and other stakeholders (including private sector actors, UNHCR, Government of Ethiopia) to conduct a study looking at access to energy assessments in three refugee camps and host communities in Jigjiga, Ethiopia.

In FY20, we assessed the energy needs of four main consumer groups: institutions, households, community services and essential public services. By understanding energy usage patterns, and projected demand, we identified the need to support electricity and cooking needs for refugee households, who often have unreliable access to energy, and Mercy Corps will begin work to provide greater access in FY21. Insights into the electricity and cooking needs across the camps were collected through key informant interviews, focus group discussions (women's groups, men's groups and youth groups), and surveys with more than 400 refugee households.

## STRONGER TOMORROWS

Even in the most challenging contexts, Mercy Corps innovates and invests in programmes that help connect people to the resources that enable them to recover, rebuild and flourish in the aftermath of crisis. We seek to tackle what we call the 3Gs – past grievances, inequitable economic growth and poor governance – in order to tackle the root causes of conflict and violence, which are the primary drivers of suffering in the world today.

## Enhancing religious freedom in Myanmar

Working with the Dutch Ministry of Foreign Affairs, Mercy Corps is helping to build support for legal reforms that will enhance religious freedom and protection of religious minority rights in Myanmar.

The project links human rights defenders (HRDs) with youth groups to develop innovative and participatory short form documentaries for religious or belief awareness campaigns. In FY20, 15 HRDs from Sagaing and Magway were selected and received extensive training on freedom of religious belief, facilitation and presentation skills and financial management. 45 awareness-raising events were conducted by the 15 HRDs following the training workshop, attended by 1,432 people.



Mercy Corps also organised sporting events, which included awareness raising messages about the individual freedom to express one's identity, as informed by religious or other beliefs. 15 football team

captains were selected from local communities and trained, who then went on to conduct 30 training sessions on sport for change activities, reaching over 600 people.

## Upskilling young people in Tajikistan

The Republic of Tajikistan faces critical challenges in providing its young population with meaningful skills, employment and entrepreneurship opportunities. Tajikistan has an overwhelmingly young population. Over 70 per cent of the population is under age 30, and the median age is 24.5 years.

In FY20, Mercy Corps undertook a labour market assessment to better understand the root causes of the challenges young people face finding employment. The assessment revealed a lack of communication, negotiation and problem-solving skills among adolescents, as well as financial literacy. In rural communities in particular, there is high demand for developing skills but a lack of access to training.

In response, Mercy Corps is equipping more than 6,000 older adolescents with life and work skills, and 1,500 young adults with vocational and business development skills to engage in sustainable income generation.

38 teachers and trainers have also so far received training to become teacher facilitators. These teachers then work to identify students to train to become peer facilitators and conduct life and work readiness skills training for their peers. More than 1,600 students have registered interest in participating in the skills training so far.

## Using technology to improve yields for smallholder farmers

Globally, more than 1 billion people are employed in agriculture. Most are smallholder farmers in developing countries. In fact, of all the world's farms, 85 percent are smaller than 2 hectares. Smallholder farmers face significant barriers to improving their yields and incomes, including market access, price fluctuations, access to affordable financing, and access to knowledge about improved farming practices.

Mercy Corps is creating a data-driven suite of digital solutions, focused on financial and educational information, which will help to reduce the risks involved in farming, improve yields and productivity, and ultimately increase incomes for over 200,000 farmers across Africa, in countries such as Nigeria, Kenya, Malawi and Zambia.

In FY20, we have created a roadmap for this programme, looking at using SMS and Whatsapp messaging to reach new markets and to access information about insurance and best farming practices.



## Researching sustainable seed markets across Africa and Syria

Across large parts of Africa and the Middle East, seed crops are a vital source of income for many people. However, in many of the places where Mercy Corps works these markets are highly susceptible to disruption caused by conflict or natural disaster.



This year, Mercy Corps has been working with teams in the Democratic Republic of Congo, Nigeria, South Sudan, Syria and Uganda to capture evidence and learning from existing ways that seed markets are interrupted. Moving forward, we will produce tools and analysis to improve practice to support the income of thousands of people across Africa and Syria by creating sustainable and reliable markets for seed crops.

## Supporting civil society organisations in Liberia

Liberia is still recovering from the 2014-15 Ebola outbreak, which killed 4,800 people and caused considerable economic impact. Mercy Corps is committed to helping to create a more equal and transparent society as Liberia rebuilds, with civil society organisations at the heart of the change and decision making.

In FY20, Mercy Corps has conducted assessments of 10 CSOs that we are working with in Liberia, supporting them to produce tailored long-term development plans, and helping to address identified gaps, including on the foundations of the public sector policy cycle and freedom of information laws. The CSOs are developing advocacy strategies, and will receive grants to conduct campaigns to improve policy at local and national level, to help create a more equitable society in Liberia.

## Pathways to sustainable livelihoods for Syrian and Jordanian Youth

The arrival of Syrian refugees has strained Jordan's already fragile economy and social fabric. High levels of unemployment, overburdened infrastructure and strained social services such as healthcare and education have affected youth empowerment and resilience. Working alongside the Danish Refugee Council, our 'Youth Civic, Social and Economic Empowerment' programme will empower 25,000 displaced and conflict-affected youth in Jordan by December 2023, providing young people with pathways to participate in civil society, as well as skills training, financial support and meaningful employment opportunities.





# Operational Progress

## HR and Staffing

MCNL took over the management of a representative office in Geneva in December 2019 and consolidated the administrative oversight of all team members based in Geneva, Brussels and Ireland from January 2020.

The recruitment of new team members for the MCNL team was put on hold during the operational changes following the events in Portland in October 2019 and again due to the COVID-19 pandemic. In the last quarter of FY20, we had restarted the recruitment for several key positions covering HQ and field finance, HR and administration, and programme support. Several team members have joined the team in September 2020 and the remaining positions will be filled by mid-November. This will bring the total number of staff to 20 and ensure adequate capacity to support and monitor ongoing programmes, manage new programme development, and provide excellent support to country teams.

## Profile Building and Engagement in the Netherlands

In FY20, we have built on the relationships developed the previous fiscal year to continue raising our profile and visibility towards the Dutch MoFA and potential partners, and influencing some key policies and practices.

During the first half of FY20, we were invited to participate and speak at numerous conferences:

- Partos' Conference on the Future of Migration & Development in September,
- A high-level International Conference on MHPSS hosted by the Dutch MoFA,
- The Common Effort Conference in October,
- Spark's IGNITE Conference and the Impact Festival in November,
- ECHO Partners Conference in December.

We continued to prioritise engagement with the MoFA and the Knowledge Platforms. We co-organised a workshop on MSD in Fragile Contexts with the Food & Business Knowledge Platform in January, and a webinar on the Impacts of COVID-19 on Conflict Dynamics with the Knowledge Platform for Security and Rule of Law in May. We were able to achieve all this thanks to the support of our colleagues from TSU and country teams who participated either in person or virtually to bring the expertise needed.

During this fiscal year we have also stepped-up our engagement with the Dutch Gender Platform. We officially became a signatory to the Dutch National Action Plan on Women, Peace and Security (NAP) in December and have been actively involved with both the Platform and the MoFA in the revision of the NAP ever since, positioning Mercy Corps as a strong and reliable partner on this strategic area for the future, while making sure that the NAP is more in line with Mercy Corps' approach to conflict prevention.

While COVID-19 has required us to adapt, the second half of FY20 showed us that all this work is yielding results, as we receive more and more invitations to contribute to virtual meetings, events and consultations. This included an online meeting on the topic of 'Learning partnerships for adaptive programming in fragile contexts' hosted by the F&BKP and KPSRL, and a briefing on Public Trust & Social Cohesion in partnership with KPSRL.

# Looking Ahead to FY21

## New Programme Development

As the COVID-19 pandemic has spread across the world, our concern has also grown for people living in crowded living conditions like Zaatari and Azraq refugee camps in **Jordan**, with limited access to healthcare, protection and proper sanitation. These concerns have been further compounded by movement restrictions that make aid delivery less consistent and further reduce extremely limited income earning opportunities. This combination has led to an increase in already prevalent toxic stress and is manifesting in increasingly challenging family environments that disproportionately affect women and girls. A rapid needs assessment we conducted in April 2020 in the camps has shown an increase of sexual and gender-based violence (SGBV) cases, with 69 percent of respondents agreeing that GBV against girls and young women has increased since the lockdown.

In Zaatari Camp, in FY21 we will implement a comprehensive, proven, refugee camp-based approach to preventing and addressing increasing rates of sexual and gender-based violence, coupled with critical messaging around COVID-19 prevention.

In **Niger**, one of the poorest countries in the world, ranked last in the UNDP's 2018 Human Development Index, Mercy Corps will help smallholder farmers to reduce the economic impact of losses in revenue resulting from the impacts of COVID-19, caused by lockdowns. We will provide emergency cash transfers, as well as supply millet, cowpea and potato seeds to ensure farmers are able to grow produce to sell. We will provide this assistance to 500 vulnerable households in turn benefiting 3,500 individuals during the lean season that would otherwise have been severely impacted by a loss of income.

Many countries where we work, such as Syria, Yemen, Libya and Nigeria, are embroiled in recurrent and protracted crises. In these complex contexts, COVID-19 places additional challenges on vulnerable populations already facing conflict, displacement, poverty and limited access to essential services. To better understand the impacts of COVID-19, Mercy Corps will build on its expertise in crisis analytics to provide real-time information and recommendations for impactful, context-driven, gender-responsive solutions that will minimise the toll of the COVID-19 pandemic on vulnerable individuals.

**Global Crisis Analytics** will provide our programme teams and the wider humanitarian community with comprehensive and field-driven analysis of the secondary impacts of COVID-19, Mercy Corps will highlight emerging trends, informed by regional and country-specific data, together with a specific focus on economic impacts. Our analysis will serve to inform operational decision-making and humanitarian response.

By the end of FY21, MCNL aims to secure a Framework Partnership Agreement with ECHO and undertake the development and management of new EC funded programmes while continuing to focus on the development of partnerships in the Netherlands.

The office in The Hague will be fully staffed by the end of November.



# Governance

The relationship between MCG, MCE and MCNL is regulated by a MoU and a Governance Agreement. These governing documents give MCNL access to global resources and operational and financial support from MCE and MCG.

MCNL's legal form is an association, made up of nine Members. Together, they form a General Meeting. The General Meeting has the overall authority over MCNL and it appoints the Board members.

The Members during the reporting period were:

- Adrienne Airlie (passed away on 5 December 2019)
- Nicholas Blazquez (resigned on 13 March 2020)
- Thomas Murray
- Allen Grossman
- Linda Mason
- Bob Newell (resigned 8th October 2019)
- Melissa Waggener Zorkin (resigned 12th October 2019)
- David Mahoney
- Neal Keny-Guyer (resigned 11th October 2019).

From July 2020, the General Meeting members are the following individuals:

- Iman Dakhil
- Thomas Murray
- Nicola Cobbold
- Gisel Kordestani
- Lucy Helm
- Mark Gordon
- Scott Brown
- David Mahoney
- Beth deHamel

The nine Members of MCNL are also the same nine Members of MCG and of MCE.

**MCNL Board** composition during the reporting period was:

- Adrienne Airlie, Board Chair (passed away on 5 December 2019)
- Nicholas Blazquez, Treasurer (served as Board Chair from 19 December 2019; resigned 13 March 2020)
- Neal Keny-Guyer, who also served as the common CEO of MCNL, MCE and MCG (resigned on 11 October 2019).
- Roberto Bocca (appointed as Board Chair on 22 May 2020)
- Thomas Murray
- Iman Dakhil, Gisel Kordestani, Scott Brown, and Beth deHamel Joined the MCNL Board on 22 May 2020.
- Kito de Boer joined the Board on 30 June 2020.

Simon O’Connell, left the position of the Executive Director (ED) on 30 June 2020 and Alexandra Angulo, who served as Mercy Corps Europe Director of Compliance, Governance and Risk, was appointed as the Interim Executive Director.

MCNL activities in the Netherlands are managed by Marina Antunovic, MCNL Director, who reports to the Executive Director. .

## Our Remuneration Policy

MCNL’s compensation package – competitive pay and comprehensive benefits – is designed to both attract and retain high-calibre, diverse, high-performing individuals at all levels. MCNL evaluates external market data and internal organisational context on a regular basis to ensure that our compensation packages are competitive, equitable and represent responsible stewardship of organisational resources. MCNL maintains a banded pay structure that has been established with input by third-party compensation consultants, which reflects differences in the employment markets of our office locations and respects the level of responsibility for each team member. Additionally, team members can expect annual pay increases based on a team member’s performance.

MCNL’s benefit package is also structured to be competitive externally while providing comprehensive security and support. Recent enhancements to family friendly and flexible working approaches assist team members in finding meaningful work-life balance.

No remuneration can be granted to the Management Board members. Expenses will be reimbursed to the Management Board members on production of the necessary supporting documentation.

## Board of Directors Code of Conduct

### Modern Slavery Statement

We are committed to the prevention of modern slavery and human trafficking in our supply chains. In accordance with the requirements of the Modern Slavery Act, we publish an annual slavery and human trafficking statement on our website, which sets out the steps we continue to take to ensure modern slavery does not take place in any part of our business or supply chain.

### Safeguarding Statement

As a global humanitarian organisation working with some of the world’s most vulnerable communities, we have an immense responsibility to our programme participants, donors and team members across the over 40 countries in which we work. At Mercy Corps, we strive to create an inclusive and safe work environment, where everyone is treated with dignity and respect, free of exploitation, harassment and bias. Central to this commitment is our emphasis on protecting our programme participants and team members from all forms of harm, including any physical, emotional or sexual abuse or exploitation. We take this responsibility seriously and we continue to invest in and strengthen our approach to safeguarding. Mercy Corps Netherlands aligns with Mercy Corps Global’s safeguarding approach and code of conduct policies.

During FY20, it became public that there were reports of abuse by one of Mercy Corps Global’s late co-founders and that these allegations had been brought to the organisation’s attention in the early 1990s and again in 2018.

In October 2019, Mercy Corps and its Boards of Directors requested an investigative firm (Vestry Laight) to conduct an independent, external review into the steps taken following the reports of abuse and engaged a law firm (Nichols Liu) to conduct a separate evaluation of the organization's policies and procedures on sexual exploitation and abuse.

Mercy Corps' Management and Board of Directors unanimously accepted the findings and recommendations contained in both reports, and Mercy Corps' Board of Directors and Executive Team announced Mercy Corps' commitments to action to address the reports' recommendations. The Board of Directors and Executive Team will review the commitments to action at each board meeting until all matters have been implemented and will report on progress to the public twice a year during that time. The Board of Directors reviewed the agency's progress on the commitments to action at its board meeting on 25 June 2020.

In addition, during FY20, Mercy Corps has made it a global priority to assess – and where necessary to strengthen – our culture, policies and procedures related to gender, diversity and inclusion.

Mercy Corps' key Code of Conduct policies can be found at - <https://europe.mercycorps.org/en-gb/who-we-are/ethics-policies>

Parts 1 and 2 of Mercy Corps' Global Safeguarding Report (November 2019 and Spring 2020) can be found at – <https://europe.mercycorps.org/en-gb/who-we-are/ethics-policies>

Reports by Vestry Laight and Nichols Liu (February 2020) are available at – <https://europe.mercycorps.org/en-gb/response-to-culver-abuse> and the [progress report](#), which outlines the actions Mercy Corps has taken to date to address safeguarding and strengthen our internal governance systems

## Communication with Stakeholders

The MCNL team, with support from our colleagues from country programmes, technical support units and other parts of the global agency, has continued to engage with communities of practice in different fields, participate in meetings and events as well as host meetings to showcase and disseminate learnings from our work. Our donors and other supporters receive regular progress reports and updates.

We updated our website to include programme information and stories from our programme participants. A new social media outreach is planned for FY21.

## Risk Management

Mercy Corps works in fast-changing, often insecure and high-risk environments, delivering its mission in some of the toughest and riskiest places in the world. This means that risks are inherently ingrained in our operations - the problems we seek to address are often entrenched and therefore require innovative approaches, many of which carry risks. However, we believe the potential opportunities these solutions offer are worth the risks, and Risk Management is therefore embedded throughout Mercy Corps, across all levels of the organisation. In order to operate effectively, bring about the changes we aim for, and safeguard our team members and the people we work with, we examine and respond to the risks we face.

Mercy Corps operates as one global organisation, with common exposure to financial, operational, reputational and external risks. We therefore work closely with MCE and MCG to ensure we identify, mitigate

and manage risks in our challenging operating environments. MCNL is exposed to the same or similar risks as MCE as relevant risks to home office development and field operations are shared. MCE maintains a Corporate Risk Register that includes risks relevant to both MCE and MCN..

Additionally, as part of the Annual Planning Cycle, key risks are identified for each of our countries of operation by their relevant teams. Mitigating strategies are subsequently developed and managed throughout the year. Risk management is also a key component of “Programme Management at Mercy Corps” and programmes designated complex, either by virtue of size, nature or location, are subject to additional rigour. Most Mercy Corps programmes develop programme risk registers as part of the good project governance and are required by most of our donors.

In FY20, risk management has been especially heightened due to two key events which have had a significant impact on the global agency: (1) the failure by Mercy Corps to properly re-examine in 2018 the investigation undertaken in 1993 of reports of abuse carried out by one of Mercy Corps Global’s co-founders (now deceased) and the impact this had externally and internally with the subsequent resignation of some long term employees and Board Directors; and (2) the global COVID-19 pandemic, which has continued to spread around the world and affect all of Mercy Corps’ offices, as well as our programmes. Further information about the resulting enhanced risks and relevant additional mitigations will be covered in the FY20 report. Further information about the resulting enhanced risks and relevant additional mitigations is included below.

## Key Risks and Mitigation Measures

Risk	Mitigation Action
<b>External Risks</b>	
<p>MCNL operations will inevitably be affected by the ongoing political developments in the UK, with Brexit presenting both operational challenges and opportunities for growth.</p>	<p>MCNL will be prepared to expand its capacity in order to undertake additional programme management responsibilities and act as the primary contracting agency for future EC funding opportunities and at the same time work on developing new funding streams to compensate for any loss of resources that could arise from a hard Brexit.</p> <p>Regular communications are sent to our country teams to ensure a common language and a consistent approach in our engagement with the EU in the field and to ease any future transition of programmes from MCE to MCNL.</p>
<b>Operational Risks</b>	
<p><b>Safeguarding</b> The impact of this risk includes significant physical and/or psychological harm to participants and or team members and loss of Mercy Corps reputation in the communities where we work, with the public and with key donors.</p>	<p>We have continued our work to increase awareness around safeguarding, set clear expectations for individual accountability, and built in-country capacity for awareness, prevention, reporting, response and investigation when issues arise.</p> <p>Refer to the Global Mercy Corps Safeguarding Report (June 2020) published on our website for all the specific current mitigation measures. Refer also to the safeguarding statement on page 15 of this report for additional information on our work in this area.</p> <p>Note that safeguarding investigations have been seriously impacted by COVID-19. With lockdowns and movement restrictions in place in many areas, the ability to carry out on the ground investigations have been limited. In most cases travel restrictions necessitate partially, or completely remote investigations. Fortunately, we have experience working in and responding to incidents in remote settings and have been able to adapt to COVID-19 realities. We have collaborated with peer organizations to create modified risk assessment tools, remote investigation guidance, and decision making tools for suspending</p>

	<p>investigations when necessary. Our in country Safeguarding Focal Points are working actively to update resource maps to ensure we are able to offer relevant, meaningful, operational support to survivors when needed.</p>
<p><b>Safety and Security</b> Team members are placed at risk and/or harm to beneficiaries.</p>	<p>We have global security policies and procedures in place and up-to-date, as well as country-specific guidelines. Our global and regional security advisors provide technical support to aim to ensure that all team members are equipped to identify and manage risks inherent within the local context where they work.</p> <p>We have health and safety policies and procedures in place for our work in the Netherlands.</p> <p>The current COVID-19 crisis has forced us in a situation where we are currently exceeding what would be our standard risk threshold related to staff care. To mitigate this, we have been working on the following:</p> <ul style="list-style-type: none"> <li>• Continued assessment of the situation globally and in each country and regular presentation to dedicated Crisis Management Team (CMT) for inform any decision taken by the agency;</li> <li>• Regular HR communications to team members to ensure that they are kept updated of situation and measures taken;</li> <li>• Publication and dissemination of COVID-19 preparedness guidelines and related annexes;</li> <li>• Compliance with related national health guidance;</li> <li>• New Tip Sheets and revised guidance and Standard Operating Procedures (SOP) for programmatic activities; and</li> <li>• Access to air-bridge set up by UN and EU.</li> </ul>
<p><b>Fraudulent activity</b> including diversion of aid leads to financial and reputational damage.</p>	<p>We have anti-corruption and anti-bribery policies and internal controls in place and online mandatory interactive training.</p> <p>We have a Global Ethics team in place that supports or directly investigates reported incidents, including ethics positions (focal points) at country levels. We engage a specialist firm to support with investigations. We also have an online integrity hotline in place for reporting allegations, alongside the MC integrity email, and Community Accountability and Reporting Mechanisms (CARM) systems.</p> <p>Note that COVID-19 has impacted on some of the efficiency of internal controls and our ability to conduct or conclude investigations and internal audits. Adaptations to internal controls have been put in place and where possible remote investigations and audits have taken place. (This has not been possible in some cases due to internet limitations and mobile communication challenges).</p>
<p><b>Failure to comply with GDPR and Data Protection.</b></p>	<p>We have data protection policies, procedures and training in place, and we run refresher trainings on an annual basis. MC has adopted a global Responsible Data policy and has an agency-wide Data Protection Working Group which meets regularly.</p> <p>MCE and MCG and MCE and MCNL have signed data sharing agreements.</p> <p>We provide training on GDPR to MCE staff as part of onboarding. A full day GDPR training session is delivered to existing HR staff.</p>



<b>Financial</b>	
<p><b><i>Information Security (IS) and prevalence of hacking that can lead to MC data being compromised or lost and/or business disruption.</i></b></p>	<p>We are continuing to strengthen our Information Technology (IT) and Information Security (IS) policies to enhance and develop our controls in our IT infrastructure. This will include an affirmation by all staff and Trustees to further enforce these policies in compliance with GDPR.</p> <p>We undertake on-going reviews of our cybersecurity and IT capabilities in order to identify areas for improvements. These include areas such as defending against phishing attacks and ensuring our systems and devices are up-to-date.</p>
<p><b><i>Unexpected interruption/cessation of project activities in countries which constitute a high percentage of total income.*</i></b></p>	<p>We monitor this risk globally; it is included as a standing item on the Executive Team Agenda and through regular HQ/country level meetings (Complex Boards) or Crisis Management Team (CMT) meetings where necessary.</p> <p>We recruit country leadership with strong skill sets and the ability to build relationships with high levels of government to ensure the continuity of programming and contingency planning as need be.</p> <p>We document and review lessons learnt on specific cases.</p> <p>The inherent and residual risks have increased due to CovidCOVID-19, and specific mitigation measures have been put into place in relation to maintaining our ability to implement programming, within our risk threshold, including:</p> <ol style="list-style-type: none"> <li>1. CMT set-up and meeting frequently;</li> <li>2. Task Force established to operationalize decisions;</li> <li>3. Senior leadership teams meeting more frequently;</li> <li>4. All country office and HQs prepared contingency planning to ensure business continuity;</li> <li>5. Regular communications with donors about our programmes and programme pivots; and</li> <li>6. Engagement and advocacy with donors around spending against grants, flexibility and adapted payment terms.</li> </ol>
<p><b><i>Increased FX loss exposure</i></b></p>	<p>We have continued to naturally hedge currencies by keeping funds in donor currency.</p> <p>Monthly Budget vs Actuals (BvAs) have a foreign exchange (FX) analysis tab which highlights adjustments/actions required on a project level.</p>

# Financial Review

The annual accounts have been prepared primarily in accordance with the Guideline RJ650 in combination with other applicable accounting standards for providing the required insight, which applies to Dutch fundraising organisations. The applicable accounting policies are set out on pages 28-32.

Mercy Corps Netherlands (MCNL) is registered in the Netherlands as an Association under the Dutch Trade number 70333564 and came into operation on 19 December 2017. The relationship between Mercy Corps Europe (MCE) and MCNL is governed by a Governance Agreement and Memorandum of Understanding (MOU) that also includes Mercy Corps Global (MCG) and which covers matters relating to programmes, funding, governance, intellectual property and other legal affairs.

## Income

In FY 2020, overall MCNL income increased by 14% on the previous financial year to €2.4m (FY 2019: €2.1m), of which €1.3m was restricted to international programmes.

Progress was made during the year to diversify MCNL's donor base, with new programmes starting with The Bayer Foundation, Wageningen Centre, and a Danish Refugee Council led consortium funded by the Novo Nordisk Foundation. This was in parallel to securing further funding from existing donors including Shell, who donated €0.9m to MCNL for future COVID-19 related programming.

Associated parties income of €149k represents the recharge of MCNL salaries to MCG in the fiscal year. In FY19, a €1,680k unrestricted donation was received from MCE to further the objectives and operational capacity of MCNL, along with a €31k recharge of salaries to MCG.

Full detail on sources of income by charitable activity and donor are provided in notes 5, 6 and 7 in the accounts.

## Charitable Expenditure

Total project expenses in the year were €1.4m (FY 2019: €0.4m) and continued to reach those who most needed our help in the world's most fragile and challenging places. MCNL was active in a number of countries, with programming including conflict management activities in Myanmar and access to energy sources in Ethiopia and Uganda. MCNL programmes have pivoted quickly to respond to needs arising from the COVID-19 pandemic, with new COVID response programmes beginning in Jordan and Niger.

Total Management and Administration costs have increased to €225k (FY 2019: €161k), and reflect additional investment in MCNL resources to grow operational capacity.

## Financial Risk and Cash

Financial risk is managed by continuously monitoring the cash flow sensitivity resulting from timely delivery of international programmes and timely recognition of unrestricted income. We monitor our global risks closely with oversight by the Enterprise Risk Management Committee and Board oversight.

The impact of COVID-19 is having a profound effect on organisational planning and action. In all circumstances we are following Government guidelines and continue to work from home with the aim to safeguard the health and wellbeing of our staff. Globally we are continually reviewing our preparedness and mitigation measures to safeguard the health and well being of our teams and the communities with which we

work. In many locations, this involves activating extensive protocols and approaches to mitigate COVID-19 exposure and spread.

While the financial impacts we feared last spring are yet to materialise, early signs of delay or withdrawal of programme funding is factored into our future planning. Most urgently, cost control measures such as reduced spending where possible on non-essential items has been utilised.

The MCNL leadership team maintains a number of financial scenarios ensuring cash flow and available funds are tightly monitored. In addition, the general and continuity reserves provide comfort that the entity will be able to meet its obligations in case of a significant reduction to sources of funding. MCNL holds cash in current and deposit accounts with Rabobank. Cash is held in donor currencies and the equivalent EUR holdings stand at €4.2m (FY 2019: €1.7m). Due to higher programme funding along with associated donor requirements, cash advance of programme monies represents 84% of cash in the bank.

MCG advances cash for MCNL donor funded programmes, and is subsequently reimbursed by MCNL after field teams spend and account for the advances. The MCG field intercompany payable balance is €124k. There is also a €151k intercompany payable due to MCE and separately a €28k intercompany receivable due from MCG for expenditures relating to HQ and payroll costs.

## Reserve Policy and Reserves

Further cash flow risk mitigation is provided by the annual review of the reserve policy and the setting of our working capital level.

The charity has best practice management of the reserves in place. It aims to hold reserves to manage the risk against unexpected losses and long-term concern of the organisation and any other unanticipated financial risks as explained earlier in the report. Our total reserves stand at €2.1m (FY 2019: €1.6m). This provides coverage for the €2.1m short term liabilities (FY 2019: €0.3m), which include €1.65m cash advances from donors.

General reserves increased by €0.5m to €1.6m (FY 2019: €1.1m), primarily due to the receipt of a €0.9m donation from Shell for COVID-19 programming which will be utilised in the new fiscal year.

The Board of Directors has examined the requirement for general funds. In arriving at a decision for continuity reserves, the Directors have considered the following points:

- The nature of our work and the vulnerability of grants, contracts, and donation funding flows.
- Quick response to emergencies where immediate mobilisation funds are needed.
- Adequate working capital to meet cash flow needs.
- Cover for potential long term commitments relating to staff and leases.
- Funders' viability criteria.

The Directors are mindful of the significant uncertainty surrounding global economic conditions and instability, particularly with regards to the COVID-19 pandemic and the outcome of the UK exiting the EU and foreign exchange markets. Consequently, they wish to adopt a prudent approach to reserves.

On that basis, the Management Board has maintained a €500k continuity reserve minimum requirement, based on a risk assessment to an equivalent of six months of total operational expenditure.

The Strategic Report and Accounts was approved by the Board of Directors on 03 November 2020 and signed on their behalf by:



Roberto Bocca  
Chair, and on behalf of the Board

## Balance sheet as at 30 June 2020

(after proposed appropriation of result)

		30 June 2020 EUR	30 June 2019 EUR
<b>Receivables</b>	1	94,865	258,143
<b>Cash and cash equivalents</b>	2	4,150,583	1,702,744
		-----	-----
<b>Total assets</b>		4,245,448	1,960,887
		-----	-----
<b>Reserves</b>			
General reserve	3	1,629,347	1,134,402
General reserve	3	500,000	500,000
		-----	-----
<b>Short-term liabilities</b>	4	2,116,101	326,485
		-----	-----
<b>Total liabilities</b>		4,245,448	1,960,887
		-----	-----



## Statement of income and expenses for the year 2020

		2020	2019
		EUR	EUR
<b>Income</b>			
Corporate Foundations & Trusts	5	<b>2,148,264</b>	401,438
Government grants	6	<b>138,071</b>	28,065
Associated parties	7	<b>149,148</b>	1,711,492
		<hr/>	<hr/>
<b>Total fundraising income</b>		<b>2,435,483</b>	2,140,995
		<hr/>	<hr/>
<b>Sum of income</b>		<b>2,435,483</b>	2,140,995
		<hr/>	<hr/>
EXPENSES ON OBJECTIVES	8		
Project expenses		<b>1,414,865</b>	430,248
Policy and advocacy		<b>89,030</b>	110,497
Strategy and programmes		<b>86,635</b>	7,729
		<hr/>	<hr/>
<b>Sum of expenses on objectives</b>		<b>1,590,530</b>	548,474
		<hr/>	<hr/>
FUNDRAISING EXPENSES	9	<b>99,470</b>	71,694
MANAGEMENT AND ADMINISTRATION EXPENSES	10	<b>225,182</b>	161,028
		<hr/>	<hr/>
<b>Sum of expenses</b>		<b>1,915,182</b>	781,196
		<hr/>	<hr/>
Sum before financial income/costs		<b>520,301</b>	1,359,799
Financial gain/(loss)	11	<b>(25,356)</b>	49,938
		<hr/>	<hr/>
<b>Net income</b>		<b>494,945</b>	1,409,737
		<hr/>	<hr/>

*Due to the early nature of the organisation, no formal budget procedures were in place for FY20*

## Statement of Cashflow for the year 2020

	2020	2019
	EUR	EUR
<b>Cashflow from operating activities</b>		
Net income	494,945	1,409,737
(Increase) in debtors	163,277	394,886
Increase in creditors	1,789,617	(105,854)
<b>Cash provided by / (used in) operating activities</b>	<b>2,447,839</b>	1,698,769
<b>Increase / (decrease) in cash and cash equivalents at the end of the year</b>	<b>2,447,839</b>	1,698,769
Cash and cash equivalents at the beginning of the year	1,702,744	21,975
<b>Total cash and cash equivalents at the end of the year</b>	<b>4,150,583</b>	1,702,744
<b>Cash and cash equivalents comprise:</b>		
Bank accounts	4,150,583	1,702,744

## Appropriation of the result for the year 2020

	2020 EUR	2019 EUR
Addition to (withdrawal from):		
— General reserve	494,945	909,737
— Continuity Reserve	-	500,000
<b>Total change in reserves and funds</b>	<b>494,945</b>	<b>1,409,737</b>

The notes to the balance sheet provide further information about the composition of reserves and funds.

# Notes to the 2020 annual accounts

## General

These are the annual accounts of Mercy Corps Netherlands. Mercy Corps Netherlands (MCNL) is registered in The Hague, Netherlands as an Association under the Dutch Trade number 70333564 and came into operation on 19 December 2017. MCNL is registered in The Netherlands and recognised as an ANBI (Algemeen Nut Beogende Instelling) by the Dutch tax authorities. MCNL is located in The Hague at The Humanity Hub, Fluwelen Burgwal 58, 2511 CJ The Hague.

MCNL was established as an independent, non-profit association and operates in collaboration with its affiliate organisations, Mercy Corps Europe (MCE) and Mercy Corps Global (MCG) as one global organisation. All three entities share the same mission, vision, core values and charitable objectives. The relationship between MCNL and MCE is governed by a Governance Agreement and Memorandum of Understanding that also includes MCG and which covers matters relating to programmes, funding, governance, intellectual property and other legal affairs. MCNL is an affiliated entity and is consolidated into MCE.

The activities of MCNL consist mainly of providing of international development (aid) and economic opportunities for the needs of the poor around the world with a special attention of supporting the countries in development, refugees and hunger. MCNL deliver this through local country offices operating projects and programmes in country.

MCNL believes that secure, productive and just communities emerge and endure when the private, public and civil society sectors interact with accountability, inclusive participation and mechanisms for peaceful change.

## Basis of preparation

The annual accounts 2020 are dated 30 June, 2020. The annual accounts have been prepared primarily, as much as possible, in accordance with the Guideline RJ650 in combination with other applicable RJ for providing the required insight, which applies to Dutch fundraising organisations. The accounting policies have been consistently applied to all the years presented.

The valuation of assets and liabilities and of income and expenses is based on historical cost, unless otherwise stated in the further accounting principles. The assumption of continuity was applied for the preparation of the annual accounts.

The financial statements of MCNL have been prepared on the basis of the going concern assumption.

## Budget

No overall budget has been prepared as the organisation was in the early stages of set up and establishment. Despite this fact, strong project budgeting and cash flow monitoring has taken place.

## Financial reporting period

MCNL financial year runs from 1 July 2019 to 30 June 2020.

# Accounting policies for the measurement of assets and liabilities and the determination of the result

## General

Unless stated otherwise, assets and liabilities are shown at historical costs.

An asset is recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

Income is recognised in the statement of income and expenses when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the statement of income and expenses, taking into account any provisions related to the transaction.

If assets are recognised of which MCNL does not have the legal ownership, this fact is being disclosed.

Income and expenses are allocated to the respective period to which they relate.

## Functional and presentation currency

The financial statements of the legal entity are presented in euros, which is the functional and presentation currency of MCNL.

## Transactions in foreign currencies

At initial recognition, transactions denominated in a foreign currency are translated into euros, the functional currency of MCNL, at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date into euros at the exchange rate of that date. Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary items denominated in foreign currency, are recognised in the statement of income and expenses in the period in which the exchange difference arises.



Non-monetary assets and liabilities denominated in foreign currency that are measured based on historical cost, are translated into euros at the exchange rates at the date of the transactions.

## Cash and cash equivalents

Cash and cash equivalents include cash-in-hand, bank balances. Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement.

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in euros at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

## Reserves and funds

The additions to and the withdrawals from the reserves and funds take place from the appropriation of results. The general fund is an unrestricted fund which is available for use, at the discretion of the directors, in furtherance of the general objectives of the charity and which has not been designated for other purposes.

### Continuity reserve

The continuity reserves is a reserve to which the Board of directors of the organisation have made a more limited spending option than would exist on the basis of the articles of association. The continuity reserve covers risks that are not addressed in any other designated reserve. The continuity reserve should, for example, create a sufficiently large buffer to enable MCNL to complete or terminate ongoing programmes appropriately and meet its legal and moral obligations in case of a significant shortfall of key sources of funding.

## Financial instruments

These financial statements contain the following financial instruments: other receivables, cash items, trade payables and other amounts payable. Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate.

Financial instruments are derecognised if a transaction results in a considerable part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs.

After initial recognition, financial instruments are valued in the manner described below.

### Non-current and current liabilities and other financial commitments

Non-current and current liabilities and other financial commitments are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the statement of income and expenses.

Redemption payments regarding non-current liabilities that are due next year, are presented under current liabilities.

## Income recognition

### Income

Income is recognised in the period in which there is legal entitlement, any performance conditions attached to the income have been met, the amount can be quantified with reasonable accuracy and there is probability of receipt.

Income is shown within three main categories in the Statement of Income and Expenses: Corporate foundations & trusts, government grants and associated parties.

### Revenue donations

Unrestricted donations are accounted for as income in the earliest reporting period that they were received or committed to.

### Income from companies or government grants

This comprises grants and contracts which are recognised using the performance model. Funds are recognised as income from charitable activities once there is entitlement, reasonable probability of receipt and the amount can be measured with sufficient reliability. Many projects are funded on the basis of claims made for actual expenditure incurred and are subject to post-project operational and financial reports. There remains the possibility that certain expenditure may be disallowed, and all income may not be spent.

Where grant funding is received in advance of MCNL meeting any performance-related conditions, receipts are credited to deferred income until such times as those conditions have been met. The donors have the right to repayment of disallowed expenditure and/or unused funds. Consequently, such income remains deferred until used or repaid, rather than being treated as unspent funds.

## Interest income

Interest income is recognised in the statement of income and expenses on an accrual basis, using the effective interest rate method.

## Expenses

Wherever possible, expenses are attributed to the expenditure on management and administration or to the objective directly. Where this is not possible, staff costs are apportioned among the functions to which they relate on the basis of estimated time allocation, and other indirect costs are allocated based on the FTE.

## Leasing

MCNL may enter into finance and operating leases. A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form.

At inception of an arrangement, MCNL assesses whether the lease classifies as a finance or operating lease.

### **Operating leases**

If MCNL acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expense over the lease term. Lease payments and benefits regarding operating leases are recognised to the statement of income and expenses on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

### **Employee benefits**

Salaries, wages and social security contributions are taken to the statement of income and expenses based on the terms of employment, when they are due to employees.

MCNL do not currently have a pension or healthcare provider in place therefore pay a stipend to each employee towards this.

### **Determination of fair value**

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

### **Related parties**

MCNL, MCE and MCG work closely together under a Memorandum of Understanding and a Governance Agreement. In some instances, organisations will pool administrative and technical resources for the benefit of their respective projects. In such cases a re-charge of the actual costs incurred will be made between MCNL, MCE and MCG.

Related party transactions include any income or expenditure made or received by MCNL on behalf of MCG or MCE.

Direct expenditure by field offices and / or MCG on MCNL programmatic activity is not treated as related party expenditure.

### **Fixed assets**

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably. Donated fixed assets are included at fair market value having regard to the age and condition of the assets concerned. All assets financed by donor funding for specific projects are written off at the time of purchase through the statement of financial activities because in the majority of cases the projects are of limited duration and at the end of which the assets can be donated to the ongoing project. Therefore, such assets have not been incorporated in the balance sheet.

## Subsequent events

The emergence and spread of the Coronavirus in early 2020 has affected business and economic activity around the world. At this moment, November 2020, the impact on our financial position and result is limited. While we recognise that the COVID-19 crisis brings increased levels of uncertainty, our financial position give the management confidence in the organisation's ability to continue meeting our goals.

# Notes to the balance sheet as at 30 June 2020

## 1 Receivables

	30 June 2020 EUR	30 June 2019 EUR
Receivable from donors	54,333	1,737
Interagency receivables – MCG	-	246,545
Other receivables	40,532	9,861
<b>Receivables</b>	<b>94,865</b>	<b>258,143</b>

All receivables are expected to be received within one year and relate to our day to day operations.

A provision for doubtful receivables is deemed unnecessary and therefore no provision is recognised for this year (2019: EUR 0).

Receivable from donors relates to funds due from donors for projects in which expenses have already been paid by MCNL as at 30 June 2020.

Interagency receivables relate to MCG. There is not an agreement about the redemption and interest of the interagency.

Other receivables include, for example, prepayments and advances to employees.

The carrying values of the recognised receivables approximate their respective fair values, given the short maturities of the positions and the fact that allowances for doubtful debts have been recognised, if necessary.

### Specification of receivables from donors

Receivables from donors relate to projects that have been implemented by MCNL, for which the funds from donors are committed in a grant contract but had not yet been received on the balance sheet date. The funds are expected to be received within one year. The amount receivable from donors at the balance sheet date can be broken down as follows.

	30 June 2020 EUR	30 June 2019 EUR
Dubai Cares	-	1,737
<b>Receivable from donors</b>	<b>-</b>	<b>1,737</b>

## 2 Cash and cash equivalents

	30 June 2020 EUR	30 June 2019 EUR
Cash and cash equivalents in the Netherlands	4,150,583	1,702,744
	<b>4,150,583</b>	<b>1,702,744</b>

The balance of cash and cash equivalents is readily available to MCNL.

## 3 Reserves

	1 July 2019 EUR	Additions EUR	Withdrawals EUR	30 June 2020 EUR
General reserve	1,134,402	2,435,483	(1,940,538)	1,629,347
Continuity reserve	500,000	-	-	500,000
<b>Total reserves</b>	<b>1,634,402</b>	<b>2,435,483</b>	<b>(1,898,710)</b>	<b>2,129,347</b>

No additional reserves have been set up within MCNL.

## 4 Short-term liabilities

	30 June 2020 EUR	30 June 2019 EUR
Grants received in advance	1,650,448	138,669
Payables to related parties	246,152	2,855
Payables to personnel – employee expenses	440	1,645
Audit fee	40,165	169,400
Other liabilities	149,149	3,841
Employee holiday allowance accrual	29,747	7,575
Hague Municipality	-	2,500
<b>Short-term liabilities</b>	<b>2,116,101</b>	<b>326,485</b>

All short-term liabilities are due within one year.

Grants received in advance relates to project income received in advance, or the balance of income held for projects, which performance related conditions have not been met.

Payables to related parties with MCNL are the intercompany balance representing funds owed by the charity to MCE and MCG for funding advances to the charity's projects and in respect of the settlement of expenditure.



The carrying values of the recognised liabilities approximate their respective fair values, given the short maturities of the positions.

## Financial risks and financial instruments

During its normal operations, MCNL is exposed to currency, interest, cash flow, credit and liquidity risks. To control these risks, MCNL has instituted policies and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the ability of MCNL to fulfil its objectives.

MCNL does not apply nor trade in financial derivatives, such as interest rate swaps, forward exchange contracts or options to control its risks. Its main risk mitigation measures are described below. Any risk relating to liquidity is mitigated through strong project budgeting and cash flow monitoring.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

### Credit risk

The probability and impact of financial loss to MCNL due to a bank going bankrupt is mitigated by strict bank assessment procedures when opening a bank account.

The probability and impact of financial loss to MCNL due to the amount of outstanding receivables and concentrations of credit risk is considered low due to the status and reputation of the debtors the organisation engages with and their ability to honour any debts.

### Foreign exchange rate risk

MCNL is exposed to currency risk on project obligations that are denominated in a currency other than the contractual currency of the grant contract that relates to such a project. The currencies in which these project obligations primarily are denominated are EUR and USD. The currencies in which MCNL donor grant contracts are denominated are primarily EUR and USD. MCNL policy is to denominate its contractual obligations as often as possible in the same currency as the donor's currency and to hold bank balances in the donor currency, so that the real exchange rate is closest to the reporting exchange rate. MCG often meet project expenditure on behalf of MCNL resulting in an intercompany balance. FX balances often result due to the nature of underlying project expenditure in local currency, reporting in donor currency and intercompany repayment in USD. MCNL does not hedge with any derivative instruments its estimated foreign currency exposure in respect of forecasted purchases over a future period.

## Off-balance sheet obligations and rights

MCNL off-balance sheet obligations and rights are as follows and are further explained in the text below the table.

	Total	Due in 1 year	Due in 1-5 years	Due after 5 years
	EUR	EUR	EUR	EUR
Office facility rental	9,637	9,637	-	-
<b>Off-balance sheet obligations</b>	<b>9,637</b>	<b>9,637</b>	-	-

# Notes to the statement of income and expenses as at 30 June 2020

## 5 Fundraising income from Corporate Foundations & Trusts

Restricted income from companies.

	2020 EUR	2019 EUR
Other companies – grant income	2,148,264	401,438
<b>Total income businesses</b>	<b>2,148,264</b>	<b>401,438</b>

Grant income is of a restricted nature and received for the purpose of delivering grant and project activities in line with MCNL's objectives. Income is recognised in compliance with grant conditions using the performance model and on the basis of claims made for actual expenditure incurred.

## 6 Fundraising Income from government grants

Income from governments includes income from individual governments, as well as from governmental bodies and from organisations that receive the vast majority of their funding from governments. All MCNL income from governments is incidental, although part of the income is related to multiyear grants. All grants have an end date and are recognised in the period to which they are entitled.

The Municipality of the Hague grant is from May 1st 2018 for 3 years and is for a financial contribution of €45,000 in total for setting up an office in the Hague and further development of the organisation. The grant is recognised in line with the award instalments relating to the date of the agreement for the period in which it relates.

The Dutch Government grant is from 1 November 2018 for 2 years to 31 October 2020 for €200,000 to deliver a project in Myanmar. In line with the agreement the income is recognised in line with the expenditure made to deliver the grant.

	2020 EUR	2019 EUR
Municipality of the Hague	2,500	15,000
Dutch Government	135,571	13,065
<b>Total income from governments</b>	<b>138,071</b>	<b>28,065</b>

## 7 Fundraising income from other organisations

The income from other organisations includes income from an associated entity and is unrestricted.

In 2019 MCNL received an unrestricted donation from MCE.

	<b>2020</b>	2019
	<b>EUR</b>	EUR
Fundraising income – MCE	-	1,680,000
Recharged personnel cost – MCG	<b>149,148</b>	31,492
	<hr/> <b>149,148</b> <hr/>	<hr/> 1,711,492 <hr/>

## 8 Expenses on objectives

Expenses towards project, policy and advocacy and strategy and programmes are costs related to the implementation of MCNL programmatic activities. MCNL implements its projects itself as well as by partner organisations. Costs of project activities include expenses such as cash distributions, staff costs, materials purchased, location rent, transport costs and office expenses. Costs of policy and advocacy and strategy and programmes include costs of office and personnel.

	<b>2020</b>	2019
	<b>EUR</b>	EUR
Project activity expenses	<b>1,414,865</b>	430,248
Policy and advocacy	<b>89,030</b>	110,497
Strategy and programmes	<b>86,635</b>	7,729
	<hr/> <b>1,590,530</b> <hr/>	<hr/> 548,474 <hr/>

## 9 Expenses on fundraising

Expenses on fundraising includes costs of personnel, office and travel spent on fundraising activities.

	2020 EUR	2019 EUR
Expenses on fundraising	99,470	71,694
	<hr/>	<hr/>
	99,470	71,694
	<hr/>	<hr/>

## 10 Management & administration

Management and administration includes the costs of office, audit fees, legal fees and personnel.

	2020 EUR	2019 EUR
Management & administration	225,182	161,028
	<hr/>	<hr/>
	225,182	161,028
	<hr/>	<hr/>

## 11 Financial gains/(losses)

	2020 EUR	2019 EUR
Exchange rate differences	(25,356)	49,938
	<hr/>	<hr/>
Financial gain/(loss)	(25,356)	49,938
	<hr/>	<hr/>

## 12 Personnel costs

MCNL total personnel expenses are specified below. The category other personnel expenses includes costs for commuting transport, insurance and training.

Average number of FTE 8 (2019 : 0).

	<b>2020</b>	2019
	<b>EUR</b>	EUR
Gross wages and salaries	<b>484,422</b>	147,949
Pensions	<b>29,143</b>	10,900
Social security	<b>61,212</b>	14,576
<b>Total personnel expenses</b>	<b>574,777</b>	173,425

## Attribution of expenses

	<i>Project activities</i>	<b>Expenses on objectives</b> <i>Policy and advocacy</i>	<i>Strategy and programmes</i>	Expenses for Fundraising	Management & Admin	<b>Total expenses</b>
	EUR	EUR	EUR	EUR	EUR	EUR
Procurement	<b>26,818</b>	-	-	-	-	<b>26,818</b>
Outsourcing	<b>522,465</b>	-	-	<b>324</b>	<b>27,167</b>	<b>549,956</b>
Staff	<b>709,148</b>	<b>66,805</b>	<b>69,469</b>	<b>87,098</b>	<b>158,507</b>	<b>1,091,027</b>
Travel expenses	<b>38,315</b>	<b>3,742</b>	<b>7,076</b>	-	<b>6,672</b>	<b>55,805</b>
Housing	<b>21,633</b>	-	-	-	-	<b>21,633</b>
Office costs	<b>32,471</b>	<b>5,356</b>	<b>3,141</b>	<b>3,708</b>	<b>9,514</b>	<b>54,190</b>
General costs	<b>64,015</b>	<b>13,127</b>	<b>6,949</b>	<b>8,340</b>	<b>23,322</b>	<b>115,753</b>
<b>Total</b>	<b>1,414,865</b>	<b>89,030</b>	<b>86,635</b>	<b>99,470</b>	<b>225,182</b>	<b>1,915,182</b>

The above clarification of the attribution of expenses towards expense categories is in accordance with Annex 3 of the accounting guideline RJ650.

All costs associated with delivering grant programmes are allocated to Expenses on objectives. All office support costs are presented under Management & Admin. All fundraising expenses are presented under Expenses on fundraising.

Project expenditure costs include cash transfers to beneficiaries on humanitarian programmes.

Procurement costs include the cost of materials and supplies on capacity building programmes.

Outsourcing costs relate to the cost of contracted services for external consultants and legal fees.

Staff costs include salary, social security, pension, insurance and travel costs associated to personnel.

Housing costs include contributions to accommodation for staff working on field programmes and office rent.

Office costs include utilities, printing, postage and stationery.

General costs include vehicle rent & repairs, storage costs, memberships and bank charges.



## Appropriation of the result

On 03 November 2020, the Board of Vereniging MCNL discussed the annual report and the financial statements 2020. The Board adopted the annual report and the annual accounts of MCNL, including the proposed appropriation of the surplus. The members of the Board as per 30 June 2020 (as at Balance Sheet date) are:

- Roberto Bocca
- Tom Murray
- Iman Dakhil
- Gisel Kordestani
- Scott Brown
- Kito de Boer
- Beth deHamel

	EUR
Addition to (withdrawal from):	
General reserve	495,945
Continuity reserve	-
	<hr/>
<b>Total change in reserves and funds</b>	<b>494,945</b>

## Events after the balance sheet date

No events have occurred between the balance sheet date and the date on which the Board adopted the annual accounts, which would affect the 2020 annual accounts or the condition of MCNL at the end of the financial year or thereafter. No subsequent events occurred between balance sheet date and the date that the statements were adopted that did not affect MCNL's figures as of year end but need to be disclosed due to their significance/nature.

## Remuneration of Directors

	EUR
<b>Marina Antunovic</b>	
<b>Director</b>	
<b>Period of employment : 01.07.2019 – 30.06.2020</b>	
Duration	
Hours/week	40
Annual income	
Gross salary	116,900
Holiday allowance	5,426
	<hr/>
<b>Total director remuneration</b>	<b>101,565</b>
Taxable allowances	4,800
Social Security	10,535
	<hr/>
<b>Total remuneration and benefits 2020</b>	<b>116,900</b>
<b>Total remuneration and benefits 2019</b>	<b>84,462</b>

<b>Simon O'Connell</b> <b>Executive Director</b> <b>Period of directorship : 01.07.2019 – 30.06.2020</b>	<b>EUR</b>
Duration	
Hours/week	<b>15</b>
Annual income	
Gross salary	-
Holiday allowance	-
Total director remuneration	-
Taxable allowances	-
Social Security	-
Total remuneration and benefits 2019	-
Total remuneration and benefits 2020	-

Simon O'Connell is Executive Director for MCE and MCNL and his salary is fully paid for by MCE and not recharged to MCNL.

No loans, advances or guarantees were given to MCNL directors.

### **Remuneration Board members**

No remuneration is offered to Board members and no loans, advances or guarantees existed in 2020. In 2020, no expenses were incurred for Board members.

## **Adoption of financial statements**

The Financial Statements are prepared by the management of MCNL. The Financial Statements were unanimously adopted by the Board of MCNL in its meeting of 03 November 2020, held online.



**Roberto Bocca**

Chair, on behalf of the Board

## **INDEPENDENT AUDITOR'S REPORT**

To: the Board of Vereniging Mercy Corps Netherlands

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### **Report on the financial statements 2019/2020**

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#### ***Our opinion***

In our opinion, the financial statements of Vereniging Mercy Corps Netherlands ('the organization') give a true and fair view of the financial position of the organization as at 30 June 2020, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 'Charity Organizations' of the Dutch Accounting Standards Board.

#### ***What we have audited***

We have audited the accompanying financial statements 2019/2020 of Vereniging Mercy Corps Netherlands, Den Haag.

The financial statements comprise:

- The balance sheet as at 30 June 2020;
- The statement of income and expense for the year 2020;
- The cash flow statement for the year 2020;
- The notes, comprising the accounting policies and other explanatory information.

#### ***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 Vereniging Mercy Corps Netherlands 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. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

#### ***Emphasis of matter – uncertainty related to the effects of COVID-19***

We draw attention to the accounting policies, section "Subsequent events" in the financial statements in which management has described the possible impact and consequences of COVID-19 on the organization. This note also indicates that currently it is not reasonably possible to estimate any future impact. Our opinion is not modified in respect of this matter.

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## **Report on the other information included in the annual report**

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

- The executive director's message;
- The chair's message;
- The organizational key facts;
- The description of activities and results;
- The description of operational progress;
- Plans for the next fiscal year;
- The governance structure;
- Information regarding communication with stakeholders; and
- Risk Management.

Based on the other 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 650 'Charity organizations' 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 requirement 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 board report pursuant to the Guideline for annual reporting 650 'Charity organizations' of the Dutch Accounting Standards Board.

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## **Responsibilities for the financial statements and the audit**

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### ***Responsibilities of management and the 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 650 'Charity organizations' of the Dutch Accounting Standards Board; and 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 financial statements, management is responsible for assessing the organization'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 organization 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 organization's ability to continue as a going concern in the financial statements.

The Board is responsible for overseeing the organization'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 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 and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material 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.

The Hague, 3 November 2020

**SCHIPPER & PAUL ACCOUNTANTS BV**

Signed on the original: J.G.M. Schipper MSc RA

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## **Appendix to our auditor's report on the financial statements 2019/2020 of Vereniging Mercy Corps Netherlands**

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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 skepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. 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 and audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement 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 organization'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 organization'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 organization 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 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.