

Stichting Aflatoun International,  
Amsterdam

Annual Financial Statements 2016

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## Board report

2016 started off with a positive change, when the Sustainable Development Goals (SDGs) came into force, paving the way for a future without poverty, in which all children can experience peace and progress. However, economic and political instability, ongoing conflicts, climate change and increasing inequality continue to present risks to children, threatening to undermine their potential. It is essential that we provide children and young people with social and financial skills to protect and empower them, especially the most vulnerable.

Besides learning how to read and write our children need to become economic citizens and gain the social and financial skills to get ahead in life. Through Aflatoun's social and financial education programmes, children learn their rights and responsibilities, how to spend and save wisely, and how to become an entrepreneur. These are the building blocks for a sustainable future, empowering children and young people, including the most vulnerable, to become a force for positive change.

The start of the new sustainable era was the perfect backdrop for the new Aflatoun International Strategy 2016-2020, which lays out our ambitious plans to expand the reach of our programmes to 20 million children by 2020. The new Strategy was developed with support from Strategy consultants Oliver Wyman following extensive consultation with Aflatoun Partners and key donors. The new strategy sets out three strategic priorities:

- Advocate for Social & Financial Education for All Children, especially the Most Vulnerable;
- Deliver High-Quality Social & Financial Education & Skills Programmes; and
- Accelerate Scale-Up Of Social & Financial Education.

In 2016, Aflatoun made significant progress towards these priorities.

### **Advocate for social and financial education for every child**

Our fifth Aflatoun International Meeting took place in The Hague, the Netherlands from 2nd to 4th November. This major event brought together over 180 stakeholders and partners from all over the world to connect, share experiences and exchange ideas about Social and Financial Education's contributions to the Sustainable Development Goals.

In 2016, Aflatoun received further acknowledgement of its innovative approach. In addition to being identified by the Brookings Institution last year, as a best practice in scaling up quality education in developing countries, the Aflatoun Education Teacher Platform was selected as one of five innovative projects for the 2016-17 WISE Accelerator programme. Aflatoun was also ranked 29th in the top NGOs 2016 Top 500 NGOs World by NGO Advisor.

### **Deliver high quality social and financial education and skills programmes**

2016 was also a great year for high quality programme implementation. In 2016, Aflatoun launched a new peacebuilding curriculum based on previous experiences in Syria, South Sudan, DR Congo, and the Balkans. This unique programme fostering peace which is now ready to be implemented in conflict-affected zones. We also hope to use this peacebuilding tool in other fragile settings, helping young refugees, child soldiers and other vulnerable young people to build their new lives and communities.

Another priority area in 2016 was Girls' Vulnerability. In late December we released a new research report on Financial Education's Contribution to Girls' Economic Empowerment, which shows that financial education programmes for girls are most successful when they contain both financial and social components. Based on the findings from this research, we are developing an 'Adolescent Girls Initiative' which we plan to roll out across regions to become one of our flagship programmes in the coming years.

### **Accelerate scale-up of social and financial education**

The total number of children reached in 2016 with Social & Financial Education based on the Aflatoun model increased to 4.5 million from 4.1 million in 2015. A key priority in the 2016-2020 strategy is accelerating scale-up of social and financial education, primarily through integrating our best practice programmes into national curricula. 2016 saw major progress in this area, with a national integration of the Aflatoun programme in Jordan, resulting in the number of children reached more than doubling to 343 640. Aflatoun is now working together with 28 governments to achieve national integrations of our curricula.

### **2016 Financial results**

2016 was the beginning of a transition for Aflatoun, with the closure of several multi-year donor-funded projects including two of Aflatoun's three largest multi-year grants during the year and a renewed focus on fundraising. The operating deficit of EUR 247k was better than anticipated in the 2016 budget due successful fundraising efforts leading to extra income in 2016 of EUR 266k, including from Credit Suisse and the United National Environment Program, and reduced expenditure on training, advocacy and operational costs through a mid-year budget revision.

In 2016, Aflatoun has successfully been able to reduce the proportion of its expenditure on support functions, freeing up valuable resources for its key activities. 80% of expenditure in 2016 was directed to the three strategic objectives, up from 76% in 2015, reflecting efficiencies in operations and fundraising. 15% of expenditure in 2016 was directed to administration and operations, down from 16% in 2015. 5% of expenditure was directed to fundraising in 2016, down from 8% in 2015.

Aflatoun is in a healthy financial position at the end of 2016, in terms of solvency and liquidity. Unrestricted reserves are at EUR 465k, or approximately three months of annual operating and programme expenditure. Liabilities have reduced significantly in 2016 to EUR 372k, while cash at bank and on hand is around EUR 748k.

### **2017 plan and budget**

In line with the 2016-2020 Strategic Plan, in the budget 2017, the focus is on advocacy, quality and scale-up of social and financial education to meet the ambitious target of providing access to a minimum of 20 hours of quality social and financial education to 20 million children and youth by 2020.

In order to work towards this ambitious target, Aflatoun has developed a set of priorities for 2017 and allocated resources in line with these.

#### **Objective 1: Concept**

In 2017, the Concept budget has been increased from 2016 and will support the development of three new organizational curriculums focused on: (i) empowering Girls, (ii) Youth Entrepreneurship, and (iii) a special module linked to Sexual and Reproductive Health, supported by the Como Foundation and Rabobank. Aflatoun will also develop an innovative eLearning business model to scale-up Aflatoun's digital programmes as part of the Wise Accelerator Programme.

### Objective 2: Network

In 2017, the Network budget has been reduced from 2016, largely reflecting the Aflatoun's biannual International Meeting of NGO partners (held in 2016, with the next meeting scheduled for 2018). The key Network priority will be strengthening the position of Aflatoun as a thought leader in the field of social and financial education, including the finalization and dissemination of major research projects demonstrating the impact of the Aflatoun and Aflateen programmes on outcomes for girls, with support from Credit Suisse. A new media strategy will also be developed to increase the impact of Aflatoun's advocacy and communications work.

### Objective 3: Programme

In 2017, the Programme budget has been reduced significantly from 2016, largely reflecting the conclusion of the large MasterCard Foundation grant in 2016. The key priorities for 2017 will be growing partner numbers in all regions and working towards the integration of social and financial education in national curriculums by building national coalitions and working directly with Ministries of Education. Aflatoun will also continue its work on technical assistance for local partners and delivery of a series of training and capacity building events, including a flagship Master Training event in The Hague supported by Erasmus+.

### Fundraising

The budget for fundraising has been reduced from 2016 reflecting necessary cost savings, however fundraising will remain a key priority in 2017 to ensure sustainability following the conclusion of two major grants in 2016.

### Operations

The key priorities in Operations will be organizational process and technology improvements and the implementation of a leaner operating model to enable greater sustainability and scalability. Key projects include fully embedding a new timekeeping and leave management system and an upgraded customer relationship management system, and a review of employee policies and process in Aflatoun's employee manual. In line with the drive to improve efficiency, the budget for Operations has been reduced significantly from 2016.

### Forecast financial position

Income is expected to remain lower during 2017, at around EUR 1.7 million due to the time taken to replace large grants which expired towards the end of 2016. Total expenditure is budgeted to reduce slightly, as are total staff numbers. Aflatoun expects to have a deficit of around EUR 284k, funded in part by carry-over of around EUR 116k of 2016 income and in part by a draw-down of around EUR 168k on unrestricted reserves.

The financial outlook for Aflatoun in 2017 and beyond is positive. The pipeline of potential project funding is strong, thanks to a greater focus on fundraising in the last half of 2016. The reserves and cash position are expected to decline somewhat, but remain at a reasonable level.

### Risk management

The Aflatoun management and board work together to actively identify, rate and manage key risks and issues. For 2017, the key external risk is the increased complexity involved in shifting focus to working with governments on curriculum integrations. To address this risk, Aflatoun has created a new position of Head of National Policies and Strategies to ensure the quality and consistency of our National integration work. The key internal risk relates to securing new funding to replace two large grants which expired in

2016. To address this risk, Aflatoun has ramped up fundraising efforts throughout 2016 and this will continue to be a focus in 2017.

Overall 2016 has been Aflatoun's year of positive change. It has been an important time for us marking impressive progress of the network, continuing to work together towards high-quality, inclusive, social and financial education for all children and young people, especially the most vulnerable ones amongst them. With your valued support and continued co-operation we can provide them with the right tools to create a sustainable future for all.

## GENERAL INFORMATION

Name	Aflatoun International
Founded	27 June 2005
Legal form	Foundation (Stichting)
Address	Overschiestraat 184 1062 XK Amsterdam, the Netherlands
Website	<a href="http://www.aflatoun.org">www.aflatoun.org</a>
Email	<a href="mailto:info@aflatoun.org">info@aflatoun.org</a>
Telephone	+31 20 760 1340
Fax	+31 20 626 2118
Link to Articles of Association	<a href="http://tinyurl.com/aflatoun">http://tinyurl.com/aflatoun</a>
Registration	Chamber of Commerce, the Netherlands Commercial Register No. 34229026, 29 June 2005
Charity or non-profit organisation	Not-for-profit (tax free) as defined in Section 5b of the Dutch General State Taxes Act (Algemene Wet inzake Rijksbelastingen, "WAR") With the status of a Public Benefit Organisation (The ANBI's RSIN/Taxnumber: 814607196) since 1 January 2008 ( <a href="http://www.belastingdienst.nl/rekenhulpen/giften/anbi_zoeken">http://www.belastingdienst.nl/rekenhulpen/giften/anbi_zoeken</a> )

## POLICIES

### Reserves

Aflatoun wants to ensure sustainability of the organization so that its international network is ensured. Therefore Aflatoun has created a Continuity Reserve which seeks to grow to a level sufficient to cover operational and program costs for a period of 6 months. The time frame of 6 months is based on a prudent assessment of the time required to source additional funding.

**Volunteers**

Aflatoun relies on the assistance of a number of volunteers, including to assist the team with major events. Aflatoun provides volunteers with a small stipend to assist with the cost of travel associated with the volunteer assignment.

**Communication with key stakeholders**

Aflatoun's most important stakeholders are the local partner organizations that implement its programmes around the world and the donors that support Aflatoun's work. Communication with partners is coordinated by the relevant Regional Manager, drawing on the support of the Regional Representative as needed. Communications with new donors is coordinated by the fundraising team and communications with existing donors is managed by the relevant Project Manager.

**Remuneration of the board**

No members of the Board of Directors received any remuneration for the year ended December 31, 2016.

**MANAGEMENT TEAM**

Roeland Monasch Chief Executive Officer	roeland@afatoun.org
Simon Bailey Director of Partnerships and Innovation	simon@afatoun.org
Michael Golsworthy Head of Finance and Administration	michael@afatoun.org
Emmy Dexel Head of Communications	emmy@afatoun.org
Rediet Abiy Head of Programmes	rediet@afatoun.org
Hassan Mahtat Head of National Policy and Strategies	hassan@afatoun.org

The leadership and supervision of Aflatoun is regulated by the Articles of Association. The leadership of the Aflatoun Secretariat is in the hands of the CEO and the supervision in the hands of the Board. Supervisory duties of the Board are clearly separated from the operational responsibilities of the CEO and the Secretariat staff.

The Board meets twice a year and sets the overall guidelines for strategy and policies. The CEO attends the meetings of the Board, unless the Board decides otherwise. The CEO and the heads of the department form the Management Team, who meet weekly to discuss executive matters.

## BOARD

Rob Becker	Chair
Jeroo Billimoria	Founder & Deputy Chair
Olivier van Riet Paap	Treasurer
Brian Elliott	Member
Liliana Rotaru	Europe Regional Representative
Roger Kaffo Fokou	Francophone Africa Regional Representative
Brian Lariche	Asia Regional Representative
Rishad Byramjee	Meljol Special Representative
Patricia Fafa Formadi	Anglophone Africa Regional Representative
Belinda Portillo	Latin America Regional Representative
Muhannad Jarrah	Middle East and North Africa Regional Representative

Rob Becker,  
Chairman of the Board

Roeland Monasch,  
Chief Executive Officer



## Balance sheet

December 31, 2016

(after proposed appropriation of the balance of income and expenses)

### A s s e t s

	<b>2016</b>	2015
	EUR	EUR
<b>Fixed assets</b>		
Tangible fixed assets (1)	12,459	4,888
<b>Current assets</b>		
Receivables and prepayments (2)	192,544	128,547
Cash at banks and in hand (3)	747,627	1,424,978
<b>Total assets</b>	<u>952,630</u>	<u>1,558,413</u>

### R e s e r v e , F u n d a n d l i a b i l i t i e s

<b>Reserve and Fund (4)</b>		
Continuity reserve	464,628	572,456
Destination Fund	116,299	255,456
<b>Total Reserve and Fund</b>	<u>580,927</u>	<u>827,912</u>
<b>Current liabilities (5)</b>	371,703	730,501
<b>Total Reserve, Fund and liabilities</b>	<u>952,630</u>	<u>1,558,413</u>

## Statement of income and expenses for the period ended December 31, 2016

	Actual <b>2016</b>	Budget 2016 (unaudited)	Actual 2015
	EUR	EUR	EUR
<b>Source of income</b>			
Income from own organisational fundraising (6)	1,736,384	1,471,799	2,425,592
Income actions third parties (7)	500,000	500,000	500,000
Income from government (8)	-	-	-
Interest income (9)	980	-	5,881
Total income	<u>2,237,364</u>	<u>1,971,799</u>	<u>2,931,473</u>
<b>Expenses</b>			
<b>Expenses made for Strategic Objectives</b>			
Objective 1: Concept: To become an action-oriented in Child Social & Financial Education by developing, improving curricula materials and experimenting with new methodologies.	192,453	256,550	576,444
Objective 2: Programme: To reach 10 million children in 120 countries with a high quality Aflatoun programme.	718,390	841,263	817,119
Objective 3: Network: To strengthen our global brand and broaden our partner network with the goal of becoming a recognized leader in the educational field	1,064,801	678,030	639,554
<b>Total expenses made for Strategic Objectives</b>	<u>1,975,644</u>	<u>1,775,843</u>	<u>2,033,117</u>
<b>Expenses for fundraising</b>	133,487	173,755	226,134
<b>Operational and administrative expenses</b>	375,218	502,370	419,591
Total expenses	<u>2,484,349</u>	<u>2,451,968</u>	<u>2,678,842</u>
<b>Balance of Income and Expenses</b>	<u>(246,985)</u>	<u>(480,169)</u>	<u>252,631</u>

The difference between actual and budget is explained in the paragraph “Commentary on actual versus budget 2016” on page 10.

The balance of income and expenses 2016 is appropriated as follows:

	EUR	EUR
Addition to destination fund:		
- The Orange Foundation	25,536	
- Scotiabank	22,050	
- The MasterCard Foundation / Solidaridad	8,944	
- Plan Egypt	8,456	
- Batonga Foundation	5,579	
	<hr/>	70,565
Deduction from destination fund :		
- The MasterCard Foundation	(112,753)	
- NCBA Clusa/Yeta	(34,689)	
- Erasmus (youth)	(14,838)	
- SNS Foundation (Fonds21)	(13,749)	
- Postcodeloterij	(10,791)	
- Open Society	(6,696)	
- Roundtable Sustainable Palm Oil (RSPO)	(1,323)	
- Opportunity International UK	(1,023)	
- Auridis GmbH	(893)	
- Credit Suisse (2014/2015)	(464)	
- Rabobank Foundation	(197)	
- Royal Vopak NV	(141)	
- European Investment Bank (EIB)	(31)	
- Other	(12,134)	
	<hr/>	(209,722)
Addition to continuity reserve:		
- The MasterCard Foundation	52,529	
- Catholic Relief Services Uganda	1,620	
- EIB	1,476	
- Credit Suisse	979	
- Batonga Foundation	717	
- SOS Kinderdorpen	165	
- Other	109,390	
	<hr/>	166,876
Deduction from continuity reserve:		
- Other	(274,704)	
	<hr/>	(274,704)
		<u>(246,985)</u>

The amounts added to or deducted from the destination fund, with a negative balance of EUR 139,157 relate to timing differences between income recognition of restricted funding and actual spending. Additions indicate that income has been recognised while spending still needs to occur. Deductions relate to actual spending of previously recognised income or to actual spending made before next year income recognition. These amounts need to be spent according to what has been agreed in the contracts of these donors.

The amounts added to or deducted from the continuity reserve, with a negative balance of EUR 107,828 relate to timing differences between income recognition of unrestricted funding and actual spending. Additions indicate that income has been recognised while spending still needs to occur. Deductions relate to actual spending of previously recognised income. These amounts do not have specific spending required agreed in the contracts of these donors. The additions expect for ‘other’ represent 10% of expenditures of 2016 allocated to these donors.

Index numbers	2016	2015
-Operational and administrative expenses in % of Total expenses	15.1%	15.6 %
-Expenses made for strategic objectives in % of Total expenses	79.5%	75.9%
-Expenses for fundraising in % of income of fundraising	7.6%	9.3%
-Expenses made for strategic objectives in % of Total income	88.4%	69.4%

The operational and administrative cost above include pro-bono contributions to operational and administrative activities. Excluding those probono contributions, the administrative and operational expenses represent 14% (2015: 15%) of total expenses less pro-bono contributions.

## Other information

### Proposed balance of income and expenses appropriation

In accordance with article 12 of the articles of association, the annual proceeds from the Reserve and Fund as well as the gains whatsoever named and received in any year, can be used only for the realisation of the objectives of Aflatoun.

The CEO proposes to appropriate the balance of income and expenses as provided on page 3 of the financial statements. The appropriation contains EUR 70,565 to be added to the Destination Fund, EUR 209,722 to be deducted from the Destination Fund, EUR 166,876 to be added to the Continuity Reserve and EUR 274,704 to be deducted from the Continuity Reserve.

Awaiting a decision from the Board, the balance sheet is prepared after appropriation of balance of income and expenses.

## Subsequent events

There are no subsequent events after balance sheet date that have a significant influence on the financial statements 2016.

## Commentary on actual versus budget 2016

The actual expenditures in 2016 (EUR 2,484k) are slightly above the approved budget including probono expenses (EUR 2,451k). However, this is attributable to pro-bono expenditure. Actual probono income and expenses were EUR 127k higher than included in the budget. Without probono income and expenses the actual expenditures were EUR 95k lower than the original approved budget (excl. probono). The variances are explained per objective below.

Successful fundraising led to extra income in 2016 of EUR 266k (mainly caused by: Credit Suisse EUR 108k, United National Environment Program 42k, contributions to meetings EUR 31k and European Investment Bank EUR 15k ) compared to the budget.

The lower than budgeted spend on Strategic Objective 1: ‘Concept’ of around EUR 64k was driven by a mid-year budget revision to bring planned expenses in line with forecast income by reducing expenditure on the development of new eLearning products.

The lower than budgeted spend on Strategic Objective 2: ‘Programme’ of around EUR123k was mainly driven by a mid-year budget revision to bring planned programmatic expenses in line with forecast income by reducing expenditure on Aflatoun/Aflateen training, and advocacy and stakeholder meetings.

The higher than budgeted spend on Strategic Objective 3: ‘Network’ of around EUR 386k in 2017 follows an underspend on this objective in 2016 and is mainly driven by additional pro-bono services secured to produce a video in Ghana showcasing the positive impact of the Aflatoun programme and additional investment in the large International Meeting which brought local NGO partners from around the world to The Hague in November 2016 to share experiences across the network and plan the implementation of the 2016-2020 Strategy.

Aflatoun spent around EUR 40k less than budgeted on fundraising primarily due to changes in the fundraising team structure during the year.

The lower than budgeted spend on Operational and administrative expenses of around EUR 127k was mainly driven by a mid-year budget revision to bring planned expenses in line with forecast income by making savings on project administration, board travel and HR-related expenditure. It also reflects lower than anticipated pro-bono travel services.

## Future paragraph

Key strategic targets of Aflatoun International are represented in the budget for 2017, which can be found on the final page of this report. The total budget for 2017 expenditure is EUR 2.0 million, EUR 452k lower than the budget for 2016.

In line with the 2016-2020 Strategic Plan, the focus of the 2017 budget is on advocacy, quality and scale-up of social and financial education to meet the ambitious target of providing access to a minimum of 20 hours of quality social and financial education to 20 million children and youth by 2020.

In order to meet this ambitious target, twin financial priorities will be to secure new funding sources to replace the two major grants that expired in late 2016 and to implement a leaner operating model to enable greater sustainability and scalability. Expenditure on two of the three objectives and expenditure on fundraising and operations has been reduced to reflect the lower available funds.

Expenditure on Objective 1: Concept for 2017 has been increased by EUR 57k, largely reflecting new funding secured for 2017 including from the Roundtable on Sustainable Palm Oil and the Como Foundation to develop new social and financial education curriculum products focused on girls, sexual and reproductive health, and youth employability and entrepreneurship.

Expenditure on Objective 2: Programme for 2017 has been reduced by EUR 233k, largely reflecting the conclusion of the large MasterCard Foundation grant in 2016. The 2017 Programme budget will enable the technical assistance for local partners to start and scale-up social and financial education programmes globally and delivery of a series of training and capacity building events, including a flagship Master Training event in The Hague and trainings in Africa, Latin America, Eastern Europe and Asia.

Expenditure on Objective 3: Network for 2017 has been reduced by EUR 86k, largely reflecting the absence of a major International Meeting of NGO partners, which is typically held every second year. The 2017 Network budget will enable high-level advocacy efforts with governments and international organizations, the development of a set of research products to demonstrate the effectiveness of the Aflatoun social and financial education programme and identify areas for continuous improvement. A key deliverable for 2017 will be the production and dissemination of a synthesis of multi-year research projects in Brazil, China, India and Rwanda into the impact of social and financial education for girls' empowerment. The Network budget will also enable to full implementation of a new online partnership portal streamline the collection of data, dissemination of materials and better connect Aflatoun's international network of NGO partners.

The budget for fundraising has been reduced by EUR 61k reflecting a smaller dedicated fundraising team and reduced expenditure on conference attendances and travel. The budget for operational and administrative costs has been reduced by EUR 130k as part of an overall drive to improve the efficiency of operations, with a smaller team, reduced spend on consultants and board travel. The budget for pro-bono has been reduced, largely reflecting the end of pro-bono office rent in April 2016.

The conclusion of the Mastercard Foundation and Auridis GmbH long term grants in 2016 means that fundraising will continue to be a priority for the coming years.

## Cash flow statement

Period ended December 31, 2016

	2016		2015	
	EUR	EUR	EUR	EUR
<b>Cash flow from operating activities</b>				
Balance of income and expenses	(246,985)		252,631	
Depreciation	4,400		2,417	
		(242,585)		255,048
<i>Changes in working capital</i>				
Receivables and prepayments	(63,997)		(19,784)	
Current liabilities	(358,798)		251,453	
		(422,795)		231,669
Cash flow from operating activities		(665,380)		486,717
<b>Cash flow from investing activities</b>				
Additions tangible fixed assets		(11,971)		(5,735)
Deduction tangible fixed assets		-		-
		(11,971)		(5,735)
Net cash flow		(677,351)		480,982
(Decrease)/increase cash and cash equivalents		(677,351)		480,982
<b>Movements in cash and cash equivalents</b>				
Opening balance cash and cash equivalents		1,424,978		943,996
(Decrease)/increase cash and cash equivalents		(677,351)		480,982
<b>Closing balance cash and cash equivalents</b>		747,627		1,424,978

## Notes to financial statements

December 31, 2016

### General

#### *Activities*

Throughout the world, many children daily face hardships that are often connected to poverty. Stichting Aflatoun International provides children with social and financial skills and insights that not only will support them to deal with these adversities but also prepare them for better planning the life ahead of them.

Stichting Aflatoun International is a foundation located in Amsterdam.

Stichting Aflatoun International was founded in 2005, its mission is *“Ensuring access to high quality, inclusive, child-centred social and financial education for all children and you people, especially the most vulnerable.”*

To achieve our mission, the organization’s budget is structured along the three pillars of the organisation:

- 1 Concept: developing and improving curricula materials and experimenting with new delivery methodologies.
- 2 Programme: reach 20 million children with a quality social and financial education.
- 3 Network: advocate for social and financial education for every child, strengthen our brand and broaden our partner network to become a recognized leader in the educational field.

Any supporting strategies to perform these activities are described within the operational narrative for the year.

#### *Accounting principles*

The financial statements are prepared under the historical cost convention in accordance with accounting principles generally accepted in the Netherlands pursuing RJ 650 (Fund Raising Organizations). Assets and liabilities are stated at face value, unless indicated otherwise.

#### *Allocation of expenses*

The expenses recognized in the reporting year are allocated to the strategic objectives, to our fundraising activities or to operational and administrative costs. The allocation has been detailed in the schedule Allocation of expenses to objectives.

#### *Index numbers*

The index number “operational and administrative expenses” provides the percentage from total expenses used for operative and administrative tasks.

The index number “expenses made for strategic objectives” provides the percentages from total expenses used for expenses made for strategic objectives. The index number “expenses for fundraising” provides the percentages from total income from fundraising of expenses made for fundraising.

The index number “expenses made for strategic objectives” provides the percentages from total income used for expenses made for strategic objectives.



## **Summary of significant accounting policies**

### ***Foreign currencies***

Assets and liabilities denominated in foreign currencies are translated into EUR at year-end exchange rates; exchange gains and losses are charged to the Statement of revenue and expenditures. Transactions in foreign currencies during the financial year are translated into euros at the rate of exchange ruling on transaction date.

### ***Tangible fixed assets***

Tangible fixed assets are valued at historical purchase price less depreciation, determined on a straight-line basis over the estimated useful economic lives of the assets concerned, taking into account any residual values.

### ***Receivables***

Receivables are valued at face value less a provision for possible uncollectible accounts.

### ***Principles of determination of result***

#### **General**

The balance between income and expenses is determined as the difference between income generated by contributions, membership fees and others, and the costs and other charges for the year.

The allocation of the balance of income and expenses to add to the Reserve and Fund is based on the conditions of the respective contracts. If spending on specific objectives is restricted by contract, the balance is proposed to be added or deducted to or from the Destination Fund. If specific spending is not agreed by contract, the balance is proposed to be added or deducted to or from the continuity reserve. Income relating to services in kind and expenses of pro bono services received are valued at their respective fair value amounts.

#### **Income and expenses**

Income is recognised in the period it has been received unless otherwise agreed by contract. Whenever there are multiple year contracts the income allocated to each year is taken from the contract. Income from own organizational and third party fundraising relates to donations and grants.

Expenses are recognised at the historical cost convention and are allocated to the reporting year in which they occur. As the result of the aforementioned, income might not match with expenses and in those cases the differences are appropriated via the Destination Fund for restricted funding and via the continuity reserve for non-restricted funding.

#### **Depreciation**

Depreciation is provided by the straight-line method over the estimated useful economic life.

### ***Cash flow statement***

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

## Notes to the balance sheet

December 31, 2016

	Office equipment
	EUR
<b>Fixed assets (1)</b>	
<i>Tangible fixed assets</i>	
Net book value at January 1, 2016	4,888
Additions	11,971
Deductions	-
Depreciation charge for the year	(4,400)
Net book value at December 31, 2016	<u>12,459</u>
Cost	37,895
Accumulated depreciation	25,436
Net book value at December 31, 2016	<u>12,459</u>

Office equipment is depreciated over a life term of 3 years.

	<b>2016</b>	2015
	EUR	EUR
<b>Receivables and prepayments (2)</b>		
Donor income receivable	158,615	105,293
Debtors	27,546	7,748
Other receivables and prepayments	6,383	15,506
	<u>192,544</u>	<u>128,547</u>

Donor income receivable is comprised of:

	EUR
The Orange Foundation	50,000
EU Erasmus	25,000
UNEP	20,543
Unicef	19,757
Batonga Foundation	13,465
SNS/Fonds21	12,500
SOS Kinderdorpen	9,358
Opportunity International UK	5,972
Plan Egypt	2,020
Total	<u>158,615</u>

	<u>2016</u>	<u>2015</u>
	EUR	EUR
<b>Cash at banks and in hand (3)</b>		
Current account ABN AMRO Bank	69,163	71,233
Savings accounts ABN AMRO Bank	538,194	1,213,213
Triodos Bank	100,041	100,010
Rabobank	29,650	29,886
Paypal	7,288	7,528
Moneybookers	527	527
Cash in hand	2,764	2,581
	<u>747,627</u>	<u>1,424,978</u>

Cash at banks and in hand are available on demand.

### Reserve and fund (4)

	<u>Continuity Reserve</u>	<u>Destination Fund</u>
	EUR	EUR
Balance at January 1, 2016	572,456	255,456
Appropriation of balance 2016	(107,828)	(139,157)
Balance at December 31, 2016	<u>464,628</u>	<u>116,299</u>

In accordance with the provisions of Article 11 of the articles of association, the Board decides on the appropriation of the balance of income and expenses. Waiting for the board decision the balance sheet is prepared after the appropriation the balance of income and expenses.

### ***Continuity Reserve***

Aflatoun wants to ensure sustainability of the organization so that its international network is ensured. Therefore Aflatoun has created a Continuity Reserve to cover operational and program costs for a period of 6 months. According to ‘The Wijffels code’ this reserve should not exceed 1,5 times the operational costs. A higher reserve will need clarification. The time frame of 6 months is based on a prudent assessment of the time required to source additional funding. On December 31, 2016, the reserve was below this limit. The Continuity Reserve is built up by income from Mastercard Foundation from donors or membership fees that are not specified for a particular activity.

Within the Continuity Reserve a balance of EUR 12,459 is included as tied-up reserve.

### ***Continuity reserve***

The movements in continuity reserve are as follows:

	EUR
Balance as per January 1, 2016 after the balance appropriation of 2015	572,456
Additions following proposed balance appropriation 2016	166,876
Deductions following proposed balance appropriation 2016	(274,704)
Balance as per December 31, 2016 after proposed result appropriation 2016	<u>464,628</u>

The movements comprises of:

	31 December 2015	Movement 2016	31 December 2016
	EUR	EUR	EUR
The MasterCard Foundation	224,001	52,529	276,530
Credit Suisse	18,906	979	19,885
Catholic Relief Services Uganda	-	1,620	1,620
European Investments Bank (EIB)	-	1,476	1,476
Batonga Foundation	-	717	717
SOS Kinderdorpen	-	165	165
Other	329,549	(165,314)	164,235
Balance at December 31	<u>572,456</u>	<u>(107,828)</u>	<u>464,628</u>

***Destination Fund***

The movements in destination fund are as follows:

	EUR
Balance as per January 1, 2016 after the balance appropriation of 2015	255,456
Additions following proposed balance appropriation 2016	70,565
Deduction following proposed balance appropriation 2016	(209,722)
Balance as per December 31, 2016 after proposed result appropriation 2016	<u>116,299</u>

The movements comprises of:

	31 December 2015	Movement 2016	31 December 2016
	EUR	EUR	EUR
Credit Suisse (2015/2016)	93,009	(464)	92,545
The Orange Foundation	13,946	25,536	39,482
Batonga Foundation	-	5,579	5,579
The MasterCard Foundation	100,860	(100,860)	-
The MasterCard Foundation (evaluation)	11,893	(11,893)	-
The SNS Foundation	13,749	(13,749)	-
Rabobank Foundation	197	(197)	-
European Investment Bank (EIB)	31	(31)	-
NCBA Clusa/Yeta	34,689	(34,689)	-
Erasmus UK	14,838	(14,838)	-
Postcodeloterij	10,791	(10,791)	-
Open Society	6,696	(6,696)	-
Auridis GmbH	893	(893)	-
Plan Egypt	(8,456)	8,456	-
Scotiabank	(22,050)	22,050	-
Opportunity International UK	1,023	(1,023)	-
Solidaridad/ The MasterCard Foundation	(16,654)	8,944	(7,710)*
Roundtable on Sustainable Palm Oil	-	(1,323)	(1,323)*
Royal Vopak NV	-	(141)	(141)*
Other	-	(12,134)	(12,134)*
Balance at December 31	<u>255,456</u>	<u>(139,157)</u>	<u>116,299</u>

\* The credit balances will be balanced with the income recognized in 2017.

	<b>2016</b>	2015
	EUR	EUR
<b>Current liabilities (5)</b>		
Received in advance – The MasterCard Foundation	-	261,180
Received in advance – The MasterCard Foundation / Solidaridad	5,108	76,384
Received in advance – Credit Suisse	77,644	67,605
Received in advance – Open Society	-	23,439
Received in advance – Royal Vopak NV	625	-
Received in advance – European Investment Bank (EIB)	6,092	-
Received in advance – Como Foundation	51,860	-
Received in advance – Catholic Relief Services Uganda	4,360	-
Received in advance – Other	12,134	-
Accounts payables	92,911	113,266
Wage tax	56,935	52,418
Accrued holidays	27,232	27,812
Other liabilities	36,802	108,397
	<u>371,703</u>	<u>730,501</u>

## Employee information

In 2016, Aflatoun employed on average 23 employees (2015: 25)  
This is divided over strategic objectives 17. (FTE :15.8), fundraising 3 (FTE: 2.7 ) and operations 3 (FTE :2.4) .

	EUR
Gross salary	766,233
Social contributions	151,505
Other personnel costs	-
Total personnel costs	<u>917,738</u>

No members of the Board of Directors received any remuneration for the year ended December 31, 2016. Aflatoun did reimburse the travel expenses of regional board members made in order to participate in board meetings for approximately EUR 16k. Further information on the Board has been recorded in the separate operational narrative for the year.

Per the 1<sup>st</sup> of August 2015 the CEO started with a definite contract for 40 hours per week. The following costs are derived from the salary administration and comprise of the salaries of the executive directors for the year 2016:

Gross salary CEO) (period: January-December )	108,380
Holiday payment	6,307
Social contributions	51,160
Total salary costs CEO	<u>165,847</u>

The gross salary plus pension in 2016 per month was EUR 9.557,20 (including 8% holiday allowance). This is based on the so called “Wijffels code” for remunerations for directors working in the non-profit sector which takes into consideration the size, budget and complexity of the organisation.

In the period January 2016 till May 2016 Aflatoun was given the Deputy Executive Director the additional responsibility of Executive Director/CEO ad Interim with a definite contract for 40 hours per week. The following costs are derived from the salary administration and comprise of the salaries of the executive director for the year 2016:

Gross salary Deputy Executive Director (period: January-May )	31,971
Holiday payment	2,300
Social contributions	8,275
Total salary costs Deputy Executive Director	<u>42,546</u>

## Contingencies and commitments

Aflatoun has a rental agreement with Zorg van de Zaak Netwerk for the period of 1 April 2016 until 31 March 2018, which will be extended automatically each year thereafter unless notice is provided by the tenant or landlord four months prior to the extension date. The yearly rent and service costs including VAT are EUR 40.042.

Due within one year	40,042
Due between one year and five years	10,010
Longer than five years	-
Total	<u>50,052</u>

## Notes to the statement of revenue and expenditure

### December 31, 2016

	2016	2015
	EUR	EUR
<b>Income from own organisational fundraising (6)</b>		
The MasterCard Foundation	261,180	705,132
Auridis Gmbh	350,000	500,000
Credit Suisse	176,094	199,914
EU Erasmus	136,751	128,373
The MasterCard Foundation / Solidaridad	63,725	22,931
UNEP	39,133	-
The Orange Foundation	41,667	58,333
Catholic Relief Services Uganda	9,852	-
Contributions meetings	31,507	-
Injaz	30,325	-
Scotiabank	27,528	-
Plan Egypt	21,775	6,585
Unicef	21,511	-
Open Society	16,742	6,697
European Investment Bank (EIB)	15,897	16,095
NCBA Clusa/Yeta	13,712	47,993
Batonga Foundation	13,465	-
The SNS Foundation	10,256	20,513
Girls effect	8,667	-
Royal Vopak NV	7,875	-
Unilever/Solidaridad	-	37,670
Plan UK	-	23,280
Erasmus UK	-	18,509
Rabobank Foundation	-	15,000
Liliane fonds	-	7,650
DFID	-	2,751
JP Morgan Foundation	-	9,079
Partnership fees	551	50
Marshall Foundation	-	-
Pro bono services	361,635	584,263
Others	76,536	21,464
	<u>1,736,384</u>	<u>2,425,592</u>

Multiple year donor commitments are as follows:

- 1 Credit Suisse – contract from June 2016 until May 2017, totaling EUR 185,983 of which EUR 108,490 is the income for 2016. EUR 67,604 relates to income from the 2015-2016 contract.
- 2 The MasterCard Foundation / Solidaridad – contract from October 2015 until November 2020 totalling EUR 329,247 of which EUR 63,725 is the income for 2016.



- 3 European Investment Bank (EIB) – contract from May 2016 until December 2018, totaling EUR 58,224 of which EUR 14,556 is the income for 2016.
- 4 Batonga Foundation – contract from September 2016 until March 2017, totaling EUR 23,564 of which EUR 13,465 is the income for 2016.

The income received from the respective donors is used for spending as agreed in the contracts. The amount for probono services has been valued at estimated realistic expenses in the Netherlands and are provided by companies.

	<u>2016</u>	<u>2015</u>
	EUR	EUR
<b>Income actions third parties (7)</b>		
Nationale Postcode Loterij	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

Nationale Postcode Loterij 5 year contract from 2015-2020, each year EUR 500,000. The exact amount of the contribution depends on the annual income of the lottery. It is used for spending as agreed in the contract.

### Interest income (9)

	<u>2016</u>	<u>2015</u>
	EUR	EUR
Interest savings accounts ABN AMRO Bank	980	5,881
	<u>980</u>	<u>5,881</u>

## Allocation of expenses to objectives

	Strategic objectives		
	1	2	3
	EUR	EUR	EUR
Concept: To become an action-oriented in Child Social & Financials Education by developing, improving curricula materials and experimenting with new methodologies	86,493	—	—
Programme: To reach 10 million children in 120 countries with a high quality Aflatoun programme	—	337,188	—
Network: To strengthen our global brand and broaden our partner network with the goal of becoming a recognized leader in the educational field	—	—	542,380
Wages	87,712	327,801	196,743
Social securities and taxes	18,248	53,401	37,216
Other personnel costs	—	—	—
Rent and accommodation	—	—	—
Other costs	—	—	—
Depreciation	—	—	—
<b>Subtotal</b>	<b>192,453</b>	<b>718,390</b>	<b>776,339</b>
Pro bono services	-	-	288,462
<b>Total expenses</b>	<b>192,453</b>	<b>718,390</b>	<b>1,064,801</b>

Donor allocations have been made in accordance to the specifications of the donors. Allocation of costs to objectives have been made based on actual costs and person days spent on meeting the said objective.

Expenses for Fundraising	Operational and administrative	Total <b>2016</b>	Budget <b>2016</b>	Total 2015	Budget 2017
EUR	EUR	EUR	EUR	EUR	EUR
—	—	86,493	119,323	220,905	188,601
—	—	337,188	398,116	351,911	252,941
—	—	542,380	283,780	260,333	224,068
64,849	89,127	766,232	976,623	894,478	767,525
32,065	10,575	151,505	229,084	156,383	159,475
—	—	—	—	—	—
—	27,931	27,931	—	(4,200)	44,194
36,573	170,012	206,585	208,542	212,352	142,806
—	4,400	4,400	2,000	2,417	4,000
133,487	302,045	2,122,714	2,217,468	2,094,579	1,783,610
—	73,173	361,635	234,500	584,263	215,500
133,487	375,218	2,484,349	2,451,968	2,678,842	1,999,110

Pro bono goods and services for 2016 are valued at EUR 361,635 and have been added to the expenses totals for 2016.

The operational and administrative cost above include pro-bono contributions to operational and administrative activities. Excluding those pro bono contributions, the administrative and operational expenses represent 14% (2015: 15%) of total expenses less pro-bono contributions.

## Independent auditor's report

To: the Management of Stichting Aflatoun International

### A. Report on the audit of the financial statements 2016

#### *Our opinion*

We have audited the financial statements 2016 of Stichting Aflatoun International, based in Amsterdam.

In our opinion, the enclosed financial statements give a true and fair view of the financial position of Stichting Aflatoun International as at 31 December 2016 and of its result for 2016 in accordance with Guideline for annual reporting RJ 650 Fundraising foundation of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the balance sheet as at 31 December 2016;
2. the profit and loss account for 2016; and
3. the notes comprising a summary of the applicable accounting policies and other explanatory information.

#### *Basis for our opinion*

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

We are independent of Stichting Aflatoun International in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

### B. Report on other information included in the annual report

Next to the financial statements and our opinion thereon, the annual report consists of other information, including:

- the management board report

Based on the procedures as mentioned below, we are of the opinion that the other information is consistent with the financial statements and contains no material deficiencies.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the other information.

### C. Description of responsibilities for the financial statements

#### *Responsibilities of management for the financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with RJ 650. Furthermore management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the foundation 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 company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the foundation ability to continue as a going concern in the financial statements.

*Our responsibilities for the audit of the financial statements*

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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 company'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, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the foundation 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. However, future events or conditions may cause the foundation ceasing 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.

Amstelveen, 30 June 2017

For and on behalf of  
BDO Audit & Assurance B.V.,

w.s. H.C.J. Bot RA

## Budget

	<b>2017</b>	<b>2016</b>
	EUR	EUR
<b>Source of income</b>		
Income from own organisational fundraising	1,215,500	1,471,799
Income actions from third parties	500,000	500,000
Income from government	-	-
Total income	<u>1,715,500</u>	<u>1,971,799</u>
 <b>Expenses</b>		
<b>Expenses made for Strategic Objectives</b>		
Objective 1: Concept: Developing, improving curricula materials and experimenting with new methodologies	313,829	256,550
Objective 2: Programme: To reach 20 million children with high quality social and financial education.	608,797	841,263
Objective 3: Network: To advocate for social and financial education for every child, strengthen our brand and broaden our partner network to become a recognized leader in the educational field.	592,258	678,030
<b>Total expenses made for Strategic Objectives</b>	<u>1,514,885</u>	<u>1,775,843</u>
 <b>Expenses for fundraising</b>		
Expenses from own organizational fundraising	111,811	173,755
 <b>Operational and administrative expenses</b>		
	<u>372,414</u>	<u>502,370</u>
Total expenses	<u>1,999,110</u>	<u>2,451,968</u>

The loss for the year 2016 will be financed out of the reserve and fund.

The 2017 budget figures for Objective 3: Network and Operational and administrative expenses include a total of €215,500 of pro-bono services. This is also reflected in 2017 budgeted Income from organizational fundraising.