

2008

Financial Statements



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1 Financial Statements 2008

MSF-Holland Association

MSF-HOLLAND ASSOCIATION

The 2008 Annual Financial Statements include the financial information of the association MSF-Holland in Amsterdam.

The association MSF-Holland was founded September 7, 1984. The objective of the organisation is: "The organizing of practical medical aid to people in disaster areas and crises worldwide, in accordance with the principles expressed in the Charter. Based on its medical work, the association will also make every effort towards effective advocacy on behalf of the section of the population that it aids."

MSF-Holland is part of the network organisation of Médecins Sans Frontières, in which nineteen national organisations (MSF-sections) are active. Apart from MSF Holland four other MSF-sections carry out projects independently. Every MSF-section is an independent economic and legal entity. The MSF-sections are united in the Swiss based association "Association Bureau Médecins sans Frontières International". In view of the fact that the MSF-sections become increasingly interdependent, this financial report includes a chapter called "associated parties", that focuses on the mutual agreements resulting in the related financial flows and related management and risks. Effort has been made to make the related financial cash flows within the MSF-network as transparent as possible in this financial statements.

The Charter and more comprehensive information about the organisation is published on the website of MSF-Holland (www.artsenzondergrenzen.nl) and in the annual report of MSF-Holland. In the annual report a summary explanation of the financial statements is included. The annual report is published on the website.

The association MSF-Holland is registered with the Amsterdam Chamber of Commerce under number 41215974. The association MSF-Holland is a member of the Association of Fundraising Institutions (VFI) and is certified by the Central Bureau for Fundraising (CBF). The conditions for CBF certification can be consulted on www.cbf.nl.

GUIDELINES

This report has been prepared in accordance with **Guideline 650 for the Reporting of Fundraising Institutions**, as published by the Dutch Accounting Standards Board (*Raad voor de Jaarverslaggeving*). The purpose of the Guideline is to provide insight in fundraising and the realised expenditure of funds on the objectives for which the funds were raised.

In various parts of the financial report, reference is made to the guidelines and recommendations of the Association of Fundraising Institutions (VFI). These certifications can be consulted on www.vfi.nl.

CHANGES IN ACCOUNTING PRINCIPLES

There have been no changes in accounting principles in 2008.

PRESENTATION

In view of the fact that the association MSF-Holland considers the expenditures on the Association's goals to be its principle objective, it has been decided to deviate from the prescribed model for the presentation of income and expenditure. This financial report shows the expenditures before the income. The statement of expenditure and income is shown before the balance sheet.

The basis used for the valuation of the expenditure, the assets and the accounting principles are explained in chapter 4 of the financial report. It is recommended this be read before viewing the statement of expenditure and income and the balance sheet.

| EXPENDITURE | Explanatory notes | 2008 | Budget 2008 | 2007 |
|--|-------------------|----------------|-------------|---------|
| Spent on Association goals | | | | |
| Direct aid | 2.1 | 94,735 | 95,000 | 92,113 |
| Preparation and coordination in the Netherlands | 2.2 | 10,354 | 11,000 | 11,258 |
| Information and awareness-raising | 2.3 | 2,077 | 2,450 | 2,092 |
| Commissioned to third-parties | 2.4 | 3,860 | 442 | 449 |
| Total spent on Association goals | | 111,026 | 108,892 | 105,912 |
| Fundraising expenses | | | | |
| Costs own fundraising | 2.5 | 6,265 | 6,600 | 7,055 |
| Costs acquisition institutional donor grants | 2.6 | 125 | 135 | 146 |
| Total fundraising expenses | | 6,390 | 6,735 | 7,201 |
| Management and administration | 2.7 | 3,527 | 3,450 | 3,345 |
| Total expenditures | 2.8 | 120,943 | 119,077 | 116,458 |
| INCOME | | | | |
| Income from own fundraising | 2.9 | 38,080 | 33,700 | 33,070 |
| Income from third-party activities | 2.10 | | | |
| Proceeds from the National Postcode Lottery | | 18,883 | 15,000 | 15,461 |
| Grants from within the MSF-network | 2.11 | 55,811 | 55,100 | 58,790 |
| Grants from institutional donors | 2.12 | 16,271 | 16,000 | 12,140 |
| Other income | 2.13 | 1,390 | 900 | 1,062 |
| Total receipts | | 130,435 | 120,700 | 120,523 |
| Results Operational Activities | | 9,492 | 1,623 | 4,065 |
| Exchange rate results | 2.14 | -1,683 | -700 | -353 |
| SURPLUS | | 7,809 | 923 | 3,712 |

| | Explanatory notes | 2008 | Budget 2008 | 2007 |
|--|-------------------|--------------|-------------|--------------|
| Allocation of surplus / deficit | | | | |
| Continuity reserves | 3.8.a | 0 | 0 | -500 |
| Appropriation reserve | 3.8.b | -656 | 0 | 387 |
| Other free reserves | 3.8.c | 7,582 | 923 | 3,825 |
| Appropriated funds | 3.8.d | 883 | 0 | 0 |
| | | 7,809 | 923 | 3,712 |

EXPLANATION OF THE YEAR END RESULT

The result from operational activities is explained by a combination of occurrences. Expenditures in the head office decreased with € 1.5 million, thus reducing the total of costs. In the last quarter of the year income from own fundraising activities increased more than expected. In addition more project grants were received that were accounted for in 2008. An additional contribution of the **National Postcode Lottery** from the extra draw of € 883,369 and additional grants from MSF-sections of € 2.798.000 were received. These incomes have been added to the appropriated funds and the other free reserves and are allocated to 2009 projects expenditures. This has been taken into account in the 2009 budget. The result from operational activities is diminished by exchange rate results that are mainly caused by exchange rate fluctuations of the United States Dollar and the British Pound compared to the euro during the year. The total year end surplus therefore ends at € 7.8 million.

| ASSETS | Explanatory notes | 31 December 2008 | 31 December 2007 |
|---------------------------------------|-------------------|-------------------------|------------------|
| Tangible fixed assets | | | |
| Operating assets | 3.1 | 241 | 618 |
| Stocks | | | |
| Stocks for direct aid | 3.2 | 1,929 | 2,208 |
| Receivables and accrued income | | | |
| Third-party appeals | 3.3 | 5,437 | 2,622 |
| MSF network | 3.4 | 6,744 | 4,983 |
| Institutional donors | 3.5 | 5,935 | 3,596 |
| Other receivables and accrued income | 3.6 | 4,561 | 3,114 |
| | | 22,677 | 14,315 |
| Cash at bank and in hand | 3.7 | 60,410 | 53,017 |
| Total assets | | 85,257 | 70,158 |
| LIABILITIES | | | |
| Reserves and funds | | | |
| Reserves | | | |
| Continuity reserve | 3.8 | 59,000 | 59,000 |
| Appropriation reserve | | 2,170 | 2,826 |
| Other free reserves | | 6,394 | -1,188 |
| | | 67,564 | 60,638 |
| Funds | | | |
| Appropriated funds | 3.8.d | 1,095 | 212 |
| Short-term liabilities | 3.9 | 16,598 | 9,308 |
| Total liabilities | | 85,257 | 70,158 |

CASH FLOW FROM OPERATING ACTIVITIES

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Receipts: | | |
| Contributions, (charitable) donations and gifts | 28,698 | 24,597 |
| Legacies and bequests (inheritances) | 7,821 | 7,997 |
| Grants from private organisations | 1,148 | 300 |
| Total receivables from own fundraising | 37,667 | 32,894 |
| Receipts from the National Postcode Lottery | 16,069 | 15,316 |
| Received from MSF-Germany | 16,331 | 25,401 |
| Received from MSF-United Kingdom | 12,815 | 11,404 |
| Received from MSF-Canada | 5,605 | 9,017 |
| Received from other MSF-sections | 18,870 | 11,275 |
| Total received from MSF-sections (concerning project grants) | 53,621 | 57,097 |
| Received from institutional donors | 15,334 | 15,963 |
| Interest received | 1,168 | 1,122 |
| Received tax net and VAT | 110 | 125 |
| Received from MSF-sections from monies advanced | 1,381 | 880 |
| Total other receipts | 2,659 | 2,127 |
| Total receipts | 125,350 | 123,397 |

continued on page 11

brought forward from page 10

| | 31 December 2008 | 31 December 2007 |
|--|------------------|------------------|
| Transport: Total receipts | 125,350 | 123,397 |
| Payments: | | |
| Payments made in project countries | 48,167 | 51,280 |
| Commissioned to third parties | 442 | 449 |
| Payments to MSF-International (contributions) | 1,255 | 494 |
| Payments to MSF-Germany | 1,282 | 1,433 |
| Payments to MSF-United Kingdom | 1,321 | 1,556 |
| Payments to MSF-Canada | 777 | 556 |
| Payments to other MSF-sections | 3,937 | 3,101 |
| Payments to MSF-Supply and MSF-Logistique | 2,993 | 3,263 |
| Total payments to MSF-sections | 11,565 | 10,403 |
| Payments to suppliers of goods and services | 37,842 | 33,595 |
| Payments concerning (field) personnel | 17,697 | 21,101 |
| Other payments | 2,068 | 58 |
| Total payments at headquarters | 57,607 | 54,754 |
| Total payments | 117,781 | 116,886 |
| Cash flow from operating activities | 7,569 | 6,511 |
| Cash flow from investment activities | | |
| Payments concerning investments in tangible fixed assets | -176 | -414 |
| Receipts from disinvestments | 0 | 0 |
| | -176 | -414 |
| Cash flow from financing activities | | |
| Not applicable | 0 | 0 |
| Total cash flow | 7,393 | 6,097 |

continued on page 12

brought forward from page 11

| | 31 December 2008 | 31 December 2007 |
|---|------------------|------------------|
| Transport: Total cash flow | 7,393 | 6,097 |
| Movement in liquidity position | | |
| Liquidity position at the end of the financial year | 60,410 | 53,017 |
| Liquidity position at the beginning of the financial year | -53,017 | -46,920 |
| Movement in liquidity position | 7,393 | 6,097 |

THE CASH FLOW

The cash flow statement has been prepared according to the direct method in order to provide a clearer view of the different flows of funds in the organisation. The cash flow between MSF-Holland and the MSF-sections can be distinguished. The cash flow statement also clearly shows which part of the expenditure has been made in the countries where projects are being carried out. The cash flow statement shows the liquidity needs of MSF-Holland but does not show the variations in the cash flow. Normally, a large part of the income is received at the end of the financial year whereas the payments are reasonably spread over the months. This means that during the year, MSF-Holland must be able to cover a large part of its costs from available funds. In 2008 a great deal of the project grants were received in December while the expenses for emergency aid increased in May (Myanmar, cyclone Nargis) and October. The increase in the liquidity position at year-end can be attributed to the increase in income from own fundraising. The payables and receivables developed evenly.

RECEIPTS

Receipts from the Médecins Sans Frontières sections concern project grants. Receipts from project grants (from MSF-sections and institutional donors) are explained in more detail in note (3.4) and note (3.5) of this financial report. The item “Received from MSF-sections for monies advanced” consists of receivables referring to employees posted abroad not by MSF-Holland but one of the other MSF sections, and to employees at the Amsterdam office that actually carry out work for one of the other MSF-sections. These employees are not counted as part of the MSF-Holland staff.

PAYMENTS

The majority of payments made in the project countries are to local personnel. Transport and storage costs and the local costs of expatriate staff are the next biggest items. Given the current structure of the projects, approximately half of the expenses for the projects are incurred in the countries or the regions where these are being carried out. Viewed over several years, the growth in activities has meant increased expenditure in the project

countries while the volume of payments made at headquarters decreased. The 2008 cash flow overview does not show this trend. In 2008 payments for a number of project countries (Zimbabwe, DR Congo) were routed through headquarters as payments could not be done in a reliable manner in those countries or would imply a too high risk exposure. The payments to MSF-International concern contributions to office and international coordinated activities and projects such as the campaign *Access to Essential Medicines* and the MSF-International fund for (medical) innovation in aid projects.

The payments to the MSF-network concern remuneration for hired-in employees posted to and working in the project countries. From 2006 onwards, employees posted abroad receive a contract of employment in the country where they were recruited. The payments in 2008 increased from € 7.1 million to € 8.6 million because during the period 2006-2008 according to the planning there were gradually more employees recruited by their own MSF-sections. The “payments concerning (posted) staff” through the Amsterdam office have decreased with a comparable amount. Pension contributions, social security payments, income tax, and salaries have been included in the payments concerning the (posted) staff.

The payments to the purchasing organisations “MSF-Supply” (Belgium) and “MSF Logistique” (France) are included as payments within the MSF-network. Through the procurement centres/depots of MSF-Belgium and MSF-France, it is mainly vehicles, medicines and specialised supplies that are purchased. Major advantages of scale are obtained through joint procurement and stocks of aid supplies are more efficiently maintained within the international organisation. In 2008, a total of € 3.0 million (2007: € 3.3 million) was ordered from these purchasing organisations.

For a full overview of the related flow of funds and financial relationships within the MSF-network, please refer to the combined financial statements to be published mid 2009. Chapter 5, on “Associated Parties” of the financial report of MSF-Holland shows the core figures for the year 2007.

2 Explanation of the statement of expenditure and income in 2008

This chapter explains the expenditure and income in the sequence of the statement of expenditure and income. Note 2.8 shows the total of all costs with the relevant explanations. Note 2.9 onwards gives an explanation of income.

2.1 Emergency Aid

IN EUROT H O U S A N D S

The costs of emergency aid relate to projects carried out or to be carried out by MSF-Holland. This note gives an explanation concerning the costs of emergency aid per country and the division of these costs per country. In the annex to this financial report an explanation is given successively of the costs, per country, per category, the costs per project activity and the financing per donor.

The direct costs for emergency aid increased by € 2.6 million from € 92.1 million in 2007 to € 94.7 million in 2008. In most emergency aid projects in countries where MSF-Holland is active, expenditure went up. In Myanmar a large scale emergency project was started after the cyclone Nargis; in the DR Congo the armed conflict sparked off and for some time MSF was the only organisation remaining in the area; in Zimbabwe the population has been confronted with food shortage and a cholera epidemic. MSF-Holland decided to continue the work in Bangladesh and in Uganda a new project was opened up in Karamojo. Finally we responded to food crises in Ethiopia. The projects in Kismaayo and Mogadishu in Somalia could not be continued due to increased insecurity and after a bomb attack in which three MSF-Holland staff members were killed.

| | Medical and logistical personnel posted | National personnel | Medical materials | Building materials and sanitation facilities | Operational costs | Transport, storage and vehicles | Training and support for local institutions | Auditing, advising and support of projects | Other general costs | Project costs 2008 | Budgeted Project costs 2008 | Project costs 2007 |
|-------------------------------------|---|--------------------|-------------------|--|-------------------|---------------------------------|---|--|---------------------|--------------------|-----------------------------|--------------------|
| COSTS EMERGENCY AID | | | | | | | | | | | | |
| Afghanistan | 1 | 30 | | | 25 | | | | | 56 | 248 | 53 |
| Bangladesh | 515 | 448 | 216 | 32 | 83 | 162 | 2 | 15 | | 1,473 | 353 | 1,787 |
| Burundi | 3 | | 3 | | | 4 | | | -1 | 9 | 25 | 1,876 |
| Central African Republic | 1,214 | 1,015 | 643 | 292 | 246 | 1,003 | 4 | 22 | 0 | 4,439 | 4,191 | 3,553 |
| Chad | 1,551 | 1,286 | 597 | 352 | 331 | 679 | 8 | 27 | 71 | 4,902 | 4,136 | 4,299 |
| Colombia | 868 | 1,281 | 205 | 15 | 155 | 203 | 8 | 7 | 26 | 2,768 | 2,716 | 2,753 |
| Congo, Republic of | 303 | 588 | 26 | 16 | 41 | 33 | 5 | 5 | 1 | 1,018 | 1,240 | 3,091 |
| Democratic Republic of the Congo | 3,050 | 3,925 | 2,283 | 530 | 585 | 1,533 | 47 | 93 | -277 | 11,769 | 9,846 | 11,673 |
| Ethiopia | 1,305 | 1,192 | 751 | 150 | 282 | 570 | 8 | 38 | -17 | 4,279 | 3,494 | 2,868 |
| Haiti | 677 | 1,971 | 867 | 142 | 96 | 159 | 4 | 23 | 12 | 3,951 | 3,869 | 3,045 |
| India | 1,088 | 851 | 463 | 117 | 171 | 273 | 2 | 15 | 117 | 3,097 | 2,860 | 2,865 |
| Iraq | 246 | 177 | 1,188 | 0 | 94 | 261 | 231 | 38 | -11 | 2,224 | 2,437 | 1,910 |
| Ivory Coast | 212 | 682 | 52 | 1 | 40 | 38 | 24 | 12 | 48 | 1,109 | 1,093 | 3,871 |
| Mexico | 5 | | | | 1 | | | 29 | | 35 | 0 | 0 |
| Moldova | 274 | 252 | 57 | 12 | 58 | 33 | 3 | 6 | 2 | 697 | 743 | 332 |
| Myanmar (Burma) | 1,094 | 2,091 | 4,536 | 1,423 | 224 | 1,597 | 55 | 67 | -64 | 11,023 | 8,485 | 7,128 |
| Nepal | 654 | 362 | 294 | 31 | 98 | 312 | 4 | 17 | 9 | 1,781 | 1,541 | 989 |
| Nigeria | 685 | 859 | 467 | 54 | 138 | 270 | 10 | 33 | 11 | 2,527 | 1,750 | 2,030 |
| Pakistan | 704 | 596 | 312 | 156 | 125 | 234 | 4 | 15 | 8 | 2,154 | 2,684 | 1,683 |
| Papua New Guinea | 519 | 174 | 160 | 42 | 94 | 143 | 6 | 11 | 11 | 1,160 | 759 | 251 |
| Philippines | 4 | 1 | 1 | | 1 | 1 | | | | 8 | 0 | 0 |
| Russia (Caucasus) | 338 | 1,906 | 947 | 43 | 257 | 246 | 40 | 11 | 52 | 3,840 | 4,193 | 4,197 |
| Somalia | 846 | 1,720 | 1,518 | 191 | 252 | 1,197 | 1 | 27 | 41 | 5,793 | 6,700 | 6,288 |
| Sri Lanka | 472 | 105 | 99 | 29 | 29 | 37 | 1 | 14 | 1 | 787 | 1,167 | 925 |
| Sudan - North / Darfur | 1,314 | 2,669 | 470 | 218 | 279 | 436 | 2 | 16 | 60 | 5,464 | 5,752 | 5,442 |
| Sudan - South | 1,991 | 1,764 | 1,200 | 433 | 347 | 1,275 | 9 | 43 | 63 | 7,125 | 7,574 | 6,522 |
| Subtotal costs emergency aid | 19,933 | 25,945 | 17,355 | 4,279 | 4,052 | 10,699 | 478 | 584 | 163 | 83,488 | 77,856 | 79,431 |

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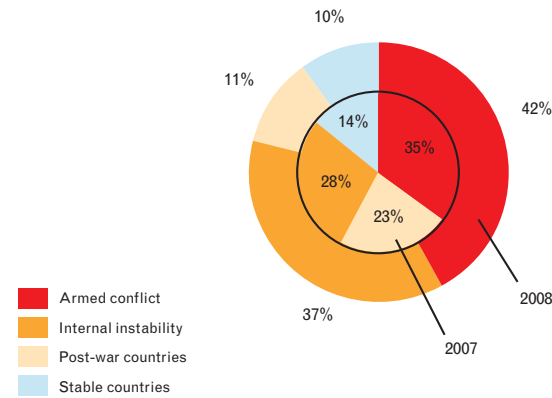
| | Medical and logistical personnel posted | National personnel | Medical materials | Building materials and sanitation facilities | Operational costs | Transport, storage and vehicles | Training and support for local institutions | Auditing, advising and support of projects | Other general costs | Project costs 2008 | Budgeted Project costs 2008 | Project costs 2007 |
|--|---|--------------------|-------------------|--|-------------------|---------------------------------|---|--|---------------------|--------------------|-----------------------------|--------------------|
| brought forward from page 14 | | | | | | | | | | | | |
| Transport: Subtotal costs emergency aid | 19,933 | 25,945 | 17,355 | 4,279 | 4,052 | 10,699 | 478 | 584 | 163 | 83,488 | 77,856 | 79,431 |
| Turkmenistan | 379 | 273 | 102 | 43 | 64 | 60 | 5 | 4 | -10 | 920 | 867 | 735 |
| Uganda | 735 | 645 | 216 | 208 | 110 | 273 | 3 | 22 | 18 | 2,230 | 888 | 2,251 |
| Uzbekistan | 512 | 550 | 719 | 14 | 88 | 121 | 33 | 21 | -12 | 2,046 | 1,501 | 2,090 |
| Zimbabwe | 1,067 | 1,424 | 1,837 | 172 | 202 | 567 | 8 | 20 | 126 | 5,423 | 4,249 | 3,530 |
| Projects closed in 2007 in Angola, Indonesia, Liberia, Sierra Leone and Zambia | 11 | | | | | 1 | | 6 | | 18 | 12 | 4,341 |
| Reserved in the budget for unplanned emergency aid projects | | | | | | | | | | | 9,627 | |
| | 22,637 | 28,837 | 20,229 | 4,716 | 4,516 | 11,721 | 527 | 657 | 285 | 94,125 | 95,000 | 92,378 |
| Other costs and movements in provisions for emergency aid costs | 613 | | | | | 59 | | -295 | 233 | 610 | | -265 |
| Total emergency aid | 23,250 | 28,837 | 20,229 | 4,716 | 4,516 | 11,780 | 527 | 362 | 518 | 94,735 | 95,000 | 92,113 |

The strategic plan established by the Board indicates the objectives for the type of projects. These objectives can be translated in the costs of emergency aid. The graphics below show two objectives that are the most indicative for MSF-Holland's work. MSF-Holland works in the first place in conflict areas. At least 30% of its emergency aid is carried out in conflict areas. MSF-Holland wants above all to reach the victims of conflicts so that at least 50% of its costs go to emergency aid and benefiting this group.

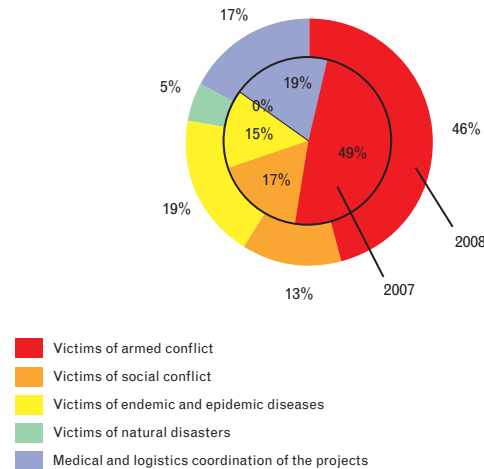
The proportion of the costs for medical, logistic and administrative coordination is approximately 16% (2007: 18%) of the total emergency aid costs.

Finally, the financing of the emergency aid is shown. The long-term objective that no more than 10% of the expenditure on emergency aid would be financed by institutional donors was abandoned by the Board in 2008. In 2008 the percentage was 17% (2007: 13%). In the next years an increasing share of institutional funding is anticipated.

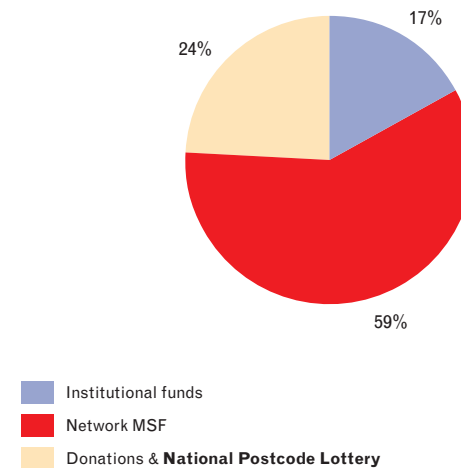
EMERGENCY AID IN CONFLICT AREAS IN 2008 AND 2007



EMERGENCY AID FOR VICTIMS OF CONFLICT IN 2008 AND 2007



EMERGENCY AID FUNDING 2008



2.2 Preparation and coordination

IN EURO THOUSANDS

| | Explanatory notes | 2008 | Budget 2008 | 2007 |
|-------------------------|-------------------|---------------|---------------|---------------|
| Direct costs | <i>note 2.8</i> | 1,378 | 1,415 | 1,362 |
| Costs staff head office | <i>note 2.8</i> | 5,916 | 6,650 | 6,723 |
| Share in overhead costs | <i>note 2.8</i> | 3,060 | 2,935 | 3,173 |
| Total | | 10,354 | 11,000 | 11,258 |

The costs for preparation and coordination decreased according to planning. The decrease can be explained by the planned transfer of project management responsibilities to the offices in Canada and Germany.

In chapter 5, "Associated parties" this is explained in more detail.

2.3 Information and awareness-raising

IN EURO THOUSANDS

| | Explanatory notes | 2008 | Budget 2008 | 2007 |
|---|-------------------|--------------|--------------|--------------|
| Direct costs | | | | |
| Periodical <i>Hulppost</i> (25%; see also chapter 4, "Accounting principles") | | 361 | 356 | 328 |
| Contributions to the international campaign <i>Access to Essential Medicines</i> | | 259 | 221 | 195 |
| Information activities in television broadcasts of the National Postcode Lottery | | 235 | 257 | 276 |
| Other | | 722 | 981 | 668 |
| | | 1,577 | 1,815 | 1,467 |
| Attributable costs | | | | |
| Costs personnel head office | <i>note 2.8</i> | 454 | 585 | 575 |
| Attributed overhead costs | <i>note 2.8</i> | 46 | 50 | 50 |
| Total | | 2,077 | 2,450 | 2,092 |

The contributions to the campaign *Access to Essential Medicines* increased slightly in 2008 in accordance with the guidelines of the MSF-network.

2.4 Commissioned to third-parties

IN EURO THOUSANDS

| | Explanatory notes | 2008 | 2008 | 2007 |
|--|-------------------|--------------|------|------|
| Contributions to <i>Drugs for Neglected Diseases Initiative</i> in Geneva, Switzerland | | 442 | 442 | 449 |
| Contributions to the international MSF fund for innovative projects; MSF-International | | 218 | 0 | 0 |
| Project grant to MSF-France, Earthquake China | | 200 | 0 | 0 |
| Extraordinary activities | 2.4.a. | 3,000 | 0 | 0 |
| Total commissioned to third parties | | 3,860 | 442 | 449 |

The amount of the contributions by MSF-Holland to the *Drugs for Neglected Diseases Initiative* is determined by the division of costs agreed in the MSF-network. The agreement concerning the *Drugs for Neglected Diseases Initiative* was begun in 2003 and ended July 2008. The agreement has not been continued by MSF-Holland. The contribution to the international fund for innovation in projects is determined in the MSF-network at 1% of income raised out own fundraising activities in the preceding year.

2.4.a Extraordinary activities

IN EURO THOUSANDS

| | 2008 | 2007 |
|---|--------------|------|
| Production film on Médecins Sans Frontières | 3,000 | 0 |
| Total extraordinary activities | 3,000 | 0 |

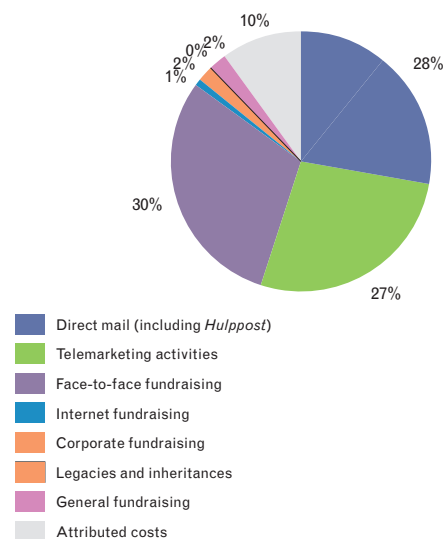
MSF Holland received an exceptional contribution of € 3,000,000 of the Dutch **National Postcode Lottery** specifically earmarked for the production of a film about the work of MSF. The production of the film has been commissioned in 2008. A tri-partite agreement between the **National Postcode Lottery**, MSF-Holland and the producer will be drafted governing the commissioning of the film production. From the agreement no additional financial obligations for MSF-Holland will arise.

2.5 Costs own fundraising

IN EURO THOUSANDS

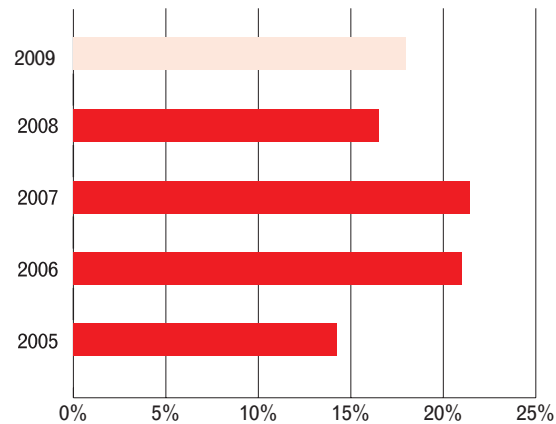
| | Explanatory notes | 2008 | Budget 2008 | 2007 |
|---|-------------------|--------------|--------------|--------------|
| Direct costs | | | | |
| Direct mail | | 658 | 598 | 586 |
| Periodical Hulppost (75%; see also chapter 4) | | 1,082 | 1,070 | 984 |
| Telemarketing activities | | 1,696 | 3,300 | 3,417 |
| Face-to-face fundraising | | 1,901 | 642 | 901 |
| Corporate fundraising | | 113 | 150 | 0 |
| Internet fundraising | | 63 | 50 | 0 |
| Other and general costs of fundraising | | 147 | 115 | 514 |
| | | 5,660 | 5,925 | 6,402 |
| Attributable costs | | | | |
| Costs personnel head office | note 2.8 | 550 | 625 | 601 |
| Attributed overhead costs | note 2.8 | 55 | 50 | 52 |
| | | 6,265 | 6,600 | 7,055 |

FUNDRAISING EXPENSES IN 2008



In the first quarter of 2008, telemarketing activities that were started in 2006 and 2007 were diminished. Face-to-face and canvassing marketing methods were used more in 2008. Because telemarketing was reduced in 2008 the overall costs of own fundraising reduced. In these financial statements the composition of the income (see note 2.9.c) is presented in the same categories as the expenses to allow for a better comparison of costs versus income. In 2008, 10 full-time staff members worked on fundraising activities (2007: 10 full-time staff).

COSTS OWN FUNDRAISING AS % OF INCOME OWN FUNDRAISING



Compared with the previous year, the total fundraising costs decreased from 21.3 % to 16.5% of the funds raised. In the period 2006-2008, the costs of fundraising averaged 19.8% of the funds raised. This puts MSF-Holland well under the maximum of 25% set by the CBF. MSF-Holland is striving to keep the costs of its own fundraising under 20% of the income out of own fundraising. The relative decrease of the costs of own fundraising occurred as planned.

The fundraising activities of MSF-Holland are in accordance with the 'VFI Code of Conduct' of 2000 and relevant codes of conduct of other sector organisations. MSF-Holland also has its own code of conduct for fundraising and keeps a complaints register for donors. Both are included in the fundraising policy as endorsed by the Board.

2.6 Costs from acquiring government grants

IN EURO THOUSANDS

| | Explanatory notes | 2008 | Budget 2008 | 2007 |
|-----------------------------|-------------------|------------|-------------|------|
| Direct costs | <i>note 2.8</i> | 6 | 7 | 7 |
| Costs head office personnel | <i>note 2.8</i> | 108 | 118 | 128 |
| Attributed overhead costs | <i>note 2.8</i> | 11 | 10 | 11 |
| Total | | 125 | 135 | 146 |

The costs from acquiring government grants particularly concern the costs for submitting requests for a grant and for reports justifying the expenditures. The costs from acquiring government grants are included here when incurred at head office. The costs incurred in project countries are included in the coordination costs of direct aid. The income from institutional donor grants increased with € 4.2 million to € 16.3 million in 2008.

2.7 Costs Management and administration

IN EURO THOUSANDS

| | Explanatory notes | 2008 | Budget 2008 | 2007 |
|---|-------------------|--------------|-------------|-------|
| Direct costs | <i>note 2.8</i> | 1,072 | 1,044 | 981 |
| Contributions to the MSF-International office | <i>chapter 5</i> | 474 | 458 | 265 |
| Costs personnel head office | <i>note 2.8</i> | 1,800 | 1,800 | 1,930 |
| Attributed overhead costs | <i>note 2.8</i> | 181 | 148 | 169 |
| Total | | 3,527 | 3,450 | 3,345 |

The costs for “Management and administration” in 2008 amounted to 3.0 % of the total expenditures (2007: 2.9 %) and are explained in more detail below.

2.8 Total all costs, specification and division of costs according to type and allocation

IN EURO THOUSANDS

The summary below shows a total of all costs. The costs of head office' personnel and the "Overhead" costs are divided in proportion to the attributed number full-time equivalents (fte) employed at headquarters during the year. The costs of the "Overhead" are shown in full in the summary of total costs. MSF-Holland wants to show the size and the

type of these costs and also indicate their attribution to its main activities.

The attribution of costs to the different activities is explained in more detail in chapter 4; accounting principles. The total of the costs and the breakdown of the costs is as follows:

| | <u>Spent on Association goals</u> | | | | <u>Fundraising</u> | | <u>Management and Administration</u> | <u>To be attributed</u> | 2008 Total | Budget 2008 Total | 2007 Total |
|--|-----------------------------------|-----------------------------|------------------------------|-----------------------------------|--------------------|-----------------------------|--------------------------------------|-------------------------|-------------------|-------------------|---------------|
| | Emergency Aid | Commissioned to third-party | Preparation and coordination | Information and awareness raising | Own fundraising | Acquiring government grants | Management and Administration | Overhead | | | |
| Number of full-time units working during the year | 467 | 0 | 104 | 8 | 10 | 2 | 31 | 13 | 635 | 716 | 714 |
| Direct costs direct aid | | | | | | | | | | | |
| Medical and logistical staff posted | 23,250 | | | | | | | | 23,250 | 23,544 | 24,244 |
| National staff | 28,837 | | | | | | | | 28,837 | 30,383 | 28,024 |
| Medical materials | 20,229 | | | | | | | | 20,229 | 20,874 | 18,384 |
| Building materials and sanitation facilities | 4,716 | | | | | | | | 4,716 | 2,751 | 3,252 |
| Operational costs | 4,516 | | | | | | | | 4,516 | 4,646 | 4,738 |
| Transport, storage and vehicles | 11,780 | | | | | | | | 11,780 | 10,656 | 11,487 |
| Training and support of local institutions | 527 | | | | | | | | 527 | 1,278 | 587 |
| Auditing, advising and support projects | 362 | | | | | | | | 362 | 397 | 403 |
| Other general costs | 518 | | | | | | | | 518 | 488 | 994 |
| Subtotal direct costs emergency aid | 94,735 | | | | | | | | 94,735 | 95,017 | 92,113 |

continued on page 23

| | Spent on Association goals | | | | Fundraising | | Management and Administration | To be attributed | Total 2008 | Budget total 2007 | Total 2007 |
|---|----------------------------|------------------------|------------------------------|-----------------------------------|-----------------|-----------------------------|-------------------------------|------------------|----------------|-------------------|----------------|
| | Emergency Aid | Third-party activities | Preparation and coordination | Information and awareness raising | Own fundraising | Acquiring government grants | Management and Administration | Overhead | | | |
| brought forward from page 22 | | | | | | | | | | | |
| Transport: Subtotal direct costs emergency aid | 94,735 | | | | | | | | 94,735 | 95,017 | 92,113 |
| Commissioned to third-parties | | 642 | - | - | - | - | - | - | 642 | 442 | 449 |
| Contributions | | 218 | - | 259 | - | - | 474 | - | 951 | 680 | 460 |
| Publicity and communications | | 3,000 | - | 800 | 4,376 | - | - | - | 8,176 | 5,725 | 6,036 |
| Housing costs | | - | - | - | - | - | - | 1,006 | 1,006 | 1,000 | 1,017 |
| Office and general costs | | - | 186 | 461 | 1,162 | - | 510 | 1,141 | 3,460 | 3,800 | 3,615 |
| Cost supplies and stocks | | - | 242 | - | - | - | - | - | 242 | 245 | 242 |
| Travel and accommodation costs | | - | 654 | 27 | 32 | 6 | 106 | 45 | 870 | 910 | 886 |
| Advice costs | | - | 296 | - | - | - | 324 | 136 | 756 | 400 | 572 |
| Costs board | | - | - | - | - | - | 132 | - | 132 | 140 | 89 |
| Depreciation and interest | | - | - | 30 | 90 | - | - | 258 | 378 | 285 | 340 |
| | 94,735 | 3,860 | 1,378 | 1,577 | 5,660 | 6 | 1,546 | 2,586 | 111,348 | 108,644 | 105,819 |
| Costs to be divided for head office personnel | | | | | | | | | | | |
| Salaries and social security | | | 4,934 | 379 | 459 | 90 | 1,501 | 639 | 8,002 | 8,800 | 8,147 |
| Pension contributions | | | 536 | 41 | 50 | 10 | 163 | 70 | 870 | 1,020 | 999 |
| Other personnel costs | | | 446 | 34 | 41 | 8 | 136 | 58 | 723 | 630 | 1,493 |
| Subtotal all costs | 94,735 | 3,860 | 7,294 | 2,031 | 6,210 | 114 | 3,346 | 3,353 | 120,943 | 119,094 | 116,458 |
| Breakdown of overhead costs | | | 3,060 | 46 | 55 | 11 | 181 | -3,353 | | | |
| Total all costs | 94,735 | 3,860 | 10,354 | 2,077 | 6,265 | 125 | 3,527 | 0 | 120,943 | 119,094 | 116,458 |

2.8 c Personnel

In the course of 2008, MSF-Holland posted 821 members of staff to its projects (2007: 800) corresponding to 467 full-time equivalents (2007: 535). In 2008, MSF employed approximately 5,420 national staff (2007: 5,602).

At head office there were 168 FTEs employed in 2008 (2007: 179). This number diminished more than planned. The number of FTEs involved in preparation and coordination and administration at head office decreased according to planning (minus 10 FTE), whilst the number of FTE in the other categories remained about the same.

2.8 d Salaries, social security and personnel costs

The salaries, € 8,548,366 (2007: € 10,186,545), social security costs, € 397,510 (2007: € 445,604) and pension contributions, € 893,102 (2007: € 1,068,504) are shown in the item "Medical and logistical staff posted" (direct costs emergency aid). Costs of staff that is hired-in from another MSF-section are also included here, € 5,759,612 in 2008 (2007: € 5,329,718). Other general costs include personnel costs regarding housing, international transport, training en preparation for departure and posting. The decrease in MSF-Holland's salary costs and the related expenses is due to the fact that less expatriate personnel full time equivalents were spent in emergency aid projects in 2008.

The item "Salaries and social security" of head office personnel costs exclusively consists of the gross salaries, taxed reimbursement of expenses and associated social security costs, € 1,084,983 (2007: € 1,095,312). Non-taxable reimbursements, canteen costs and the costs of temporary and free-lance staff employed are included in the item "Other personnel costs".

In 2008, the average costs for head office personnel remained unchanged. It is expected that the average costs of personnel will increase in 2009 because of inflation correction and the planned adaptation of the function grid.

The decrease in the item "Other personnel costs" was due to a more strict policy on the employment of temporary personnel and the completion of two essential IT-implementations (purchasing and fundraising).

2.8 e Auditors costs

€ 74,197 (2007: € 91,355) is included as the fee for our external auditor KPMG Accountants N.V. for auditing the financial report. In the costs for 'Auditing, advising and supporting projects' € 104,759 (2007: € 76,488) is included for auditing project expenses, mainly for the benefit of institutional donors. Of this amount € 42,840 concerns the auditing costs for contracts that have ended in 2008. The amounts shown include VAT.

2.8 f Board and Association costs and expenses paid to board members

The Board and Association costs cover the costs made by Board members when carrying out their task of supervision, the costs of the General Assembly and the costs for the representation of the Association in the network Médecins Sans Frontières. With the exception of the president, members of the Board receive no remuneration. By decision of the Board of the Association, the president is granted compensation for the time that he devotes to his work. In 2007 the Board has extended the number of days for which the president may claim compensation. This concerns a temporary extension to 4 days a week. The increased workload is due to increasing tasks within the network Médecins Sans Frontières. The total compensations paid in 2008 amounted to € 65,268 (2007: € 48,650):

| IN EURO THOUSANDS | 2008 | Budget 2008 | 2007 |
|---|-----------|----------------|------|
| Compensation paid to president: P. de Graaf (from May 25, 2008) | 38 | 43 | 0 |
| Compensation paid to president: A. van der Veen (until May 24, 2008) | 27 | 30 | 49 |
| Total | 65 | 73 | 49 |

In 2008 the other Board members have not received any remuneration from the Association MSF-Holland. No loans, advances or guarantees were provided to Board members.

At December 31, 2008, the number of Board members of the Association MSF-Holland comprised: 8 (2007: 10). According to the statutes of the Association, the minimum number of Board members required is 10.

2.8 g Remuneration of the directors

IN EURO THOUSANDS

MSF-Holland has a titular director. In 2008, G. Prescott ended his agreed term. He is succeeded by Mr. H. van de Weerd. The position of General Director was temporarily occupied by Mr. W. Kok. In 2008 1.3 fte were used for the General Director position (2007: 1 fte). The General Director is supported by a management team of 3 directors. In 2008, the

remuneration of the directors as defined in Article 2:383, par.1 Dutch Civil Code amounted to € 167,281 (2007: € 106,683). In 2008 the total costs ended higher due to the costs of the departure of Mr. G. Prescott and overlap and hand-overs between directors. Total remuneration of the directors was as follows:

| | 2008 | 2007 |
|--|------------|------------|
| Remuneration General Director, H van de Weerd (from 1/10/2008) | 29 | - |
| Remuneration General Director, W. Kok (from 1/3/2008 until 30/11/2008) | 89 | - |
| Remuneration General Director, G. Prescott (until 31/3/2008) | 49 | 107 |
| Remuneration Director Operations, A. Hehenkamp | 98 | 96 |
| Remuneration Medical Director, C. Mills (until 31/10/2008) | 81 | 93 |
| Remuneration Medical Director, L. Shanks (from 20/10/2008) | 18 | - |
| Remuneration Director Resources, M. Farkas | 96 | 92 |
| Total | 460 | 388 |

| Specification remuneration of the Directors: | General Director | | | Management Team | | | |
|--|------------------|-----------|-------------|-----------------|-----------|-----------|-----------|
| | H. van de Weerd | W. Kok | G. Prescott | A. Hehenkamp | C. Mills | L. Shanks | M. Farkas |
| REMUNERATION | | | | | | | |
| Gross per year including holiday allowance | 23 | 75 | 39 | 79 | 68 | 14 | 76 |
| Other taxable allowances | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Allowance for health insurance | 1 | 2 | 1 | 2 | 2 | 1 | 2 |
| Subtotal | 24 | 77 | 40 | 81 | 70 | 15 | 78 |
| Other costs | | | | | | | |
| Pension contributions | 4 | 10 | 6 | 12 | 7 | 2 | 13 |
| Social security costs | 1 | 2 | 3 | 5 | 4 | 1 | 5 |
| Total | 29 | 89 | 49 | 98 | 81 | 18 | 96 |
| Provision remuneration arrears | | | | 15 | 12 | 0 | 15 |

In 2008, MSF-Holland reassessed the classification of the directors positions according to the guideline “Advisory scheme for the remuneration of directors of charity organisations”. This advisory scheme was adopted by the members of the VFI sector organisation in December 2005. Based on this scheme, MSF-Holland has classified the director to job grade I, which provides for a maximum of € 117,294 (2008 table). In accordance with this advisory scheme, the maximum yearly income for the other directors who are part of the management team has been classified as job grade H with a maximum of € 103,431 (2008 table). According to the scheme, pension and employer’s costs are not included in these

payments. The reassessment as done by the Board has been reviewed by an external advisor. The directors Mr. M. Farkas and Ms. L. Shanks have secondary occupations. Mr. M. Farkas is board member of MSF-Sweden (from May 2008), member of the Board of Directors of the foundation Integrand Nederland (from April 2008), advisor to the Foundation Veritas Beheer and board member of Foundation Veritas Eigen huis. Ms. L. Shanks is board member of MSF-Norway (from May 2008). These occupations are not remunerated and in accordance with the policies of MSF-Holland. No loans, advances or guarantees were provided to any of the directors.

2.9 Income from own fundraising

IN EURO THOUSANDS

| | Explanatory notes | 2008 | Budget 2008 | 2007 |
|--|-------------------|---------------|---------------|---------------|
| Donations from mailings, including Hulppost | | 14,560 | 13,000 | 13,259 |
| Inheritances | | 8,171 | 7,000 | 8,177 |
| Donations from telemarketing | | 8,063 | 9,300 | 8,115 |
| Donations from corporate fundraising | | 2,517 | 1,500 | 1,594 |
| Donations from face-to-face fundraising | | 1,688 | 1,200 | 210 |
| Other donations received | | 1,542 | 0 | 1,116 |
| Grants from private organisations and provincial governments | 2.9.b. | 1,148 | 1,385 | 300 |
| Internet donations | | 377 | 300 | 173 |
| Contributions from Association members | | 14 | 15 | 13 |
| Sales of goods | | 0 | 0 | 113 |
| Total | | 38,080 | 33,700 | 33,070 |

2.9 a Earmarked income from own fundraising

(SEE ALSO NOTE 3.8.D.; THE APPROPRIATION FUND)

| | Receipts in 2008 | Expenditures in 2008 | Not spent in 2008 |
|--|---------------------|-------------------------|----------------------|
| Donations for Myanmar including cyclone Nargis | 391 | -391 | 0 |
| Donations and gifts for various countries | 232 | -232 | 0 |
| Grants from private organisations and provincial governments | 1,148 | -1,148 | 0 |
| Balance as at 31 December to allocation funds | 1,771 | -1,771 | 0 |

All income received in 2008 earmarked by donors has been spent in 2008. No addition was made to the appropriation fund in 2008.

2.9 b Grants from private organisations are as follows:

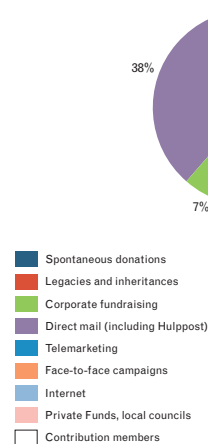
| | Allocation | 2008 | 2007 |
|--------------------------------------|--------------------|--------------|------|
| Achmea Foundation | Myanmar, Yangon | 100 | 0 |
| Medicor Foundation | Congo, Republic of | 0 | 300 |
| Medicor Foundation | Uganda | 548 | 0 |
| Province of Zeeland, The Netherlands | China earthquake | 200 | 0 |
| Province of Zeeland, The Netherlands | Myanmar, cyclone | 300 | 0 |
| | | 1,148 | 300 |

2.9 c Composition of income from own fundraising

In 2008, the income from own fundraising rose by € 5.0 million from € 33.1 million in 2007 to € 38.1 million in 2008. The increase was greater than budgeted. From the end of 2006 until mid 2008 MSF-Holland made more investments in own fundraising. This has resulted in a significant increase in income received from own fundraising in 2007 (€ 5.1 million) and 2008 (€ 5 million)

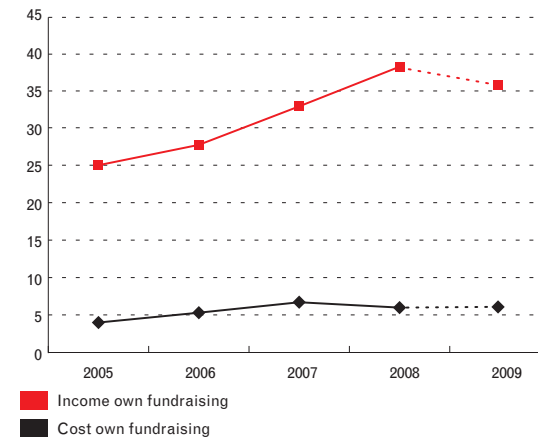
The income from donations grew by € 3.4 million while the income from corporate fundraising grew by € 1.0 million. The increase in donations from telemarketing slowed down considerably in 2008. MSF-Holland redirected the expenses towards other fundraising channels, such as face-to-face fundraising. In these financial statements the composition of the income is presented in the same categories as the expenses (see note 2.5) to allow for a better comparison of costs versus income.

INCOME FROM OWN FUNDRAISING 2008



INCOME AND COSTS FROM OWN FUNDRAISING 2005 - 2009

IN MILLION EURO



2.10 Income from third-parties

IN EURO THOUSANDS

| | Explanatory notes | 2008 | Budget 2008 | 2007 |
|--|-------------------|---------------|-------------|--------|
| Proceeds National Postcode Lottery , regular draw | | 15,000 | 15,000 | 15,461 |
| Proceeds National Postcode Lottery , extra draw | 2.10.a | 883 | 0 | 0 |
| Proceeds National Postcode Lottery , extra draw | 2.10.a | 3,000 | 0 | 0 |
| | | 18,883 | 15,000 | 15,461 |

As of 1 January 2008 the contract with the National Postcode Lottery has been renewed for a period of 5 years. The maximum annual contribution to MSF-Holland from the regular draw is set at € 15,000,000. In 2008 MSF Holland was awarded an additional amount of € 883,369. This contribution is earmarked for the project in Baraka, DR Congo and

represents the MSF-Holland part of a joint proposal with Oxfam-Novib of € 1,668,745. In addition MSF-Holland was awarded an extraordinary contribution of € 3,000,000 specifically for the production of a film about the work of MSF. The production of the film was contracted to a third party in 2008.

2.10 a Earmarked income from third-party activities

(SEE ALSO NOTE 3.8.D.; THE APPROPRIATION FUND)

IN EURO THOUSANDS

| | Receipts in 2008 | Expenditures in 2008 | Not spent in 2008 |
|--|---------------------|-------------------------|----------------------|
| Project Baraka, DR Congo | 883 | 0 | 883 |
| Production film MSF | 3,000 | 3,000 | 0 |
| Balance as at 31 December to allocation funds | 3,883 | 3,000 | 883 |

2.11 Grants from within the MSF-network

IN EURO THOUSANDS

Grants from within the MSF-network

| | 2008 | Budget 2008 | 2007 |
|--|---------------|---------------|---------------|
| MSF-Germany | 18,811 | 22,000 | 25,400 |
| MSF-United Kingdom | 10,253 | 15,700 | 14,719 |
| MSF-United States | 6,233 | 5,400 | 7,133 |
| MSF-Canada | 5,950 | 8,000 | 7,213 |
| MSF-Belgium | 4,000 | 0 | 0 |
| MSF-Sweden | 3,870 | 0 | 0 |
| MSF-Hong Kong | 3,720 | 2,400 | 2,375 |
| MSF-Austria | 2,393 | 1,600 | 1,600 |
| MSF-Italy | 369 | 0 | 0 |
| MSF-Spain | 209 | 0 | 26 |
| MSF-Luxembourg | 3 | 0 | 6 |
| MSF-Norway | 0 | 0 | 36 |
| MSF-Japan | 0 | 0 | 282 |
| Total grants from the MSF-network | 55,811 | 55,100 | 58,790 |

Included in the grants from within the MSF-network is an amount of € 2,828,000 that has been accounted for in 2008 but will be spend in 2009 (see also note 3.8.c other free reserves). A new key for the allocation of funds from within the MSF-network has been agreed in December 2007, after approval of the 2008 budget. This changed the composition of income, see also chapter 5 'Associated parties'. A one-off grant from MSF-Belgium was received. The grants received from MSF-Sweden, MSF-Italy and MSF-Spain include funds that were earmarked for the Nargis cyclone emergency response. Especially the income from MSF-United Kingdom suffered from the steep devaluation of the British Pound in 2008.

2.12 Grants from institutional donors

IN EURO THOUSANDS

| Grants from institutional donors come from: | 2008 | Budget 2008 | 2007 |
|--|---------------|-------------|--------|
| European Union (ECHO and EU) | 5,254 | 4,500 | 1,743 |
| German government (AA) | 1,983 | 1,000 | 850 |
| Swedish government (Sida) | 1,729 | 1,500 | 1,747 |
| Canadian government (CIDA) | 1,662 | 1,500 | 1,424 |
| British government (DFID) | 1,310 | 1,000 | 979 |
| Norwegian government (NORAD, NRMFA) | 1,089 | 500 | 1,100 |
| Irish government (Ireland Aid) | 837 | 1,750 | 1,389 |
| Danish government (DANIDA) | 828 | 0 | 0 |
| 3-Diseases Fund | 816 | 1,400 | 1,064 |
| United Nations (UNAIDS, UNHCR, UNICEF) | 286 | 450 | 450 |
| Swiss government (SDC) | 262 | 0 | 0 |
| Dutch government (BuZa) | 215 | 290 | 1,394 |
| Other institutional donors | 0 | 2,110 | 0 |
| Total | 16,271 | 16,000 | 12,140 |

The project grants refer to the portion of the grants awarded that concern activities carried out in the financial year.

2.13 Other income

IN EURO THOUSANDS

| | 2008 | Budget 2008 | 2007 |
|------------------------------|--------------|-------------|-------|
| Income from interest | 1,390 | 900 | 1,133 |
| Other income and expenditure | 0 | 0 | -71 |
| Total | 1,390 | 900 | 1,062 |

Income from interest rose in 2008 due to an improvement in the rate of interest for short-term savings-deposits and money market deposits for foreign currencies.

2.14 Exchange results from transactions in currency

IN EURO THOUSANDS

| | 2008 | Budget 2008 | 2007 |
|--|---------------|-------------|-------------|
| Realised exchange results from transactions in non-euro currencies | -848 | | 195 |
| Unrealised exchange results from transactions in non-euro currencies | -835 | | -548 |
| Total | -1.683 | -700 | -353 |

The unrealised exchange results concern the value of the foreign currency bank balances, the contract obligations and still to be received monies from institutional donors and MSF-sections. Realised exchange results arise in the year of purchasing the goods for projects and from receivables from grant contracts. Especially in the last quarter of 2008 negative exchange rate results were realised due to the devaluation of the British Pound

and Swedish Krona compared to the euro. These devaluations could not have been anticipated and were aggravated by transfers that were received late in the year as some donors did not meet the agreed payment schedules during the year. In 2008 MSF-Holland did not use any (complex) financial instruments to control currency risks.

2.15 Donations in kind

Besides receiving financial support, MSF-Holland also receives donations in kind. In addition, MSF-Holland enters into contracts which do not involve payment but goods in kind. In particular, these contracts concern the delivery of food and are undertaken in project countries to support MSF-Holland's nutrition and health programmes. These donations in kind are not registered in the bookkeeping and are also not reflected in the results. For internal purposes, MSF-Holland has registered the exchange of materials within the MSF-network, but this is not included in this explanatory statement.

MSF-Holland registers the use of goods made available by third parties if these are essentially important to execute aid projects and these would be purchased if they were not made available to the organisation. The total value of the goods received in 2008 was approximately € 2,545,000 (2007: € 935,000). A large part of this amount, € 1.7 million, was received from the United Nations and the British government in Myanmar for the cyclone Nargis emergency programme.

In addition, MSF-Holland uses airplane and helicopter seats and cargo-capacity made available by the European Union (ECHO) in the Congo and by the United Nations (WFP/ UNHCR) in Darfur and Chad. In 2008, the value of these flights was approximately € 250,000 (2007: € 315,000). The value of these has been estimated on the basis of current prices. This amount has been included in the above-mentioned total estimated value of donations in kind received.

MSF-Holland head office also receives gifts in kind for its activities. Primarily, these concern adverts in the media and on websites and all sorts of advisory services. In 2008 the pro-bono contract with the International Bureau of Fiscal Documentation (IBFD), Amsterdam was continued. The IBFD provides MSF-Holland with essential information on tax legislation and practice applicable in the countries where MSF-Holland implements projects. (Charity) discounts given to MSF-Holland for purchases of goods and services are not registered.

B-FAST, MERLIN, MDM

| | | | | | |
|-------------------------------|---------|---------------------------------|---------|-------------------------------|----------|
| Canvas, plastic | 50 Roll | Medical emergency kit 3m | 10 Kit | Family tent | 130 Unit |
| Canvas, plastic, 60x4m | 13 Box | Canvas, plastic4x6m | 15 Unit | Water purification kit | 1 Unit |

BRITISH GOVERNMENT (DFID)

| | | | | | |
|----------------------------|-------------|-----------------|-------------|--|--|
| Blankets | 70,000 Unit | Bed nets | 80,000 Unit | | |
| Plastic canvas 4x6m | 27,000 Unit | | | | |

UNITED NATIONS (WFP)

| | | | | | |
|-----------------------|--------------------|------------------------|--------------------|--|--|
| Cereals | 575.95 Metric Tons | Corn flour, CSB | 337.05 Metric Tons | | |
| Lentils/pulses | 76.83 Metric Tons | Beans | 50.96 Metric Tons | | |
| Vegetable oil | 78.36 Metric Tons | Sugar | 19.21 Metric Tons | | |
| Salt | 12.34 Metric Tons | Vegetables | 32.20 Metric Tons | | |

UNITED NATIONS (UNHCR)

| | | | | | |
|----------------------|------------|-----------------------|--------------|---------------|-----------|
| Blankets | 2,350 Unit | Bed nets | 550 Unit | Diesel | 600 Litre |
| Maternity kit | 1 Kit | Contraceptives | 602,200 Unit | | |

UNITED NATIONS (UNICEF)

| | | | | | |
|-------------------------------|-------------|---------------------------------|-------------|------------------------------|--------------|
| Plumpy-nut | 4,949 Dozen | Milk powder F-75, F-100 | 101 Dozen | Various Vaccines | 26,760 Doses |
| Tent | 103 Unit | Milk powder F-75, F-101 | 1 Pallet | Vaccination materials | p.m. |
| Canvas, plastic, 4x6m | 3,001 Unit | Blankets | 520 Unit | Medical material | p.m. |
| Jerry cans | 1,000 Unit | Soap | 10,000 Unit | Ringer IV-fluids | 1,000 KG |
| Water pump | 2 Unit | Soap | 234 Dozen | Bed nets | 9,774 Unit |
| BP5- biscuits | 755 Dozen | refrigerator (vaccines) | 2 Unit | Nutrition Kit | 2 Kit |
| BP5- biscuits | 1 Pallet | Medical emergency kit 3m | 4 Kit | Nutrition material | p.m. |
| Essential medicine kit | 500 Kit | Freight costs | p.m. | | |

UNITED NATIONS (UNFPA)

| | | | | | |
|-----------------------|--------------|---------------------------------|------|--|--|
| Contraceptives | 974,000 Unit | Various medical material | p.m. | | |
|-----------------------|--------------|---------------------------------|------|--|--|

MINISTRY OF HEALTH, NYALA, DARFUR

| | | | | | |
|-------------------------|--------------|--|--|--|--|
| Various Vaccines | 43,837 Doses | | | | |
|-------------------------|--------------|--|--|--|--|

NATIONAL TB PROGRAMME, MYANMAR

| | | | | | |
|-------------------------|--------------|--|--|--|--|
| MDR-TB medicines | 706,237 Unit | | | | |
|-------------------------|--------------|--|--|--|--|

3 Explanation of the Balance Sheet

3.1 Tangible fixed assets

IN EURO THOUSANDS

| OPERATING ASSETS | Leasehold improvements | Inventory | Hardware/software | Total 2008 |
|---|------------------------|-----------|-------------------|-------------------|
| Purchase value | | | | |
| Balance as at 1 January 2008 | 175 | 499 | 1,277 | 1,951 |
| Purchases | 0 | 0 | 0 | 0 |
| Disinvestments | 0 | 0 | 0 | 0 |
| Balance as at 31 December 2008 | 175 | 499 | 1,277 | 1,951 |
| Depreciation | | | | |
| Balance as at 1 January 2008 | 142 | 406 | 785 | 1,333 |
| Depreciation | 33 | 93 | 251 | 377 |
| Disinvestments | 0 | 0 | 0 | 0 |
| Balance as at 31 December 2008 | 175 | 499 | 1,036 | 1,710 |
| Balance Sheet value as at 31 December 2008 | 0 | 0 | 241 | 241 |

In 2008 no new investments and no disinvestments were made.
The planned investment in new computer equipment is postponed to 2009.

3.2 Stocks

IN EURO THOUSANDS

| STOCK FOR ASSOCIATION GOALS - DIRECT AID | 2008 | 2007 |
|---|--------------|-------|
| Medical materials | 935 | 1,007 |
| Transport equipment | 352 | 401 |
| Other materials | 695 | 837 |
| Stocks as at 31 December | 1,982 | 2,245 |
| Provision for obsolescence | -53 | -37 |
| Balance as at 31 December | 1,929 | 2,208 |

Included in this item are stocks for direct aid that are kept in the Netherlands (see also chapter 4). The value of the project-related stocks taken into stock as at 31 December amounts to € 742,879 (2007: € 699,822). The other stocks have not yet been allocated to aid projects and concern free stocks and so-called emergency stocks. The item "Other

materials" consists mainly of emergency housing materials (tents, tools, etc.), water and sanitation equipment, communication equipment and computers for the projects. The provision for obsolescence concerns medical materials for which the shelf life is about to expire. In 2008 the actual write-off was € 67,789.

3.3 Receivables from Third-Party Appeals

IN EURO THOUSANDS

| | 2008 | 2007 |
|---|--------------|-------|
| Receivables from the National Postcode Lottery , regular draw | 1,554 | 2,622 |
| Receivables from the National Postcode Lottery , extra draw 2008 | 3,883 | 0 |
| | 5,437 | 2,622 |

Receivables from the **National Postcode Lottery** are short-term.

3.4 Receivables from within the Médecins Sans Frontières network

IN EURO THOUSANDS

The receivables from Médecins Sans Frontières sections throughout the year developed as follows:

| | 2008 | 2007 |
|----------------------------------|--------------|--------------|
| Balance as at 1 January | 4,983 | 3,502 |
| Project grants awarded | 55,811 | 58,791 |
| Exchange rate differences | -429 | -213 |
| Project grants received | -53,621 | -57,097 |
| Balance as at 31 December | 6,744 | 4,983 |

The receivables from Médecins Sans Frontières sections concern project grant contracts that have ended. The receivables are short-term.

3.5 Receivables from institutional donors

IN EURO THOUSANDS

Receivables for institutional grants comprise receivables from both awarded project grants and those that have already ended. Developments of these in the financial year were as follows:

| | 2008 | 2007 |
|---|--------------|--------------|
| Balance as at 1 January | 3,596 | 8,225 |
| Project grants awarded | 19,112 | 12,070 |
| Exchange rate differences | -444 | -78 |
| Project grants received | -15,882 | -16,263 |
| Non-allocated project grants | -447 | -358 |
| Balance as at 31 December | 5,935 | 3,596 |
| The receivables are as follows: | | |
| Receivables from terminated project grant contracts | 1,568 | 1,666 |
| Receivables from current project grant contracts | 4,367 | 1,930 |
| | 5,935 | 3,596 |

Receivables from institutional grants have a term shorter than one year. The “project grants received” include receipts from grants from private organisations. In 2008, this amounted to € 548,031 (2007: € 312,000). In the cash flow statement the division is shown.

3.6 Other receivables and accrued income

IN EURO THOUSANDS

| | 2008 | 2007 |
|---|--------------|--------------|
| Debtors | 19 | 0 |
| Taxes and social security contributions to be received. | 24 | 13 |
| Pre-paid pension scheme contributions | 172 | 455 |
| Debtors from settled inheritances | 931 | 581 |
| Receivable from other MSF-sections | 1,254 | 992 |
| Prepayments and accrued income | 2,161 | 1,073 |
| Balance as at 31 December | 4,561 | 3,114 |

All other receivables and accrued income are short-term. The amounts receivable under “Receivable from other MSF-sections” refer to prefinancing of joint projects, advance payments and secondment of personnel working for other MSF-sections.

3.7 Cash at bank and in hand

IN EURO THOUSANDS

| | 2008 | 2007 |
|---|---------------|---------------|
| Balance of cash at bank and in hand at headquarters | 55,460 | 47,132 |
| Balance of cash at bank and in hand at projects | 4,950 | 5,885 |
| Balance as at 31 December | 60,410 | 53,017 |

The headquarters’ balance of cash at bank includes immediately accessible savings accounts to the sum of € 48,908,863 (2007: € 32,563,333). These savings accounts are 1 monthly, 3 monthly and 6 monthly bank deposits at the Fortis Bank (NL), ABN AMRO Bank and van Lanschot Bankers. MSF-Holland holds its main operating cash management accounts at Fortis bank (NL). In 2008 MSF-Holland did not use any complex financial instruments.

3.8 Reserves and funds

IN EURO THOUSANDS

| | Continuity reserve | Allocation reserve | Other free reserve | Appropriation fund | Total 2008 | Total 2007 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|---------------|------------|
| Balance as at 1 January | 59,000 | 2,826 | -1,188 | 212 | 60,850 | 57,138 |
| Allocation of the result | 0 | -656 | 7,582 | 883 | 7,809 | 3,712 |
| Balance as at 31 December | 59,000 | 2,170 | 6,394 | 1,095 | 68,659 | 60,850 |

3.8 a Continuity reserve

In accordance with the Board's resolution, a continuity reserve has been formed. The amount of the reserve has been set at the average amount (over three years) of expenditures needed to ensure the unimpeded progress of the projects and the related supporting activities for a six-month period. In 2008, no additions or withdrawals to the continuity reserves have been made. MSF-Holland's continuity reserve satisfies the various guidelines and complies with the standard set by the Board.

Within the network Médecins Sans Frontières, a reserve for at least three and, at the most twelve months has been agreed. The lower limit of three months must also be available in cash at bank and in hand. According to the conditions of the CBF certification, the continuity reserve should not exceed a maximum of one and half times the yearly costs for the operational activities. MSF-Holland considers the expenses on the project and the related supporting activities and the costs of fundraising as costs of the operational activities. Depreciation costs, contributions and one-off items are not included here. Payable grants to third parties are short term liabilities and are also not included.

| The extent of the continuity reserve is calculated as follows: | Expenditure 2007 | Expenditure 2008 | Budget 2009 | 6-month average |
|--|---------------------|---------------------|-------------|----------------------------|
| Emergency Aid | 92,113 | 94,735 | 104,000 | 48,475 |
| Preparation and coordination | 11,258 | 10,354 | 9,900 | 5,252 |
| Information and awareness raising | 2,092 | 2,077 | 2,500 | 1,112 |
| Own fundraising | 7,055 | 6,265 | 6,600 | 3,320 |
| Acquisition grants institutional donors | 146 | 125 | 150 | 70 |
| Management and administration | 3,345 | 3,527 | 3,575 | 1,741 |
| | 116,009 | 117,083 | 126,725 | 59,970 |
| Deduct: | | | | |
| Depreciation costs | 340 | 378 | 350 | 178 |
| One-off expenses (fundraising) | 1,200 | 0 | 0 | 200 |
| Contributions | 460 | 733 | 765 | 326 |
| Target continuity reserves (6 months) as at 31 December | 114,009 | 115,972 | 125,610 | 59,266 |
| Actual continuity reserves as at 31 December | | | | 59,000 |
| Target lower limit (3 months) continuity reserves as at 31 December | | | | 29,633 |

At the end of 2008, 93% of the reserves were retained in cash at hand and in bank (2007: 92%). MSF-Holland needs a solid liquidity position to be able to guarantee the unhindered progress of its aid projects and to come into action quickly if need be.

3.8 b Appropriation reserve

IN EURO THOUSANDS

The appropriated reserve is used to finance the tangible fixed assets and stocks and calculated as follows:

| | Tangible fixed assets | Stocks | Total 2008 |
|----------------------------------|-----------------------|--------------|--------------|
| Balance as at 1 January | 618 | 2,208 | 2,826 |
| Allocation of the result | -377 | -279 | -656 |
| Balance as at 31 December | 241 | 1,929 | 2,170 |

Planned investments for 2008 were cancelled or postponed into 2009. Next to that the amount of stock decreased slightly. The decrease in the appropriation reserves has been added to the other free reserves. As in 2009 new investments are planned an addition to the appropriation reserves has been budgeted.

3.8 c Other free reserve

In 2008 through the allocation of the result the amount of € 656,006 was withdrawn from the appropriation reserve and added to the other free reserves. In addition the entire part of the year-end result that has not been earmarked to be spend on a specific project, € 7,809,307, has been added to the other free reserves.

With these additions the remaining shortfall in the other free reserves originating from 2006 has been fully compensated. The other free reserves will be used for emergency aid projects in 2009. In the budget for 2009 this has been taken into account (see also chapter 6).

3.8 d Appropriation funds

IN EURO THOUSANDS

The appropriated funds contains the funds that have been earmarked by donors for a specific purpose and which have not yet been spent. Note 2.9.a. gives an indication of the volume of earmarked monies that are received and spent during the year. The balance of the appropriated funds is calculated as follows:

| | Unused at year end 2007 | Receipts in 2008 | Expenditure in 2008 | Unused at year end 2008 |
|--|----------------------------|---------------------|------------------------|----------------------------|
| Earmarked income from own fundraising: | | | | |
| Earmarked for various countries | 0 | 232 | -232 | 0 |
| Earmarked for Myanmar | 0 | 391 | -391 | 0 |
| Subsidies of private foundations | 0 | 1,148 | -1,148 | 0 |
| Other earmarked funds: | | | | |
| MSF-International: meningitis vaccines | 212 | 0 | 0 | 212 |
| Earmarked income National Postcode Lottery : Baraka, DR Congo | 0 | 883 | 0 | 883 |
| Balance as at 31 December | 212 | 2,654 | -1,771 | 1,095 |

The earmarked funds for the meningitis vaccines concern a stock of semi-finished vaccines. This stock is used in February 2009 and the funds have been spent. The earmarked funds for Baraka, DR Congo, will be spend in 2009.

3.9 Short-term liabilities

IN EURO THOUSANDS

| | 2008 | 2007 |
|---|---------------|--------------|
| Budgetary commitments (see specification below) | 3,356 | 1,651 |
| Accounts payable/creditors | 2,663 | 2,548 |
| Payable to other MSF-sections | 2,679 | 1,533 |
| Taxes payable | 349 | 336 |
| Other liabilities | 7,551 | 3,240 |
| Balance as at 31 December | 16,598 | 9,308 |

The item "Payable to other MSF-sections" refers to liabilities to MSF-sections that concern amounts for international projects, personnel costs and training for expatriate staff. Increasingly funds advanced by other MSF-sections in the project countries are used and the payables to MSF-Logistique also increased. The increase in other liabilities is the result of an increase in outstanding cheque payments and the increase in creditors in the project countries. The **National Postcode Lottery** awarded MSF-Holland

an extraordinary contribution of € 3,000,000 specifically for the production of a film on the work of MSF. The production was contracted in 2008. Budgetary commitments are commitments arising from awarded project grants in which the commitment falls in proportion to the progress of the project. The balance concerns the portion of the project grants that have yet to be implemented by MSF-Holland.

The item "Budgetary commitments" developed in the year as follows:

| | 2008 | 2007 |
|--|----------------|----------------|
| Balance as at 1 January | 1,651 | 2,372 |
| Listed under long-term liabilities as at 1 January | 0 | 0 |
| Project grants awarded in this financial year | 74,923 | 70,860 |
| Exchange rate differences | -141 | 8 |
| Project grants from institutional donors | -16,819 | -12,441 |
| Project grants from other MSF-sections | -55,811 | -58,790 |
| Total project grants | -72,630 | -71,231 |
| Non-allocated project grants | -447 | -358 |
| Balance as at 31 December | 3,356 | 1,651 |

The budgetary commitments at the end of the 2008 financial year refer entirely to the implementation of projects in 2009 and are thus short-term commitments. There were no long-term budgetary commitments at the end of 2008.

3.10 Commitments not included in the balance sheet

Commitments not included in the balance sheet refer to the contract for office rental (including service costs). The total amount of these commitments is € 3.7 million for 2009 up to and including 2013. € 0.8 million refers to 2009, € 2.5 million to the years 2009-2012 and € 0.4 million to 2013.

Bank guarantees for the benefit of third parties were granted for the rental contract of the office in Amsterdam (€ 189,326) and for the temporary registration of vehicles in aid projects (€ 20,000).

In a number of countries where MSF-Holland implements projects, taxation and litigation procedures are pending. MSF-Holland maintains a register of these. In these financial statements provisions are made to a total of € 804,336. Based on legal advice obtained and the provisions made we don't expect that out of the procedures any further significant liabilities may arise.

MSF-Holland has requested the Amsterdam Tax Office to assess the possible implications for VAT being due for posted staff with a contract in a national MSF organisations (in particular MSF-Germany). At present, it is not known whether there is indeed an obligation to declare VAT for this and financial liability may arise.

4 Accounting Principles

GENERAL

The accounting principles used for the valuation of assets and liabilities are based on historical costs. If not stated differently, assets and liabilities are shown at their nominal value. Revenues and costs are allocated to the period they relate to.

FOREIGN CURRENCY

The reporting currency is the euro. Assets and liabilities denominated in foreign currencies are valued at the exchange rates prevailing at the balance sheet date. Transactions denominated in foreign currencies are translated at the exchange rates prevailing at the transaction date. Exchange rate differences are accounted for after determination of the result out of the operational activities. The exchange results have been incorporated in the financial statements according to Guideline 122 of Dutch Accounting Standards as the Guideline 650 does not provide for this.

CASH FLOW STATEMENT

The cash flow statement has been prepared according to the direct method. Cash flows denominated in foreign currencies have been translated into euro at the exchange rate prevailing at the transaction date. The cash flow statement has been prepared according to the direct method in order to provide a clearer view of the different flows of funds in the organisation, and the flows of funds within the Médecins Sans Frontières network. This also clearly shows which part of the expenditure has been devoted to countries where projects are being carried out. The cash flow statement shows the liquidity needs of MSF-Holland.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated according to the straight-line method based on expected economic life. The following percentages are used:

- | | |
|--|--------|
| • leasehold improvements and inventory | 20% |
| • hardware and software | 33-33% |

Purchase costs of fixed assets used in the project countries are charged to project costs. After completion of the projects these assets are generally transferred to the beneficiaries.

STOCKS

Stocks are stated at cost price less a provision for obsolescence where necessary. In 2008, as in 2007, a small provision has been made for obsolescence and mentioned in the explanation. The costs of the stocks are charged on to the projects at the time they are sent to the project countries. Costs of the stocks are calculated based on average costing while the movement of physical stock is according to the First-In-First-Out principle.

ACCOUNTS RECEIVABLE

Accounts receivable are stated less a provision for doubtful debtors. In 2008, there was no provision for doubtful debtors included.

CASH AT BANK AND IN HAND

Cash at bank and in hand concern the balances of cash and bank accounts held for the head office and all countries where MSF-Holland holds accounts for project funds. Cash and bank balances denominated in foreign currencies are valued at the exchange rates prevailing at the balance sheet date.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are disclosed according to Guideline 160 of Dutch Accounting Standards. In this report non-adjusting events have been disclosed. An event after the reporting period is disclosed when it results in significant commitments or downward revaluation of assets. Events after the reporting period are disclosed in chapter 7, Other information.

INCOME FROM OWN FUNDRAISING

• **Donations and gifts**

Direct donations from the public and private companies are accounted for on a cash basis.

• **Contributions**

Contributions from members of the Association are accounted for on a cash basis.

• **Inheritances**

Inheritances are accounted for in the financial year in which the amount can be estimated with a fair degree of accuracy. However, any advances paid out before that date will be accounted for in the year in which the actual payment has been received. The size of the inheritance can be established as reliable if a fair assessment of the proceeds can be made based on the stage of settlement of the inheritance. For example, this is in the case of the receipt of final account-justification.

• **Foundations, associations and private funds**

Grants from private organisations are shown under income from own fundraising. These grants are included as income in the statement of expenditure and income in proportion to the progress of the project.

INCOME FROM THIRD-PARTY APPEALS

Income from third party appeals only concerns amounts from the proceeds of the National Postcode Lottery. Income allocated by the National Postcode Lottery to MSF-Holland has been included as income at the time of the allocation. The proceeds from the National Postcode Lottery are based on a contract and on a contractually valid financial regulation. As of 1 January 2008, the contract with the **National Postcode Lottery** has been renewed for a period of five years.

INCOME FROM WITHIN THE MÉDECINS SANS FRONTIÈRES NETWORK

Project grants allocated to MSF-Holland and the subsequent budgetary obligations arising from grants from within the network Médecins Sans Frontières are shown in the balance sheet from the allocation (contract) date. These grants are accounted for as income in the statement of expenditure and income in proportion to the progress of the project. According to Guideline 650 this income should be shown under “Income from third-party appeals”. In view of the volume and the importance of income from within the network Médecins Sans Frontières, it has been decided to show this as a separate category.

GRANTS FROM INSTITUTIONAL DONORS

Project grants awarded to MSF-Holland and the related budgetary obligations are shown in the balance sheet from the awarding date. These grants are accounted for as income in the statement of expenditure and income in proportion to the progress of the project.

DONATIONS IN KIND

Donations in kind are not financially registered and as such have not been included in the balance sheet. Donations in kind are shown in the explanatory notes in the state of expenditure and income as far as they concern goods that are essentially important to MSF to be able to execute its aid projects and, had they not be made available to MSF, they would be purchased. An explanation is given regarding received donations in kind where a reporting obligation is required. An estimated total of the current purchase rate of the received goods is shown in this financial statement.

PENSIONS

The pension schemes set up for the employees are based on a career-average plan with conditional indexation. All schemes have been placed with a life assurance company and, in view of the nature of the insurance contract, may be classified as so-called defined contribution schemes. This means that MSF's commitment towards its employees, under the insurance contract concluded with the life assurance company, is limited to payment of the agreed contributions to the life assurance company. These contributions are accounted for as expenses in the year they relate to. The explanation of the division of costs (note 2.8) shows the amount included as pension contributions from the relevant pension scheme. The pension insurance contract has been extended for a period of five years starting January 1, 2008. The pension contract has been assessed for these financial statements in accordance with the Draft Guideline oRJ271.3 as published in December 2008.

EMERGENCY AID COSTS

Costs of emergency aid relate to the costs of the aid projects undertaken by MSF-Holland. This concerns any on-site costs incurred by the projects, including the costs of medical and logistic personnel posted and the costs of relief supplies bought via headquarters and transported to the projects.

Relief supplies that have been purchased through headquarters are charged on to the projects at the time they are sent to the project country. Supplies that have been delivered at the warehouse and are in transit are accounted for as project-related stocks and included in the balance sheet. Outstanding orders are not included in the accounts of MSF-Holland. Outstanding orders are internally reported as budget commitment and included in the three-way matching procedure.

PREPARATION AND COORDINATION COSTS

Costs of preparation and coordination relate to the costs incurred by headquarters for the direct support of aid projects carried out by MSF-Holland. Relevant costs include costs of departments handling the provision of medical advice, the purchase of project supplies and the recruitment and posting of staff. The costs of the Operations Director and the Medical Director are included in this category. For aid projects in a number of countries, preparation and coordination activities has been (partly) outsourced to the sections with which MSF-Holland works intensively. The costs of the activities outsourced to support the projects directly in other MSF-sections (2008: Canada and Germany) are explained in more detail in chapter 5, associated parties.

INFORMATION AND AWARENESS RAISING COSTS

Costs of information and awareness raising relate to the costs of advocacy within the the scope of the association goals. The primary purpose of advocacy is to increase the public's awareness and to bring about a change of attitude and conduct.

The allocation of costs for information and awareness raising and the categories stated below are based on the following guidelines:

- 50% of the costs of the website go to "Information and awareness raising" and 50% to "Management and administration";
- 25% of the costs of the periodical *Hulp* go to "Information and awareness raising" and 75% to "Costs own fundraising";
- 50% of the costs of publishing the annual report go to "Information and awareness raising" and 50% to "Management and administration".

ACTIVITIES CARRIED OUT BY THIRD PARTIES

Grants from MSF-Holland and contracts commissioned to third parties are stated as costs from the awarding date.

COSTS OWN FUNDRAISING

Fundraising costs relate to all costs of activities with the direct or indirect purpose to induce people and institutions to donate money for one or more goals of the association. 75% of the costs of the periodical *Hulp* have been allocated to fundraising costs. The bank costs, which correspond to the fundraising activities, are incorporated by MSF-Holland in the "Management and administration" costs. The automation costs and subsequent costs of depreciation related to the registration and communications with (potential) donors are included here.

ACTIVITIES CARRIED OUT BY THIRD PARTIES

Grants from MSF-Holland and contracts commissioned to third parties are stated as cost from the awarding date.

COSTS ACQUISITION INSTITUTIONAL DONOR GRANTS

The costs of acquiring government grants are shown in "Costs of acquiring institutional donor grants" if these costs were made at head office. This particularly concerns part of the personnel costs incurred in the project administration department.

MANAGEMENT AND ADMINISTRATION COSTS

Management and administration costs relate to the costs made for directing and managing the organisation. 50% of the costs of the website have been allocated to the "Management and administration" costs. In addition, 50% of the costs of the annual report have been allocated to the "Management and administration" costs. The costs of recruiting personnel to work at the head office and also the costs of performing general financial administration, planning and control, the (majority of) legal expenses, as well as the costs of the Board and the Association have been included in this category.

OVERHEAD COSTS

Overhead costs relate to the costs of facility support for housing, automation, general insurances and other office facilities and include depreciation costs, with the exception of the depreciation costs of the donor database which are included in the costs own fundraising.

DIVISION OF PERSONNEL COSTS AND OVERHEAD COSTS

Personnel costs at head office have not been accounted for by MSF-Holland as direct costs but in proportion to the number of allotted full-time equivalents of personnel at head office working for certain activities. The overhead costs have been attributed in the same way to different activities. Note 2.8 in this financial statement explains the divisions of these costs. The divisions of overhead costs is based on the Recommendation Application of Guideline 650 for Management & Administration costs (January 2008) as published by the Dutch Association of Fundraising Institutions VFI.

5 Associated parties: Médecins Sans Frontières

In the Guideline 650 for the Reporting of Fundraising Institutions attention is given to the financial reporting of organisations that structurally work together. Strictly speaking, these definitions are not applicable to MSF-Holland. MSF-Holland works, of course, closely in the international network Médecins Sans Frontières. However, the association MSF-Holland is legally and financially strictly independent. More and more the MSF-sections in the international network become interdependent. In addition to the necessary coordination regarding medical and operational policy, mutual policies are also determined regarding organisation development, finances and personnel management.

5.1 Médecins Sans Frontières partnership

MSF-Holland is part of the international network of Médecins Sans Frontières, in which nineteen national organisations (MSF-sections) and a number of associated institutions are active. Besides MSF-Holland, the following four MSF-sections also carry out projects independently; Belgium, France, Spain and Switzerland. Médecins Sans Frontières also has registered MSF-sections in Austria, Australia, Canada, Denmark, Germany, Greece, Hong Kong, Italy, Japan, Luxembourg, Norway, Sweden, the United Kingdom and the USA. These MSF-sections, provide a significant contribution to achieve the objectives which constitute the ideas of Médecins Sans Frontières, the recruitment of expatriate staff and fundraising for projects. Every MSF-section is an independent economic and legal entity.

All of the MSF-sections have agreed to abide by the principles of the International Charter of Médecins Sans Frontières. All MSF-sections are united in the 'Association Bureau Médecins sans Frontières International' in Switzerland. All presidents of the MSF-sections are represented in the General Assembly of Members of MSF-International, the International Council. They meet at least twice a year. The International Council can make decisions that, in practice, are binding for the individual organisations. Primarily, the International Council is involved in monitoring of the objectives and the organisation's identity and the promotion of mutual cooperation and policy coordination. One of the core items of its policy is the improvement of mutual responsibility and supervision. The

principles of this cooperation are determined in a number of basic documents to which all MSF-sections have agreed. The presidents of the associations of the five operational MSF-sections, one of whom is the president of MSF-Holland, form together with the international president and the international secretary the daily management of the association 'Association Bureau Médecins sans Frontières International'. An independent treasurer has been appointed to support the International Council Board.

Intensive international cooperation and coordination of policy and execution are important because the activities of individual organisations have a great influence and are dependent on each other. There is a real chain of risks in many areas. For example, there are risks of reputation, security risks and financial risks. The Board of MSF-Holland's management recognises these risks and together with the management team, uses all its efforts to promote and strengthen international collaboration.

5.2 Governance and governance related risks

MSF-Holland works in particular together with the MSF-sections in Canada, Germany and the United Kingdom. These MSF-sections are involved in the supervisory function, policy determination and at the executive level in the Association. As can be seen from the financial statement these three MSF-sections also provide an important financial contribution to aid projects; € 35.0 million in 2008 (2007: € 47.3 million). A large part of the staff posted to MSF-Holland aid projects were recruited by these MSF-sections; 273 staff posted in 2008 (2007: 298 staff posted). The four MSF-sections work together in the 'Operations Centre Amsterdam' (OCA). This collaboration only concerns the execution of aid projects and there is no formal private corporate organisation constituted. As a result, the Board of the association MSF-Holland remains legally and financially responsible for the execution of aid projects in this financial statement. The Boards of the four MSF-sections jointly established an umbrella organ; the OCA-Council. Besides the four presidents there are four delegated members who represent their Board at the OCA-Council meetings. The OCA-Council oversees the implementation of medical and operational policy according to the jointly agreed Strategic Plan 2007-2010'. The OCA-Council has no statu-

tory status or authorization. It has been mutually agreed that the OCA-Council approves of the operations' annual plan and the interim progress reports. In 2009 legally incorporating the OCA-Council into the MSF-Holland association structure will be investigated.

At executive level the general directors of the MSF-sections in Canada, Germany and the United Kingdom actively participate in the daily management and execution of projects. They constitute for the part of operations, together with four directors of the MSF-Holland, the OCA-management team. Management of office organisations is run by the individual MSF-sections.

5.3 Financial cooperation and financial risks

5.3 a Preparation and coordination costs

In the total of MSF-Holland's costs for preparation and coordination, the costs of activities that have been transferred to MSF-Canada and MSF-Germany are not included. These costs will be shown in the financial statements of the corresponding organisations. In 2008, the costs of outsourced activities are as follows:

| | in currency 2008 | 2008 | 2007 | FTE | 2008 | 2007 |
|---|---------------------|---------------|--------|-----|------------|------|
| MSF-Holland preparation and coordination costs | | 10,354 | 11,258 | | 102 | 112 |
| Costs outsourced activities MSF-Canada | CAD 522.186 | 307 | 359 | | 5 | 2 |
| Costs outsourced activities MSF-Germany | | 791 | 881 | | 8 | 9 |
| Total preparation and coordination costs | | 11,452 | 12,498 | | 115 | 123 |

MSF-Holland can only influence the management of costs and outsourcing of activities to a certain degree. There were no direct activities assigned to MSF-United Kingdom. MSF-United Kingdom employs a pool of medical specialists who support aid projects with specialist advice, data collection and research. The actual costs of the provided advice is invoiced and reflected in the financial statement under the costs of 'Audit, advice and projects support'.

5.3 b Payments and receipts

The payments and receipts from within the Médecins Sans Frontières network have been included in this financial statement and are specifically mentioned, where possible. Payments within the MSF-network concern payments for hired-in staff who are posted and employed in project countries. A mutually agreed framework agreement was drawn up for all hired-in staff which includes agreements on mutual liability. The compensations are based on average real cost in which no increments or overhead have been calculated. The other payments concern the purchase of project goods from the procurement organisations ‘MSF-Supply’ (Belgium), and ‘MSF Logistique’ (France) and the epidemiological research and data registration of ‘Epicentre’, which is part of MSF-France. The receipts from other MSF-sections mainly concern part of the project grants. Project grants are based on mutual contracts all of which must be shown in a report. In addition, MSF-Holland receives compensation for staff hired-in by other sections. In 2008 this was € 748,986 (2007: € 554,287).

5.3 c International financial agreements

Within the network Médecins Sans Frontières agreements have been made regarding the division of fundraising revenue that is available for aid projects after the deduction of costs for offices and the contributions to MSF-International. As of the financial year 2008 MSF-Holland can rely on a share of the net income from the following MSF-sections. This share is expressed as a percentage and concerns for Canada, Sweden, the United Kingdom and the United States commitments in foreign currency for which a currency risks exist.

| | Share | Currency |
|--------------------|-------|----------|
| MSF- Canada | 70% | CAD |
| MSF- Germany | 70% | EUR |
| MSF-United Kingdom | 70% | GBP |
| MSF- Hong Kong | 30% | EUR |
| MSF-Austria | 30% | EUR |
| MSF-United States | 7,5% | USD |
| MSF-Sweden | 20% | SEK |

These agreements enable the risk of disappointment of income from public donor appeals to be spread more evenly and thus obtain better guarantees for the continuity of the aid projects implementation.

The agreements regarding contributions to the MSF- international office are based on the income from own fundraising from the previous year. In 2008, MSF-Holland’s share was 8.82% of the total MSF-international costs. This share is set for 9.36% in 2009. The budgets and thus the contributions are determined yearly by the International Council. The International Council can decide to start and to finance coordinated projects. National organisations are not automatically obliged to make a financial contribution. MSF-Holland contributes to the MSF-International campaign ‘Access to Essential Medicines’. Starting 2008 1% of the income out of own fundraising is contributed to the international fund for innovation in projects that is managed by MSF-International. MSF-Holland’s payments are shown as contribution costs in this financial statement. MSF Holland did not apply for innovation funds in 2008.

Agreements have been made regarding the amount and location of the total reserves in all MSF organisations. Internal, combined budget and cash flow reports are made each month. Within the network-MSF “General Accepted Accounting Principles” guidelines have been agreed and are used, and also include the principles for costs attribution.

As of 2006 agreements have been made regarding the employment of expatriate personnel. In principal, all expatriate personnel receive a contract in the country they reside in if an MSF-section has an office in that country. The terms of employment and the remuneration structure have been fully aligned to both the ratio of the local cost of living as well as the social security standards. All posted staff have been insured and are covered by a worldwide insurance policy. Starting 2009 a worldwide medical malpractice liability cover has been arranged to cover the organisation worldwide. In a number of countries where MSF has emergency aid projects insurance coverage is limited. For these further agreements have been made in the MSF-network.

5.4 2007 Combined financial statements

Since 2003 the MSF network publishes a combined financial statement. The combined financial statement 2008 will be published mid-2009 after the publication of the Dutch financial statement. The combined financial statement for 2007 has been accompanied with an unqualified opinion issued by *KPMG S.A. and Ernst & Young et autres, Paris, France*.

The balance sheet and the statement of income and expenditure are included below. The combined 2007 financial statements can be found on MSF-Holland's' website www.artsenzonderegrenzen.nl or www.msf.org.

Médecins Sans Frontières combined income and expenditure for 2007

IN EURO THOUSANDS

| | 2007 | 2006 |
|--|-----------------|----------|
| INCOME | | |
| Donations public appeals | 438,906 | 405,122 |
| Grants from private organisations | 79,827 | 83,272 |
| Subtotal own fundraising | 518,733 | 488,394 |
| Grants from institutional donors | 54,204 | 61,780 |
| Other income | 19,788 | 18,534 |
| Total Income | 592,725 | 568,708 |
| EXPENDITURES | | |
| Expenditures for Association goals | | |
| Direct costs emergency aid | -375,439 | -375,385 |
| Preparation and coordination | -63,622 | -55,791 |
| Information and awareness raising | -19,420 | -18,039 |
| Third-party activities | -9,088 | -7,912 |
| Subtotal expenditures for Association goals | -467,568 | -457,127 |
| OTHER EXPENDITURES | | |
| Fundraising | -76,866 | -71,844 |
| Management and administration | -32,843 | -30,845 |
| Income tax | -97 | -89 |
| Subtotal other expenditures | -109,806 | -102,778 |
| Total Expenditures | -557,374 | -559,905 |
| Exchange rate results | -3,241 | -4,542 |
| Surplus (deficit) | 12,110 | 4,261 |

| INCOME AND EXPENDITURE INDICATORS | 2007 | 2006 |
|--|-------|-------|
| Spent on Association goals / total expenses | 83,9% | 81,6% |
| Spent on Association goals / total income | 78,9% | 80,4% |
| Costs fundraising / Income own fundraising | 14,8% | 14,7% |
| Management and Administration / total expenses | 5,9% | 5,5% |

Médecins Sans Frontières combined balance sheet 2007

IN EURO THOUSANDS

| TOTAL | 2007 | 2006 |
|---|----------------|----------------|
| Intangible fixed assets | 2,838 | 2,037 |
| Tangible fixed assets | 28,668 | 29,218 |
| Financial assets | 5,639 | 4,511 |
| Fixed assets | 37,145 | 35,766 |
| Stocks | 20,046 | 19,485 |
| Grants from institutional donors to be received | 16,822 | 18,969 |
| Contributions to be received | 14,991 | 16,891 |
| Debtors | 4,820 | 6,250 |
| Other amounts to be received | 4,357 | 4,678 |
| Cash at bank and in hand | 350,171 | 347,454 |
| Current assets | 411,207 | 413,727 |
| Total Assets | 448,352 | 449,493 |
| Appropriation reserves | 2,478 | 2,478 |
| Free reserves | 402,175 | 389,361 |
| Other reserves | -14,578 | -7,102 |
| Subtotal reserves | 390,075 | 384,737 |
| Provision and contingent liabilities | 3,387 | 4,300 |
| Financial debts | 2,569 | 5,256 |
| Accounts payable and accrued liabilities | 42,654 | 44,026 |
| Deferred income | 9,662 | 11,162 |
| Overdrafts | 5 | 12 |
| Subtotal Liabilities | 58,277 | 64,756 |
| Total liability | 448,352 | 449,493 |

| BALANCE SHEET INDICATORS | 2007 | 2006 |
|--|-------------|-------------|
| Reserves as % of total expenditures in a number of months | 70% | 69% |
| Current Ratio | 7,1 | 6,4 |
| Solvability | 87% | 86% |

6 Long-term forecast

The long-term forecast is the financial translation of the *Strategic plan 2007-2010* that was approved by the Board in 2006. In this period of the strategic plan continuation of the projects is foreseen which translates into steady growth of the organisation. In the reality the costs of emergency aid vary because the organisation is partly dependent on need for medical emergency help in the event of conflicts or natural disasters.

In 2008, the planned budget for emergency aid was achieved. However in 2008, less expenditure on planned projects was realised while more was spent on upcoming emergency aid projects like in Myanmar (after the cyclone Nargis) and Zimbabwe (food shortages and cholera outbreak). The initial budget for emergency aid in 2009 has been maintained as planned. To meet the wish for a balanced budget the surplus realised in 2008 that has been added to the other free reserves has been allocated to 2009 aid projects. In the 2009 budget for the income the likelihood of further deterioration of exchange rates (British Pound and other currencies) has been provided for. Towards the end of the year 2009 a new long-term forecast for 2011-2015 will be drafted

6.1 Forecast of income and expenditure

IN EURO THOUSANDS

| | Actual 2005 | Actual 2006 | Actual 2007 | Actual 2008 | Budget 2009 | Forecast 2010 |
|---|----------------|----------------|----------------|-----------------------|-----------------------|------------------|
| INCOMES | | | | | | |
| Income from own fundraising | 25,979 | 28,034 | 33,070 | 38,080 | 36,800 | 39,000 |
| Share in joint appeals | 7 | 0 | 0 | 0 | 0 | 0 |
| Share in third-party appeals: | | | | | | |
| Proceeds from National Postcode Lottery | 14,662 | 14,996 | 15,461 | 18,883 | 15,000 | 15,000 |
| Income from MSF-network activities | 53,383 | 57,462 | 58,790 | 55,811 | 49,250 | 55,000 |
| Grants from institutional donors | 27,745 | 18,823 | 12,140 | 16,271 | 20,000 | 24,000 |
| (as a % of the emergency aid expenses) | 30% | 19% | 13% | 17% | 19% | 21% |
| Other income and expenditure | 2,099 | 875 | 1,062 | 1,390 | 1,200 | 1000 |
| Total available for Association goals | <u>123,875</u> | <u>120,190</u> | <u>120,523</u> | <u>130,435</u> | <u>122,250</u> | <u>134,000</u> |
| EXPENDITURES | | | | | | |
| Spent on Association goals | | | | | | |
| Emergency aid | 93,952 | 99,714 | 92,113 | 94,735 | 104,000 | 111,800 |
| Preparation and coordination in the Netherlands | 9,523 | 10,430 | 11,258 | 10,354 | 9,900 | 9,500 |
| Information and awareness raising | 2,498 | 2,161 | 2,092 | 2,077 | 2,500 | 2,500 |
| Activities carried out by third-parties | 645 | 542 | 449 | 3,860 | 240 | 0 |
| Total spent on Association goals | <u>106,618</u> | <u>112,847</u> | <u>105,912</u> | <u>111,026</u> | <u>116,640</u> | <u>123,800</u> |
| (as a % of the total available for Association goals - policy standard is > 80%) | 86% | 94% | 88% | 85% | 95% | 92% |
| Fundraising income | | | | | | |
| Costs from own fundraising | 3,566 | 5,873 | 7,055 | 6,265 | 6,600 | 6,500 |
| (as a % of the income own fundraising - target is < 20%) | 14% | 21% | 21% | 16% | 18% | 17% |
| Costs from institutional grants | 120 | 142 | 146 | 125 | 150 | 150 |
| Management and administration | 3,215 | 3,372 | 3,345 | 3,527 | 3,575 | 3,550 |
| Total expenditures | <u>113,519</u> | <u>122,234</u> | <u>116,458</u> | <u>120,943</u> | <u>126,965</u> | <u>134,000</u> |
| (as a % of the total of income) | 92% | 102% | 97% | 93% | 104% | 100% |
| Result from operational activities | <u>10,356</u> | <u>-2,044</u> | <u>4,065</u> | <u>9,492</u> | <u>-4,715</u> | <u>0</u> |

6.2 Development of the costs and indicators

IN EURO THOUSANDS

MSF-Holland applies a number of indicators to steer its financial policy and to prepare the budget. These indicators are used to determine whether the organisation is effectively managed and whether the majority of the expenditures are in fact spent on aid projects. In accordance with the standards in the MSF network, MSF strives to devote at least 80% of its expenditure to the Association goals. This means that the expenditures on 'Management and Administration' plus the costs of fundraising may not amount to more than

20% of the expenditure. In reality, these expenditures are with the current scale of the aid activities much lower. MSF-Holland imposes its own stricter policy in which the expenditures at headquarters may not amount to more than 20% of the total expenditure. In 2008 the standard was met with 19.0%, while in 2007 the increased investments in own fundraising caused a slightly higher percentage (21.5%) of Amsterdam head office expenditure.

| | Actual 2005 | Actual 2006 | Actual 2007 | Actual 2008 | Budget 2009 | Forecast 2010 |
|--|----------------|----------------|----------------|----------------|----------------|------------------|
| PREPARATION AND COORDINATION | | | | | | |
| Preparation and coordination costs Amsterdam | 9,523 | 10,430 | 11,258 | 10,354 | 9,900 | 9,500 |
| Costs outsourced work MSF-Canada + MSF-Germany | 0 | 442 | 1,240 | 1,098 | 1,400 | 1,350 |
| Total preparation and coordination costs (as a % of the total spent on Association goals – policy standard is 8-10%) | 9,523 | 10,872 | 12,498 | 11,452 | 11,300 | 10,850 |
| | 9% | 10% | 12% | 10% | 10% | 9% |
| Information and awareness raising | 2,498 | 2,161 | 2,093 | 2,077 | 2,500 | 2,500 |
| Management and administration plus costs fundraising expenditures (as a % of the total expenditures – policy standard 10- 12%) | 6,901 | 9,387 | 10,546 | 9,917 | 10,325 | 10,200 |
| | 6% | 7% | 9% | 8% | 8% | 7% |
| Total expenditures at Amsterdam office (as a % of the total expenditures – policy standard is < 20%) | 18,922 | 22,420 | 25,137 | 23,446 | 24,125 | 23,550 |
| | 17% | 18% | 22% | 19% | 19% | 18% |

Part of the management of the projects carried out by MSF-Holland is being outsourced to MSF-Germany and MSF-Canada, see also chapter 5 associated parties. In the short term this resulted in higher costs (2006 and 2007). In 2008, for the first time a decrease in costs of the office in Amsterdam is visible. In the budget for 2009 a further decrease is planned.

parison with the income. On average in 2008 this percentage has increased to 21 percent over a period of three years after which it will decline again. As such MSF-Holland will remain well within the standard of 25 percent set by the CBF.

In 2006 and 2007 investments have been made in fundraising. In 2008 the investments were decreased. As a result the percentage of costs for fundraising has decreased in com-

6.3 Development of staffing

IN FULLTIME EQUIVALENTS

| | Actual 2005 | Actual 2006 | Actual 2007 | Actual 2008 | Budget 2009 | Forecast 2010 |
|--------------------------------------|----------------|----------------|----------------|------------------------|------------------------|------------------|
| Number of posted staff | 590 | 592 | 535 | 467 | 490 | 575 |
| Number of staff office Amsterdam | 167 | 179 | 179 | 168 | 171 | 172 |
| Number of national staff in projects | 7,800 | 6,450 | 5,602 | 5,420 | 6,260 | 6,000 |

In 2005 and 2006 the number of national staff working for MSF-Holland was counted as per 31 December. The administration of national staff has been improved and from the financial year 2007 the number of staff has been changed to show full time equivalents.

7 Other information

7.1 Events after the reporting period

On March 4th, 2009 the Government of Sudan ordered MSF-Holland to immediately stop its medical relief activities in Darfur. All international staff has been expelled from the country and all of the assets of the organisation have been seized by the Government of Sudan with immediate effect. MSF-Holland has been working in Sudan for over 20 years. In 2003 MSF was one of the first organisations to recognise and respond to the crisis in Darfur, scaling up its aid projects in 2004 and 2005. Over the period 2004-2008 an amount of € 47,865,724 has been used by MSF-Holland to provide (emergency) medical services for the people of Darfur. The expulsion from Darfur was not foreseen.

The events after the reporting period do not affect the 2008 balance sheet. All stocks and inventories are expensed as soon as they are shipped to projects. Yet the loss of assets that otherwise would have been utilised for the realisation of the objectives of the association is preliminary estimated to be between € 1,500,000 and € 2,000,000.

Bank accounts of the association held in Khartoum and Nyala, Sudan, have been frozen. Current account balances were € 283,500. The present status of the bank accounts is unclear. No provisions have been made in these financial statements for the possible writing off of bank balances.

The events after the reporting period have resulted in significant commitments. In accordance with the expulsion order MSF-Holland will need to complete all financial commitments including those related to labour rights. From the latter a commitment to cancel contracts for national staff arises. The financial commitment is estimated to be between € 800,000 and € 1,500,000. This commitment will be substituted in the planned 2009 budget for Darfur.

No provisions have been made in these financial statements for the above commitments.

No other commitments or disclosures are expected relating to above mentioned events.

7.2 Signing and auditors report

The financial statements are prepared by the management. On the condition of obtaining an unqualified opinion of the auditor the financial statements were unanimously adopted by the Board of the Association MSF-Holland in its meeting of May 13, 2009. The annual financial statements will be presented for approval to the General Assembly to be held May 15, 2009.

Amsterdam, 10 April 2009,

The Association Board and the Director

AUDITORS' REPORT

To: the Board of Vereniging Artsen zonder Grenzen

We have audited the 2008 financial statements of vereniging Artsen zonder Grenzen, as included on pages 5 to 47 of this annual report and comprising the balance sheet as at 31 December 2008 and the balance of income and expenditure for 2008 with the notes.

Management's responsibility

The management of the Vereniging is responsible for the preparation and fair presentation of the financial statements, as well as for the preparation of the annual report, both in accordance with the Fundraising Institutions Accounting Guideline (RJ 650). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair representation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance on whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of vereniging Artsen zonder Grenzen as at 31 December 2008 and for the result for the year 2008 in accordance with the Fundraising Institutions Accounting Guideline (RJ650).

We report that, as far as we could determine, the annual report is consistent with the financial statements.

Amstelveen, 10 April 2009

KPMG ACCOUNTANTS N.V.

W. Tjoelker RA

ABBREVIATIONS

| | | | |
|--------------------------|--|-------------------|---|
| AA | Auswärtiges Amt (Germany) | MSF-A | Médecins Sans Frontières Austria |
| BuZa | Dutch Ministry of Foreign Affairs | MSF-B | Médecins Sans Frontières Belgium |
| CIDA | Canadian International Development Agency | MSF-C | Médecins Sans Frontières Canada |
| DANIDA | Danish International Development Assistance | MSF-G | Médecins Sans Frontières Germany |
| DFID | Department for International Development (Great Britain) | MSF-HK | Médecins Sans Frontières Hong Kong |
| ECHO | European Commission Humanitarian Aid Office | MSF-I | Médecins Sans Frontières Italy |
| EU | European Union | MSF-IO | Médecins Sans Frontières International Office |
| Ireland Aid (DCI) | Development Cooperation Ireland - Ireland Aid | MSF-J | Médecins Sans Frontières Japan |
| NORAD | Norwegian Agency for Development Cooperation | MSF-Lux | Médecins Sans Frontières Luxembourg |
| NRMFA | Royal Norwegian Ministry of Foreign Affairs | MSF-S | Médecins Sans Frontières Sweden |
| PSI | Population Services International | MSF-SP | Médecins Sans Frontières Spain |
| SDC | Swiss Agency for Development and Cooperation | MSF-N | Médecins Sans Frontières Norway |
| SHO | Cooperative Aid Organisations | MSF-UK | Médecins Sans Frontières United Kingdom |
| Sida | Swedish International Development Cooperation Agency | MSF-USA | Médecins Sans Frontières United States of America |
| UNAIDS | Joint United Nations Programme on HIV/AIDS | CBF | Central Bureau Fundraising (Centraal Bureau Fondsenwerving) |
| UNFPA | United Nations Population Fund | MSF | Médecins Sans Frontières |
| UNHCR | United Nations High Commissioner for Refugees | MSF-sectie | National Médecins Sans Frontières organisation |
| UNICEF | United Nations Children's Fund | NPL | National Postcode Lottery |
| WFP | United Nations World Food Program | VFI | The Association of Fundraising Institutions |

Colophon

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@ MSF-Holland, March 2009

Artsen zonder Grenzen
wordt gesteund door:

