

REPORT ON THE ANNUAL ACCOUNTS 2012

**FOUNDATION INTERNATIONAL CHILD
DEVELOPMENT INITIATIVES IN LEIDEN**

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To the Board of the Foundation
International Child Development Initiatives
Hooglandse Kerkgracht 17 F
2312 HS Leiden

Bodegraven, 13 March 2013

Reference: 019660/JRK/SKO/ERI

Dear members of the Board,

Enclosed you find the auditor's report 2012 of Foundation International Child Development Initiatives.

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements 2012 of the Foundation International Child Development Initiatives, Leiden, which comprise the balance sheet as at 31 December 2012, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and in accordance with general accepted accounting policies in the Netherlands. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 presentation 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 with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation International Child Development Initiatives as at 31 December 2012 and of its result for the year then ended in accordance with general accepted accounting policies in the Netherlands and in accordance with Guideline RJ 650 for fundraising organizations.

GENERAL

The Foundation International Child Development Initiatives was founded in Leiden on 28th April 1994.

The objective of the foundation is to encourage the policy, the practice and the theory of intervention programs on behalf of the children in subordinated situations.

The foundation tries to accomplish their objective by enlarging and putting their expertise to everyone's disposal, to investigate and study, to establish and intensify a professional network and joint ventures, to organize meetings, to produce as well as to publish information and finance intervention programs.

Constitution of the board

The general board of the foundation has the following constitution as at 31 December 2012:

- M.J.J.M. Malmberg, chairman
- E. Bruning
- A. Offers
- J. Ferrier

If necessary, we are prepared to provide further information.

Yours sincerely,
SynCount Accountants & Belastingadviseurs B.V.

drs. S. Koeleman RA

Director's report

Introduction

We are happy to present International Child Development Initiatives' 2012 Financial Report.

New countries and projects

2012 was a busy year with the start of several new projects. Examples of these include the Together Old and Young, or TOY project. This is an EU funded two year project designed and lead by ICDI, taking place in 8 European countries. The focus is on developing good practices and innovations in intergenerational learning between the elderly (55+) and the very young (0-8). Another exciting new project started in September in the West Bank, Palestine, also with support from the EU. Together with our local partner The Trust we will try to create community based early childhood initiatives in 8 villages to the north of Jerusalem and in the Shu'fat refugee camp in East Jerusalem. Another successful, new activity was the five day workshop we organized for people from 6 different EU countries on the innovative concept of 'Positive Deviance', which aims to unlock and uncover existing community solutions for social problems. Next to all this a lot of time and energy went into the Girl Power programme, our MFS financed collaboration with five other Dutch organizations, in which we focus on improving protection against violence for adolescent girls. In general the programme is running well, but sadly we saw our selves forced to stop our collaboration with the Liberian partner, since we had too little confidence in their ability to implement good quality projects. A solution to this was luckily found: we will now continue with the allocated budget in another Girl Power country, Ethiopia, where we already have a trusted partner (who is currently implementing another joint project on Early Childhood Education and Care).

Organizational issues

In the past year we saw no changes in staff, again showcasing ICDI's stability and capability in maintaining a high quality professional cadre. We were at times a bit understaffed though, due to the pregnancy leaves of two colleagues. But we did manage, and of course were very happy to welcome two more babies to the ICDI family.

Last year we also organized two so-called 'Pizza Meetings'; these are meetings in which the whole team comes together to discuss strategy and mission related issues. One of these meetings focused on the topic of corporate fundraising, for which we had also hired an external consultant. After careful deliberations, also with the Board, we have for now decided to put corporate fundraising on hold, as it is clear that our strengths and capacities lie elsewhere. During the other Pizza Meeting we talked about how we can learn from previous projects; this has lead to several clear guidelines for future project development. We also have made evaluation of previous projects a priority now and an integral part of programme managers' work.

In the coming years we will make an effort to develop some of our "products" more clearly (for example: on our website the UPSI-5 and Quat tools can now be downloaded). There is a growing sense amongst the team that ICDI needs to position itself as THE organization when it comes to child development, so that other child rights organizations will start to view us as the go-to organization when it comes to training, quality assessment and research.

Financial

Financially it was another good year for the organization. We kept organizational costs lower than budgeted and managed to tap into new funding sources, especially with the EU. The overall result is positive with a surplus of € 23,262, which will be added to the continuity reserve. This means that the total continuity reserve is getting ever closer to the 75% (of annual organizational costs) we aim to achieve in the coming years (by the end of 2012 it stands at about 67%).

Foundation International Child Development Initiatives, Leiden

BALANCE SHEET AS AT 31 DECEMBER 2012

		<u>31-12-2012</u>	<u>31-12-2011</u>
		€	€
Assets	ref.		
<u>FIXED ASSETS</u>			
Tangible fixed assets	4	9.750	18.155
		=====	=====
<u>CURRENT ASSETS</u>			
Debtors and accrued income	5	0	9.507
Receivables and prepayments	6	30.350	88.859
Cash and bank	7	<u>679.795</u>	<u>410.856</u>
		710.145	509.222
		=====	=====
<u>TOTAL ASSETS</u>		719.895	527.377
		=====	=====
Reserves and liabilities			
<u>RESERVES AND FUNDS</u>			
Continuity reserve	8	296.882	273.620
		=====	=====
<u>CURRENT LIABILITIES</u>			
Taxes and social security	9	10.566	9.721
Accruals	10	<u>412.447</u>	<u>244.036</u>
		423.013	253.757
		=====	=====
<u>TOTAL LIABILITIES</u>		719.895	527.377
		=====	=====

Foundation International Child Development Initiatives, Leiden

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR 2012

	Ref.	<u>2012</u> €	<u>Budget 2012</u>	<u>2011</u> €
Income				
Income from direct fundraising	12	517.375	768.500	348.220
Grants from governments	13	879.812	830.000	1.015.784
Other income		0	0	40.000
Interest		0	0	0
Total income		<u>1.397.187</u> =====	<u>1.598.500</u> =====	<u>1.404.004</u> =====
Expenditures on objectives				
Objective Child Protection		719.377	1.022.288	776.254
Objective Child & Youth Participation		78.686	68.152	121.150
Objective Newly Emerging Issues		205.773	68.152	44.658
Objective E.C.E.C.		181.257	204.458	109.340
Total expenditures on objectives	14	<u>1.185.093</u> =====	<u>1.363.050</u> =====	<u>1.051.402</u> =====
Expenditures for generating income				
Cost of direct fundraising		<u>105.029</u> =====	<u>143.450</u> =====	<u>101.668</u> =====
Overhead and administration				
Overhead and administration		<u>83.803</u> =====	<u>72.000</u> =====	<u>78.601</u> =====
Total expenses		<u>1.373.925</u> =====	<u>1.578.500</u> =====	<u>1.231.671</u> =====
Result		<u>23.262</u> =====	<u>20.000</u> =====	<u>172.333</u> =====

Foundation International Child Development Initiatives, Leiden

Cash flow overview

	2012	2011
	€	€
Cash flow from operational activities		
Income	1.397.187	1.404.004
Expenses	- 1.373.925	- 1.231.671
	23.262	172.333
Adjustment for:		
Depreciation on tangible fixed assets	8.405	8.405
Changes in working capital:		
Debtors and accrued income	9.507	180.657
Receivables and prepayments	58.509	- 88.859
Taxes and social security	845	- 2.530
Accruals	168.411	- 108.373
	237.272	197.641
Cash flow from operational activities	268.939	378.379

Foundation International Child Development Initiatives, Leiden

NOTES TO FINANCIAL STATEMENTS

1 General

1.1 Activities

The Foundation International Child Development Initiatives was founded in Leiden on 28th April 1994. ICDI is a Dutch non-profit organisation with a world wide brief, and a focus on developing countries. ICDI promotes the well-being of children growing up in difficult circumstances. We work to improve the policies and practices which affect these children by assisting in the development of local capacity (of children, their communities, organizations, and authorities). We believe in the power of children and young people, supporting their rights and addressing the underlying causes for the problems they face.

1.2 Cash flow overview

The cash flow overview is put together according to the indirect method. Cash flows from foreign currencies are converted with the average exchange rate. Exchange rate differences are shown separately in the cash flow overview. The received and paid interest is included in the cash flow from operational activities.

1.3 Comparisons with previous years

The accounting principles that are used have changed compared to the previous year. The annual accounts are made according to accounting principles generally accepted in the Netherlands pursuing guideline RJ 650 (for fundraising organisations)

1.4 Cost of direct fundraising

In 2012, Foundation International Child Development Initiatives total income from direct fundraising was € 517.375. The total cost for fundraising in 2012 was € 105.029. The percentage of fundraising cost (cost of direct fundraising/income from direct fundraising) for Foundation International Child Development Initiatives is 20%. The total cost of fundraising is 7% of total income. This is well below the 25% as stipulated by the CBF, this is the Dutch Certificate for charitable institutions.

1.5 Cost of overhead and administration

The total cost of overhead and administration for Foundation International Child Development Initiatives were € 83.803. The percentage of the total cost of overhead and administration divided by the total cost was 6%.

1.6 Cost spend on objectives

Foundation International Child Development Initiatives has spent a total of € 1.185.093 on the objectives of the organization. The total income in 2012 is € 1.397.187. In 2012 Foundation International Child Development Initiatives spent 85% of her income on the objectives (2011: 75%).

1.7 Cost allocation of expenditures

Foundation International Child Development Initiatives has done the cost allocation based on percentages. We used the estimated time spent per fte as the most important allocation percentages. Management has approved these allocation percentages.

Foundation International Child Development Initiatives, Leiden

2 General notes for valuation assets and liabilities

2.1 General

The annual accounts are drawn up according to the accounting principles generally accepted in the Netherlands pursuing RJ 650 (Fundraising Organizations). The annual account is in euro's and will be compared by the Board with the approved budget 2012 and the annual accounts 2011.

Assets and liabilities are in general valued at the historical purchase price. When no specific valuation methods are mentioned the valuation of acquisition is used.

2.2 Tangible fixed assets

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

2.3 Receivables

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

Continuity reserve

A continuity reserve is formed for the covering of risks in the short term and to ensure that the organisation can live up to its liabilities in the future.

The board agrees that the optimal amount covers nine months of cost for staff and overhead and administration cost. The aim is to build the continuity reserve in the upcoming years.

The continuity reserve is mutated with the surpluses or deficits from exploiting.

2.4 Current liabilities

Current liabilities are valued at face value.

2.5 Off-balance-sheet assets and liabilities

The off-balance-sheet assets and liabilities are, unless otherwise stated, valued at face value.

Foundation International Child Development Initiatives, Leiden

3 Principles of determination of result

3.1 General

Revenue and expenses in the statement of income and expenses are allocated to the period in which they relate. The result is determined as the difference between income generated by contributions and others, and the costs and other charges for the year.

3.2 Revenue recognition

Income

Income of Foundation International Child Development Initiatives may be taken into account as soon as been committed or has already been received and has been confirmed formal and in writing.

3.3 Depreciation of tangible fixed assets

Tangible fixed assets are from the time of commission amortized over the estimated life expectancy of the asset in the future. If a change in an accounting estimate is made of the economic life, the future depreciation will be adjusted.

Financial gains and losses on sales of tangible fixed assets are included in the depreciation.

3.5 Expenses

The expenses are attributed to the year to which they relate.

Foundation International Child Development Initiatives, Leiden

NOTES ON THE BALANCE SHEET AS AT 31 DECEMBER 2012

ASSETS

FIXED ASSETS

4 Tangible fixed assets	<u>31-12-2012</u>	<u>31-12-2011</u>
	€	€
Opening balance on 1 January 2012		
Acquisition costs	42.034	42.034
Accumulated depreciation	- 23.879	- 15.474
	<hr/>	<hr/>
Book value	18.155	26.560
	=====	=====
Depreciation	- 8.405	- 8.405
Balance	- 8.405	- 8.405
	<hr/>	<hr/>
	=====	=====
Closing balance 31 December 2012		
Acquisition costs	42.034	42.034
Accumulated depreciation	- 32.284	- 23.879
	<hr/>	<hr/>
Book value	9.750	18.155
	=====	=====

Office equipment is depreciated 20% over a life term of 5 years.

CURRENT ASSETS

5 Debtors and accrued income

<u>Debtors and accrued income</u>	<u>31-12-2012</u>	<u>31-12-2011</u>
	€	€
Debtors and accrued income	0	9.507
Provision for bad debts	- 0	- 0
	<hr/>	<hr/>
	0	9.507
	=====	=====

6 Receivables and prepayments

<u>Receivables and prepayments</u>	<u>31-12-2012</u>	<u>31-12-2011</u>
	€	€
Deposits	2.186	2.186
Accrued assets	28.164	86.673
	<u>30.350</u>	<u>88.859</u>
	=====	=====

7 Cash and bank

<u>Cash and bank</u>	<u>31-12-2012</u>	<u>31-12-2011</u>
	€	€
Cash	0	14
ING	1.221	55.612
ASN	510.509	355.230
TRIODOS	168.065	0
	<u>679.795</u>	<u>410.856</u>
	=====	=====

RESERVES AND LIABILITIES

8 Reserves and funds

<u>CONTINUITY RESERVE</u>	<u>31-12-2012</u>	<u>31-12-2011</u>
	€	€
Continuity reserve at 1 January	273.620	101.287
Appropriated result	23.262	172.333
	<u>296.882</u>	<u>273.620</u>
	=====	=====

CURRENT LIABILITIES

9 Taxes and social security

<u>Taxes and social security</u>	<u>31-12-2012</u>	<u>31-12-2011</u>
	€	€
Wage taxes	10.566	9.721
	=====	=====

10 Accruals

<u>Accruals</u>	<u>31-12-2012</u>	<u>31-12-2011</u>
	€	€
Deferred grants	361.610	213.706
Auditing and administration costs	7.500	6.500
Reservation holiday allowance	12.217	11.810
Other	31.120	12.020
	<u>412.447</u>	<u>244.036</u>
	=====	=====

11 Rights and Obligations not included in the balance sheet

Obligations that are not included in the balance sheet

As from 2012, there is a rental obligation till 2015. The yearly amount of the rental obligation amounts to € 25.496 a year.

Foundation International Child Development Initiatives, Leiden

NOTES ON THE STATEMENT OF INCOME AND EXPENSES FOR THE YEAR 2012

12 Income from direct fundraising

	<u>31-12-2012</u>	<u>Budget 2012</u>	<u>31-12-2011</u>
	€	€	€
<i>Income from direct fundraising:</i>			
Kog 1	0	0	22.587
Partnership programme	0	0	25.242
Power of picturebooks Turkey	0	0	3.970
Discipline without Violence Suriname	500	0	12.812
NIHA Turkey	0	0	60.976
Bosnia kinderpostzegels	0	0	8.107
Animus/Daphne EU	2.000	2.500	2.630
EU Belarus	47.168	50.000	36.989
South Africa Educators	0	0	5.400
Bernard van Leer Foundation Studies	0	0	21.000
Eukef	0	0	15.700
ECEC project NCCA	0	0	3.750
KIT consultancy	1.750	1.750	2.100
Bernard van Leer Foundation Programme Hub	0	0	39.747
Russe Child Care Bulgaria	0	0	1.500
UTOPA Organizational Support	50.000	50.000	75.000
Young Child Rights Advocates UTOPA	0	0	10.000
Ethiopia ECCE	69.804	75.000	0
Grundtvig workshop Positive Deviance	29.110	29.000	0
Grundtvig workshop 2	5.000	5.000	0
Bernard van Leer Foundation Research	24.000	35.000	0
Bosnia Evaluation (consultancy)	26.482	23.000	0
CYD Course	24.250	24.500	0
Palestine ECCE	54.440	50.000	0
Consultancy Aflatoun	4.000	4.000	0
Kinderpostzegels training	2.500	2.500	0
Eurochild ECD Conference	6.397	6.000	0
UPSI 5 Liberty	7.600	7.500	0
Girl Quat Liberty	7.600	7.500	0
Together Old and Young	154.774	50.000	0
Belarus Alcoholic Families (Belarus EU 2)	0	30.000	0
Various	0	312.250	710
Total	<u>517.375</u>	<u>768.500</u>	<u>348.220</u>
	=====	=====	=====

<u>31-12-2012</u>	<u>Budget 2012</u>	<u>31-12-2011</u>
€	€	€

13 Grants from government

Grants from Governments (Netherlands Ministry of Foreign affairs):

Matra Croatia	0	0	24.259
Matra Serbia	0	0	15.130
VAC Kenya	0	0	25.858
Matra Ukraine	98.203	80.000	256.398
MFS	781.609	750.000	694.139
	<hr/>	<hr/>	<hr/>
Total	879.812	830.000	1.015.784
	=====	=====	=====

Grants from other governments (Netherlands Ministry of VWS):

Young Child Rights Advocates	0	0	40.000
	<hr/>	<hr/>	<hr/>
Total	0	0	40.000
	=====	=====	=====

14 Allocation of expenses to objectives

Objectives	Child- protection	Child/Youth Participation	C Newly emerging issues	D E.C.E.C.	Cost of direct fundraising	Overhead and administration	Total 2012	Total 2011
Grants and contributions	574.869	0	145.950	90.000			810.819	631.777
Work done by third parties	55.791	14.555	15.112	13.379			98.837	151.839
Publicity and communication	3.456	2.499	1.742	3.034	4.092	3.265	18.088	12.767
Staff costs	71.818	51.915	36.195	63.044	85.024	67.841	375.837	363.168
Rent and accommodation	8.631	6.239	4.349	7.576	10.217	8.152	45.164	45.667
Office and general costs	5.107	3.691	2.574	4.483	6.046	4.824	26.724	23.313
Depreciation and interest	295 -	213 -	149 -	259 -	350 -	279 -	1.545 -	3.141
	719.377	78.686	205.773	181.257	105.029	83.803	1.373.925	1.231.671

15 Staff costs

<u>Wages and salaries</u>	<u>2012</u>	<u>Budget 2012</u>	<u>2011</u>
	€		€
Salary director	62.316	65.000	62.318
Salary and wages	258.032	275.000	246.142
Social security	49.604	45.000	45.377
Pensions	14.320	17.000	19.454
Recharges labor costs	0	0	- 28.591
Sickness benefit	- 21.258	0	0
	<u>363.014</u>	<u>392.000</u>	<u>344.700</u>
	=====	=====	=====

Personel

In the year 2012 there were 8 employees employed (2011: 8).

<u>Other staff costs</u>	<u>2012</u>	<u>Budget 2012</u>	<u>2011</u>
	€		€
Insurance	7.830	12.000	11.529
Travel costs staff	2.578	5.000	4.482
Courses and training costs	465	1.000	1.224
Others	1.950	8.000	1.233
	<u>12.823</u>	<u>26.000</u>	<u>18.468</u>
	=====	=====	=====

<u>Housing Costs</u>	<u>2012</u>	<u>Budget 2012</u>	<u>2011</u>
	€		€
Costs energy and water	12.139	0	12.486
Rental costs building	25.496	40.000	24.827
Maintenance costs	7.529	3.500	7.611
Others	0	7.500	743
	<u>45.164</u>	<u>51.000</u>	<u>45.667</u>
	=====	=====	=====

<u>Other operating costs</u>	<u>2012</u>	<u>Budget 2012</u>	<u>2011</u>
	€		€
Literature	437	1.000	903
Memberships	2.981	3.500	2.773
Telephone costs	1.597	3.000	1.547
Postage	258	1.500	612
Insurance costs	1.117	3.000	2.151
Auditing and administration costs	15.678	12.000	11.892
Congresses	0	2.000	0
Office essentials	1.914	2.000	970
Board costs	0	1.500	0
Publications	0	2.000	0
Travel and representation costs	0	2.000	0
Internet costs	825	0	2.199
Little investments	243	0	844
Computer costs	0	2.000	0
Printed matter	0	0	0
Project development	0	12.000	0
Bankcosts	0	500	0
Others	1.674	500	- 578
	<u>26.724</u>	<u>48.500</u>	<u>23.313</u>
	=====	=====	=====