
CORDAID

Financial Statements 2022

THE HAGUE

28 February 2024

CORDAID'S 2022 FINANCIAL STATEMENTS

CONTENTS

Consolidated balance sheet as at 31 December 2022 (after proposed appropriation of funds).....	3
Consolidated statement of income and expenditure for the year ended 31 December 2022	4
Appropriation of funds	5
Performance indicators	6
Consolidated statement of cash flows for the year ended 31 December 2022	7
Notes on the consolidated financial statements	8
Individual financial statements of Stichting Cordaid	48
Individual balance sheet of Stichting Cordaid as at 31 December 2022	48
Individual statement of income and expenditure for the year ended 31 December 2022	49
Notes on the foundation's individual financial statements	49
Other information	55

Consolidated balance sheet as at 31 December 2022 (after proposed appropriation of funds)

x € 1,000	NOTE	31 DEC 2022	*31 DEC 2021
Assets			
Fixed assets			
- Intangible fixed assets	6	118	69
- Tangible fixed assets	7	570	873
Financial fixed assets			
- Issued in connection with the objectives	8	61.751	65.939
- Investments	9	<u>22.814</u>	<u>26.655</u>
		84.565	92.594
Receivables	10		
- Receivable from grants		67.004	48.320
- Inventories		1.385	1.460
- Work advances to partner organisations		2.858	5.043
- Receivables from inheritances		506	739
- Interest receivable		1.637	1.854
- Derivatives		3.694	832
- Other receivables		<u>1.873</u>	<u>2.805</u>
		78.957	61.053
Cash and Bank	11	70.141	75.570
Total assets		<u>234.351</u>	<u>230.159</u>

x € 1,000	NOTE	31 DEC 2022	*31 DEC 2021
Liabilities			
Reserves and funds	12		
- Reserves			
▪ Continuity reserve		11.500	11.500
▪ Earmarked reserves		<u>1.816</u>	<u>12.035</u>
		13.316	23.535
- Funds			
▪ Restricted funds		9.814	3.282
▪ Semi-restricted funds		11.568	8.209
▪ Loans & guarantees fund		<u>70.618</u>	<u>79.342</u>
		92.000	90.833
Total Reserves and Funds		105.316	114.368
Provisions	13	6.036	5.343
Current liabilities	14		
- Project commitments		36.373	39.898
- Other current liabilities		<u>86.626</u>	<u>70.550</u>
		122.999	110.448
Total liabilities		<u>234.351</u>	<u>230.159</u>

* Please refer to note 2.2 for further details on correction of prior periods reporting restatement

Consolidated statement of income and expenditure for the year ended 31 December 2022

x € 1,000	NOTE	2022	BUDGET 2022	*2021
Income				
Income from private individuals	16	23.578	24.742	21.934
Income from companies	17	3.224	1.857	5.502
Benefits of lottery organisations	18	5.850	4.000	4.050
Government grants	19	186.709	182.617	203.366
Income from related (international) organisations	20	1.299	985	853
Income from other non-profit organisations	21	17.880	355	1.256
Total acquired income		238.540	214.556	236.961
Income from sale of goods and or rendering of services	22	4.461	-	3.892
Other income	23	4.979	470	4.992
Sum of income		247.980	215.026	245.845
Expenditure				
- Program costs	24			
▪ Healthcare		124.522	117.515	110.081
▪ Humanitarian Aid		54.138	9.447	71.684
▪ Security & Justice		8.334	12.663	4.238
▪ Resilience		6.702	10.548	1.435
▪ Private sector development		2.202	4.129	2.312
▪ Sustainable livelihoods		18.250	8.714	21.945
▪ Economic empowerment		-	13.795	-
▪ Education		1.872	-	6.439
▪ Investment projects		4.949	-	2.386
▪ Other activities		6.168	15.033	5.710
Total program costs		227.137	191.844	226.230
- Public information / awareness campaigns	25	3.489	6.801	4.376
- Result from financial assets	25	9.162	-	1.804
Expenditure on the objectives		239.788	198.645	232.410
Expenditure on fundraising	25	4.291	6.009	5.463
Management and administration	25	9.459	13.300	9.949
Total expenditure		253.538	217.954	247.822
Sum of income and expenditure before financial income and expenses				
		-5.558	-2.928	-1.977
Financial income and expenses	29	-3.491	280	6.195
Corporate income tax		-3	-	-107
Balance of income and expenditure		-9.052	-2.648	4.111

* Please refer to note 2.2 for further details on correction of prior periods reporting restatement

Appropriation of funds

The funds were appropriated as follows:

x € 1,000	NOTE	2022	*2021
Reserves			
- Continuity reserve		-	-
- Earmarked reserves		-10.219	1.211
		-10.219	1.211
Funds			
- Restricted funds		6.532	1.175
- Semi-restricted funds		3.359	-3.587
- Loans & guarantees fund		-8.724	5.312
		1.167	2.900
Balance of income and expenditures		-9.052	4.111

In the table below the result per segment is shown. Next to the projects which are implemented with the funds received from Private and Institutional donors, Cordaid is also using part of its funds and reserves for investments with a social impact. These investments are managed by Cordaid Investment Management BV.

x € 1,000	2022			*2021		
	Projects	(Social) Invest- ments	Total	Projects	(Social) Invest- ments	Total
Income						
Income from private individuals and companies	26.802	-	26.802	27.436	0	27.436
Income from (institutional) donors	205.887	-	205.887	205.475	0	205.475
Income from social investments	-	1.049	1.049	0	2.007	2.007
Other income	14.242	-	14.242	10.927	0	10.927
Total Income	246.931	1.049	247.980	243.838	2.007	245.845
Expenditure						
On objective	-228.990	-10.798	-239.788	-229.637	-2.773	-232.410
Fundraising, management & administration	-13.750	-	-13.750	-15.412	0	-15.412
Total Expenditure	-242.740	-10.798	-253.538	-245.049	-2.773	-247.822
Financial income and expenses	-4.346	855	-3.491	1.110	5.085	6.195
Corporate income tax	-3	0	-3	-107	0	-107
Result	-158	-8.894	-9.052	-207	4.318	4.111
Adjustments in Reserves and Funds	-170	170	0	994	-994	0
Result Allocation	-328	-8.724	-9.052	-1.201	5.312	4.111

* Please refer to note 2.2 for further details on correction of prior periods reporting restatement

Performance indicators

In 2022 the following performance indicators were derived from the statement of income and expenditure, these are offset against the indicators of previous year and based on the budget:

PERFORMANCE INDICATORS	2022	BUDGET 2022	*2021
Ability to spend income on charitable activities			
- Income-to-pending ratio (% charitable activities vs. total incoming resources)	96,7%	92,4%	94,5%
Overall efficiency of the organisation			
- Total program-to-spending ratio (% charitable activities vs. total resources expended)	94,6%	91,1%	93,7%
- Program-management-to-pending ratio (% of program management costs vs total resources expended)	1,8%		2,0%
- Fundraising-to-spending ratio (% of fundraising costs vs. total resources expended)	1,7%	2,8%	2,2%
- Management and administration ratio (% vs. total resources expended)	3,7%	6,1%	4,0%
Efficiency of fundraising			
- Fundraising ratio (% cost of generating funds vs. total acquired income)	1,8%	2,8%	2,3%

- Income-to-spending ratio: 96,7%. Income and expenditure on objectives follow the same trend compared to the previous year.
- Program-to-spending ratio: 94,6%. A 0,9% increase compared to the previous year. Program expenditure follows the same pattern as overall expenditure.
- Program-management-to-spending ratio: 1,8%. Program management costs are relatively low compared to overall expenditure.
- Fundraising-to-spending ratio: 1,7%. 2022 is lower than the previous year. The reason for this is SHO campaign and another project that generated a large income, while there were either very little fundraiser expenses, or these expenses were already incurred in previous years, as it is a multi-year project.
- Management & administration ratio: 3,3%. Management & administration costs have decreased slightly compared to 2021. This decrease is caused by the same factors as the fundraising-to-spending ratio.

Consolidated statement of cash flows for the year ended 31 December 2022

The movement of cash and cash equivalents is as following:

x € 1,000	NOTE	2022		*2021
Cash flows from operating activities				
Incoming resources	16-23	247.980		245.845
Resources expended	24-25	<u>-253.538</u>		<u>-247.822</u>
Operating Result			-5.558	-1.977
<i>Adjustments for:</i>				
- Amortisation intangible fixed assets	6	46		82
- Depreciation tangible fixed assets	7	369		307
- Result on disposal of tangible fixed assets	7	-3		73
- Movement in provisions	13	693		122
- Unrealized investments gains and losses	9	3.840		-2.191
			4.945	-1.607
<i>Movements in working capital:</i>				
- Receivables	10	-17.904		-6.355
- Financial fixed assets (connected to the objectives)	8,29	869		-1.837
- Project commitments	14	-3.813		18.409
- Other current liabilities	14	<u>16.364</u>		<u>1.600</u>
			-4.484	11.817
<i>Cash generated from operations</i>				
- Corporate Income Tax		-		-107
- Interest paid/received	29	<u>156</u>		<u>319</u>
			156	212
Cash flows from operating activities			-4.941	8.445
Cash flows from investing activities				
Investments in intangible fixed assets	6	-95		-
Investments in tangible fixed assets	7	-63		-74
Investments not related to the objective	29	<u>-330</u>		<u>-578</u>
Cash flows from investing activities			-488	-652
Net Cash flow			-5.429	7.793

x € 1,000	2022	2021
Cash and cash equivalents as at 1 January	75.570	67.777
Change in cash and cash equivalents	<u>-5.429</u>	<u>7.793</u>
Cash and cash equivalents as at 31 December	70.141	75.570

* Please refer to note 2.2 for further details on correction of prior periods reporting restatement

Notes on the consolidated financial statements

1. General notes

1.1 Activities

Cordaid is an internationally operating, value-based development and humanitarian assistance organisation. It has emerged from the Dutch Protestant and Catholic traditions of fighting poverty and social injustices both in the Netherlands and worldwide. Christian social teachings on human dignity and the values of justice, compassion and care for the earth inspire and guide Cordaid's work. Cordaid does this by promoting equality and social inclusion, by offering humanitarian aid and by increasing the health, security & justice and resilience of people and their communities as well as by strengthening the relationships between citizens, civil society, private sector and governments. Cordaid focuses aid efforts in some of the world's most conflict-torn and volatile countries like South Sudan, Afghanistan, the Central African Republic and the Democratic Republic of Congo. In the Netherlands, Cordaid encourages cooperative entrepreneurship for people with a low income and poor job prospects.

Cordaid is a foundation. Its objectives as described in its Articles of Association are as follows (translated from Dutch):

'In accordance with the evangelical message and inspired by the Christian community in the Netherlands, the purpose of the foundation is to carry out activities focused on:

- a. providing emergency and refugee aid;*
- b. providing aid to specific groups, such as the elderly, the disabled and children;*
- c. providing medical aid; and*
- d. all aspects related to structural poverty relief of subordinated groups, especially in developing countries, and in Central and Eastern Europe and the Netherlands.'*

The group consists of the following entities:

- Stichting Cordaid, The Hague
- Stichting Cordaid Expats, The Hague
- Stichting Cordaid Participaties, The Hague
- Corpav BV, The Hague
- Cordaid Investment Management BV, The Hague
- Cordaid SA NPC, Cape Town (South Africa)
- Stichting ICCO, The Hague
- ICCO Group BV, The Hague
- Fair Climate Fund BV, Utrecht *
- Fair & Sustainable Consulting BV, Utrecht *
- ICCO Development Solutions PTE. LTD., Singapore *
- Fair & Sustainable Participations, Brazil *
- Fair & Sustainable Business Development Services Ethiopia, Ethiopia *
- Fair & Sustainable Consulting (KE) Limited, Kenya *

The objective of Stichting Cordaid Expats is to employ expatriates working for Stichting Cordaid. All income and costs for expats are administrated by Stichting Cordaid. Stichting Cordaid Participaties' objective is to invest in social enterprises worldwide via loans or through participation. Both foundations have the same Board of Directors as Stichting Cordaid.

Corpav BV made direct and indirect investments in social enterprises all over the world with Stichting Cordaid Participaties as its only shareholder. Corpav is no longer active in 2022.

Cordaid Investment Management BV has the objective to act as asset manager for one or more investment institutions. Currently Cordaid Investment Management BV manages the social impact investment portfolio of Stichting Cordaid, which holds 100% of the shares of Cordaid Investment Management BV.

Stichting Cordaid holds 100% of the shares of Cordaid SA NPC. The nature of business and principal activities of this subsidiary is relief and development aid in line with the objectives of Stichting Cordaid.

ICCO Group holds, directly and indirectly, all or the majority shares in all the entities mentioned above, marked with a star (*).

The address of all foundations and companies is:

Grote Marktstraat 45

2511 BH

The Hague

The Netherlands

Dutch Chamber of Commerce: 41160054

The Board of Directors of Stichting Cordaid bears the ultimate responsibility for the general course of affairs at Stichting Cordaid. The Board of Directors is tasked with the management of the foundation, including running its day-to-day business and implementing its programs and activities. The Board is responsible for Cordaid's corporate governance structure and its compliance with good governance rules.

The budget, the annual report and the annual accounts which are all prepared by the Board of Directors, are subject to adoption by the Supervisory Board after advice from the Audit Committee.

The composition of the Supervisory Board is such that its members can act critically and independent from one another, from the Board and of any particular interests. The Supervisory Board is responsible for supervising the Board and the general course of affairs at Cordaid. The Supervisory Board also adopts the multi-annual strategic policy plan drafted by the Board of Directors and approves the annual plan.

The members of the Board of Directors of Stichting Cordaid in 2022 were:

- L.C. Zevenbergen, CEO (until 1 July 2023)
- L. Paz Quintero, CFO
- Y. van der Schoot, COO

As of 1 October 2023, H. van den Berg is the new CEO.

During 2022, the Supervisory Board members of Stichting Cordaid were:

- A.J.M. Heerts, Chair
- J.F. de Leeuw, vice chair, member Remuneration Committee (until 31 December 2022)
- M. van Beek, member Remuneration Committee (until 1 September 2023)
- M.W.J.A. Landheer-Regouw (until 31 December 2022)
- J.J.A. de Boer, priest (until 31 December 2022)
- R. Peetoom
- A. Knigge (until March 2022)
- J. Alders-Sheya, member Audit Committee
- D. Cheng, member Audit Committee

As of April 2023, the following members were added to the Supervisory Board: J.M. Niessen, Fr. J. Stuyt S.J., L. Mulder, J.A. van den Bos and M. de Wal.

The Board members of Stichting ICCO, Stichting Cordaid Participations, Corpav BV, Stichting Cordaid Expats, Cordaid Investment Management B.V. and the ICCO Group are the same as for Stichting Cordaid at 31 December 2022.

On 31 December 2022, R.C. van der Geest is the director of Fair Climate Fund BV, W.J.J. Schasfoort is the director of Fair & Sustainable Consulting BV, L.L.A. Braam-Hol, C. de Ruiter and D. Choo are the directors of ICCO Development Solutions PTE in Singapore. We don't have any directors in F&S Participacoes Empreendimentos Sustentaveis do Brasil. ICCO Group BV is the only shareholder of these companies.

The Board members of Cordaid SA NPC are under the governance of Stichting Cordaid at 31 December 2022. Stichting Cordaid is the sole shareholder. Cordaid SA NPC's registration number at the South African Chamber of Commerce is 2012/039835/08. The Board members of ICCO SA NPC are: H.M. van der Roest and P. Walton.

1.2 Relevant events during 2022 and 2023

As the foundation operates in fragile and volatile settings where communities and governments alike struggle to absorb and mitigate economic, political, and environmental shocks and risks, the inherent (financial) risks are also higher for Cordaid. During 2022 new integrity breeches were signalled, and some were confirmed, in the Democratic Republic of Congo (hereafter DRC) and other countries. The integrity breeches have been investigated (and confirmed) and adequately dealt with at the different managerial levels. These events have brought to light the need to further strengthen our compliance and control processes and to continue investing in integrity and risk awareness. The organisation drew lessons learned from the cases and embarked on a trajectory to strengthen the Internal Control Framework, as well as the knowledge on the adequate use of internal controls across the organisation as a preventative strategy. The main findings included the need to strengthen the internal controls regarding the project administration and monitoring of the timely closure of projects.

Cordaid formulated an action plan to tackle the different findings in a structured and organised manner. This builds further on the action plan for the organisation 'Resilient Cordaid' and the internal control trajectory 'Bolster our Base' that was rolled out from end of 2022 and will be strengthened further in the following years. The main areas in the action plan are as follows:

- Continuous improvements in the Integrity Policy & Procedure Framework and effectiveness of this framework;
- Structured documentation of integrity reports;
- Improvement of the financial administration in relation to project administration in country offices;
- Implementation of the strategic process that was started in 2021, with specific focus on the following trajectories:
 - Business and operational model review and next steps
 - New financial framework and consistent implementation throughout all countries
 - Internal Control framework review and identification/closure of "gaps"
 - Review Internal Audit function
 - Culture trajectory with specific focus on cultural aspects of integrity and accountability
 - Remaining follow-up DRC findings, including discussions and settlements with donors
 - Staffing of the finance function at the global head office
 - Visible follow-up of findings by our auditor in our management letter and audit findings report and other internal and external audit findings (including periodic scheduling in the Audit Committee meetings).

Due to a delayed implementation of a change in accounting policy and deficiencies in the project administration in several country offices, we faced difficulties in determining the completeness of our current liabilities (mainly project commitments). In addition, for our country office in DRC an uncertainty remains in the partner liability as at balance sheet date and additional actions are also needed to adjust the project administration for 2023.

Furthermore, due to the high turnover of staff in the finance departments of the country offices and shortage of finance personnel at the global office in the Netherlands, up to changes in the composition of the board of directors, we are also facing delays in the publication of our annual accounts. We realise that due to this delay, we are not fully compliant with accountability standards. We remain fully committed to delivering our mission according to expected standards and we stay committed to resolve the current delay. Cordaid has proactively informed its main donors and stakeholders in case of non-compliance with contract conditions and filing obligations and has received continued support and extensions to meet the requirements. For the financial year ending 31 December 2023 delays can also be expected. Although management has maintained a strong relationship with its donors it is not guaranteed that further extensions will be granted and this may lead to further non-compliance, loss of funding, or penalties.

Despite the many efforts, the year 2022 was a very challenging year for Cordaid, as our operational capabilities were stretched. We needed to further professionalise our internal controls and risk management, increase the quality of income, and reorganise to enhance the overall effectiveness and efficiency of our organisation. Further work on the roll out of the business model, finance function, internal control function and internal audit function will continue in the upcoming years. It is expected that the organisation, upon completion, will be able to deliver our strategic ambitions for the future.

1.3 *Going concern*

The financial statements are prepared on the going concern basis.

The financial year 2022 closed with a loss of €9m and total reserves and funds for €105,3m. The total reserves and funds includes a continuity reserve of €11,5m. The last estimate of the financial result for 2023 amounts to a loss of €6,7m and the budgeted result for 2024 amounts to €90k.

The foundation has negative operational results for multiple years now, but the funds and reserves were sufficient to absorb these losses.

To achieve a healthy and financially sustainable organisation, management has developed a strategic compass up until 2030. Cordaid will further focus its programmatic strategy and the core elements in the upcoming years. Therefore, management is investigating the path to wind down the investment programme managed by CIM BV. This means a repurpose of the Loans & Guarantees (L&G) reserves, including the West Africa Bright Future Fund in 2023. The exit strategy is agreed upon by Board of Directors' decision on March 2023. The exit strategy including expected external market conditions are expected to lead to a future result between - €4,9m and € +2,5m. It is expected that most of the loans are repaid in 2025 as the entire unwinding process can be concluded in 2029. As part of a phased approach, Cordaid embarked in 2022 on a process of reviewing the Business Operating model with the aim to have a healthy and financial sustainable organisation. This process of review resulted in clear steps and a phased execution plan that will continue in the following years. It is expected that the organisation, upon completion, will be able to deliver our strategic ambitions for the future.

Management has prepared a cashflow analysis for the period 2024-2028. Based on the analysis performed, management is of the opinion that the assumed going concern triggers do not cast reasonable doubt on the entity's ability to continue as a going concern in the foreseeable future. However, management is committed to taking steps to improve the long-term financial sustainability of the organisation and safeguard the continuity reserve.

1.4 *Estimates*

In applying accounting policies and standards for preparing annual accounts, the Board of Cordaid is required to make estimates and judgments that might significantly influence the amounts disclosed in the annual accounts. If necessary for the purposes of providing the view required under Section 362(1), Book 2 of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, are disclosed in the notes to the relevant items.

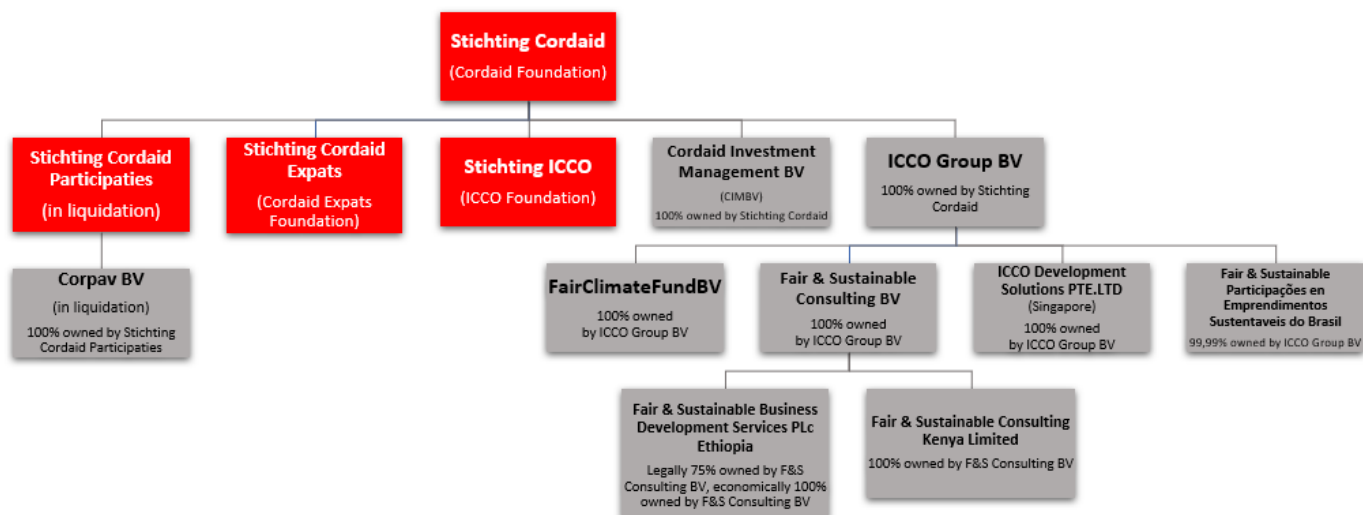
1.5 *Consolidation*

The consolidation includes the financial information of Stichting Cordaid and the entities over which it exercises control, or whose central management it conducts. All entities over which Cordaid exercises control or whose central management it conducts are consolidated in full.

Intercompany transactions, profits and balances among consolidated entities are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are eliminated as well, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities were changed where necessary in order to align them to the prevailing group accounting policies.

1.6 Legal Structure

The legal structure of Cordaid per 31-12-2022 is:



2. Accounting principles

2.1 General

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. More specifically, the financial statements have been prepared in accordance with the Dutch Accounting Standard for Fundraising Institutions (RJ 640/650). Balances and results in 2022 are compared to the budget as approved by the Supervisory Board and 2021 results and balances. Assets and liabilities are generally valued at acquisition cost, production cost or at current value. If no specific valuation method is indicated, the valuation is done at the acquisition price. References are included in the balance sheet and statement of income and expenses.

The financial information of the Company is fully incorporated in the consolidated annual accounts. Using article 2:402 of the Dutch Civil Code, a condensed profit and loss account in the individual financial statements is sufficient.

2.2 Prior periods reporting restatement

Per 1 January 2021, Cordaid integrated with ICCO, each organisation having its own ways of working and applying different policies of registering project commitments. As part of the step approach to the integration process and testing the correct application of Goede Doelen Nederland's guideline on project commitments, in the financial statements of 2022 a material restatement which occurred in 2021 and earlier financial statements is processed. Before 2022 two separate policies of registering project commitments were used. In several country offices the contracts with partners are recognised as expenses based on their expense reports. The cash advances given to the partner, were considered as pre-payments and were booked under the debit side of the balance sheet. All other partner commitments were recognised as soon as a contract was issued and were stated at the fair value as stated in the contract, net of any payments. Only one accounting policy is to be used and the first policy is not in line with the guideline on project commitments as published by Goede Doelen Nederland.

The restatement has an effect on the following items in the financial statements:

- Receivables (Receivables from grants): Together with the project expenses, the project income for donor projects is also registered in full at the beginning of the contract (debit receivable, credit income). Therefore this position increases.
- Receivables (work to partner organisations): The pre-payments to partners were registered on this account. After the correction, these payments are no longer registered as a pre-payment. Therefore this position decreases.
- Current liabilities (project commitments): Starting from the current financial year, all partner commitments are fully registered at the moment of signing of the contract. Therefore this position increases.
- Current liabilities (other current liabilities): This position is connected with the 'receivables from grants' in the first bullet. As some projects had a credit position before and were reclassified to current liabilities, the position has decreased after the restatement.
- Expenditure (project costs): The registered amount of projects are now all registered at the beginning of the contract, while before some country offices, registered the expenses when expense reports were received. This expenditure therefore increases.
- Income (Income from government grants): When the funds of a project are in the form of government grants, the income is recognised at the moment the project expenses are recognised. Therefore the income increases in the same amount as the corresponding expenses. The rise will not be exactly the same, as some projects do not have income (private fund projects) and OCA income is registered on top of the project income.
- Financial income and expense (foreign exchange differences): The projects are registered at a different moment in time and often in foreign currencies. Therefore foreign exchange differences will occur.
- Balance of income and expenditures and the funds & reserves: The effect on these flows/position is very limited. The adjustment on the expenses and on the income almost completely follow suit. The only differences are coverage for internal expenses which is, compared to the restatement, very limited.

The restatement made in the comparative figures, at the beginning balance of the funds & reserves of 2021 and the effect on the equity and result are as follows:

Impact on total reserves and funds

x € 1,000	CONTINUITY RESERVE	EARMARKED RESERVES	RESTRICTED FUNDS	SEMI- RESTRICTED FUNDS	RESTRICTED FUND LOANS & GUARANTEES	TOTAL RESERVES AND FUNDS
Balance as at 31 December 2020	11.500	10.824	2.107	12.012	74.030	110.473
Restatement	-	-	-	-216	-	-216
Balance as at 1 January 2021 (Restated)	11.500	10.824	2.107	11.796	74.030	110.257
Dotation	-	2.355	2.624	23.226	4.318	32.524
Extraction	-	-136	-1.449	-27.097	-	-28.682
Other	-	-994	-	-	994	-
Restatement	-	-14	-	284	-	270
Balance as at 31 December 2021 (Restated)	11.500	12.035	3.282	8.209	79.342	114.368

Impact on consolidated statement of income and expenditure for the year ended 31 December 2021

x € 1,000	NOTE	2021	Restatement	2021 RESTATED
Income				
Income from private individuals	16	21.934	-	21.934
Income from companies	17	5.502	-	5.502
Benefits of lottery organisations	18	4.050	-	4.050
Government grants	19	198.529	4.837	203.366
Income from related (international) organisations	20	853	-	853
Income from other non-profit organisations	21	1.256	-	1.256
Total acquired income		232.124	4.837	236.961
Income from sale of goods and or rendering of				
Services	22	3.892	-	3.892
Other income	23	3.188	-	3.188
Sum of income		239.204	4.837	244.041
Expenditure				
- Program costs	24			
▪ Healthcare		108.342	1.739	110.081
▪ Humanitarian Aid		68.948	2.737	71.684
▪ Security & Justice		4.502	-264	4.238
▪ Resilience		1.435	-	1.435
▪ Private sector development		2.312	-	2.312
▪ Sustainable livelihoods		21.945	-	21.945
▪ Economic empowerment		-	-	-
▪ Education		6.439	-	6.439
▪ Investments		2.386	-	2.386
▪ Other activities		5.368	341	5.710
Total program costs		221.677	4.554	226.230
- Public information / awareness campaigns	25	4.376	-	4.376
Expenditure on the objectives		226.053	4.554	230.606
Expenditure on fundraising	25	5.463	-	5.463
Management and administration	25	9.949	-	9.949
Total expenditure		241.465	4.554	246.018
Sum of income and expenditure before financial income and expenses		-2.261	284	-1.977
Financial income and expenses	29	6.209	-14	6.195
Corporate income tax		-107	-	-107
Balance of income and expenditure		3.841	270	4.111

Impact on Consolidated balance sheet as at 1 January 2021 (after proposed appropriation of funds)

x € 1,000	NOTE	1 January 2021	Restatement Opening balance 2021	1 January 2021 RESTATED
Assets				
Fixed assets				
- Intangible fixed assets	6	151	-	151
- Tangible fixed assets	7	1.178	-	1.178
Financial fixed assets				
- Issued in connection with the objectives	8	57.530	-	57.530
- Investments	9	24.464	-	24.464
		81.994	-	81.994
Receivables	10			
- Receivable from grants		32.221	2.034	34.255
- Inventories		1.761	-	1.761
- Work advances to partner organisations		9.283	-1.182	8.101
- Receivables from inheritances		6.830	-	6.830
- Interest receivable		1.735	-	1.735
- Derivatives		-	-	-
- Other receivables		2.135	-	2.135
		53.965	852	53.113
Cash and Bank	11	67.777	-	67.777
Total assets		205.065	852	205.917

x € 1,000	NOTE	1 January 2021	Restatement Opening balance 2021	1 January 2021 RESTATED
Liabilities				
Reserves and funds	12			
- Reserves				
▪ Continuity reserve		11.500	-	11.500
▪ Earmarked reserves		10.824	-	10.824
		22.324	-	22.324
- Funds				
▪ Restricted funds		2.107	-	2.107
▪ Semi-restricted funds		12.012	-216	11.796
▪ Loans & guarantees fund		74.030	-	74.030
		88.149	-216	87.933
Total Reserves and Funds		110.473	-216	110.257
Provisions	13	5.221	-	5.221
Current liabilities	14			
- Project commitments		21.837	1.416	23.253
- Other current liabilities		67.534	-348	67.186
		89.371	1.068	90.439
Total liabilities		205.065	852	205.917

Impact on Consolidated balance sheet as at 31 December 2021 (after proposed appropriation of funds)

x € 1,000	NOTE	31 DEC 2021	Restatement	31 DEC 2021 RESTATED
Assets				
Fixed assets				
- Intangible fixed assets	6	69	-	69
- Tangible fixed assets	7	873	-	873
Financial fixed assets				
- Issued in connection with the objectives	8	65.939	-	65.939
- Investments	9	26.655	-	26.655
		92.594	-	92.594
Receivables	10			
- Receivable from grants		43.158	5.162	48.320
- Inventories		1.460	-	1.460
- Work advances to partner organisations		7.370	-2.327	5.043
- Receivables from inheritances		739	-	739
- Interest receivable		1.854	-	1.854
- Derivatives		832	-	832
- Other receivables		2.805	-	2.805
		58.218	2.835	61.053
Cash and Bank	11	75.570	-	75.570
Total assets		227.324	2.835	230.159

x € 1,000	NOTE	31 DEC 2021	Restatement	31 DEC 2021 RESTATED
Liabilities				
Reserves and funds	12			
- Reserves				
▪ Continuity reserve		11.500	-	11.500
▪ Earmarked reserves		12.049	-14	12.035
		23.549	-14	23.535
- Funds				
▪ Restricted funds		3.282	-	3.282
▪ Semi-restricted funds		8.141	68	8.209
▪ Loans & guarantees fund		79.342	-	79.342
		90.766	54	90.833
Total Reserves and Funds		114.314	54	114.368
Provisions	13	5.343	-	5.343
Current liabilities	14			
- Project commitments		35.001	4.897	39.898
- Other current liabilities		72.666	-2.116	70.550
		107.667	2.781	110.448
Total liabilities		227.324	2.835	230.159

2.3 *Foreign currency*

Functional currency

The financial statements are presented in Euro, which is the functional and presentation currency of Cordaid.

Transactions, receivables and payables

Transactions in foreign currencies during the period are included in the financial statements at the exchange rate as per the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing rate. The exchange differences arising from the settlement and translation are credited or charged to the statement of income and expenditure.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions. Translation differences on non-monetary assets such as equities held at fair value through income or expenditure are recognised through income or expenditure as part of the fair value gain or loss.

2.4 *Intangible fixed assets*

IT systems and other intangible assets are all valued at historical cost or manufacturing price including directly attributable expenditure, less straight-line amortisation over their estimated useful lives.

2.5 *Tangible fixed assets*

Buildings, IT equipment, furniture and fittings, vehicles and other assets are all valued at historical cost or manufacturing price including directly attributable expenditure, less straight-line depreciation over their estimated useful lives and impairment losses. Grants are deducted from the acquisition or manufacturing cost of the assets to which they relate.

2.6 *Financial fixed assets*

Issued in connection with the objectives:

Loans, guarantees and participations

Loans and guarantees disclosed under financial assets are recognised initially at fair value of the amount owed and subsequently measured at amortised cost adjusted for impairments at reporting date.

Participations are valued at acquisition cost adjusted for impairments at reporting date.

Derivatives

Derivatives are valued at fair value. Derivatives with a negative value are presented under current liabilities. Changes in the value of derivatives and transactions costs are recognised directly in the statement of income and expenditure.

Investments:

Bonds and shares

Bonds and shares are measured at fair value. Changes in value and transaction costs are recognised through income or expenditure. Transaction costs are charged directly to the statement of income and expenditure.

2.7 *Non-current asset impairment*

Cordaid assesses at each reporting date whether there is any evidence of assets being subject to impairment. If any such evidence exists, the recoverable amount of the relevant asset is determined. An asset is subject to impairment if its carrying amount is higher than its recoverable amount; the recoverable amount is the higher of net realisable value and value in use. If it is established that a previously recognised impairment loss no longer applies or has decreased, the increased carrying amount of the asset in question is not set higher than the carrying amount that would have been determined had no impairment loss been recognised.

Cordaid assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised through profit or loss.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

2.8 *Receivables*

General

Receivables are initially recognised at fair value and subsequently carried at amortised cost. Allowances for doubtful debts are deducted from the carrying amount of receivables.

Receivable from inheritances

Inheritances on which third parties have a right of usufruct are recognised in the annual accounts. Recognition is based on the best practices as prescribed by the Dutch branch organisation 'Goede Doelen Nederland' and RJ. Cordaid recognises the income at the moment a dossier is at the final stage ('Rekening en Verantwoording' or 'Akte van Verdeling'). Receivables are only recognised and included in the balance sheet for dossiers which are in the final stage of settlement. Income is however recognised through the statement of income and expenditure, after which the benefits are included in a designated fund until the moment of release.

2.9 *Cash and cash equivalents*

Cash and cash equivalents comprise cash and bank balances and demand deposits falling due in less than 12 months. Cash and cash equivalents are stated at face value.

2.10 Reserves and funds

The equity of Cordaid is divided into the following reserves and funds:

- The continuity reserve is created to ensure that Cordaid can meet its legal and moral obligations in case of a significant fall in income in the future. The reserve is determined by the possible risks Cordaid might face in the future. This reserve can be used to cover the negative results related to these risks, in the situation that the negative result cannot be covered by any other reserves. The continuity reserve has remained below the maximum size (1.5 times the work organisation's annual cost), as stated in the Association of Fundraising organisations 'Reserves of Charities' code (Goede Doelen Nederland). The maximum continuity reserve according to the code is €119,7 million.
- Earmarked reserves are earmarked for future spending on the objectives of Cordaid. The Board of Directors decides on the actual purpose of the reserves, based on internally-agreed criteria.
- The restricted funds are earmarked for a specific project as agreed upon with third-party donors.
- Semi-restricted funds are earmarked for activities related to a certain topic, but not limited to specific projects.
- The loans and guarantees fund is committed for loans, guarantees and equities connected to the objectives of Cordaid. The result on these financial assets and the costs of managing this portfolio reflect the changes in the fund in a year.

2.11 Provisions

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which will probably require an outflow of resources whose extent can be reliably estimated.

Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

2.12 Project commitments

The partner commitments are recognised in accordance with the guideline from 'Goede Doelen Nederland'. For contracts which are classified as an unconditional subsidy, the expenses will be recognised as soon as a contract is issued and are stated at the fair value stated in the contract, net of any payments. The contracted expenses will be recognised fully in the statement of income and expenses at the signing of the contract. On the balance sheet, the amount is registered as a liability to the project partner.

2.13 Liabilities

General

Liabilities are initially recognised at fair value. Transaction costs directly attributable to the incurrence of the liabilities are included in the measurement on initial recognition. Liabilities are subsequently measured at amortised cost; this is the amount received plus or minus any premium or discount and net of transaction costs.

Operating lease

Liabilities under operating leases (such as the lease of premises) are accounted for in the statement of income and expenditure equally over the term of the contract, taking into account reimbursements received from the lessor.

Project commitments

All other partner commitments are recognised as soon as a contract is issued and are stated at the fair value stated in the contract, net of any payments.

3. Accounting principles for the consolidated statement of income and expenditure

3.1 General

Income and expenses are recognised in the statement of income and expenditure in the year to which they relate. The allocation is made consistently with previous years. The balance of funds is defined as the difference between income and expenses. Income is accounted for in the year it was realised, and losses are accounted for as soon as they are identified.

3.2 Income recognition

Income from private individuals and companies

Income from private individuals and companies comprises gifts and donations, mailings, collections, legacies and the sale of materials. Income from gifts and donations, contributions, collections and mailings are accounted for in the year in which they are received. Exceptions to these are written undertakings that have been received before year-end as these can be accounted for in the current year.

Legacies are recognised based on a statement of 'Rekening en Verantwoording' or 'Akte van Verdeling' received from the executor in the year of the statement or when an advance on a legacy is received in the year of reception. The value of the legacies which reach the final stage of settlement after ending the book year, but before signing of the Annual Accounts, will be reflected in the off-balance sheet commitments.

Income from lottery organisations

The income from lottery organisations is recognised in the year in which the income is received.

Income from other non-profit organisations

Income from non-profit organisations is accounted as such when Cordaid has no role and/or involvement in the fundraising campaign. The income from non-profit organisations is recognised in the year in which the income is received or pledged. However, grants and subsidies from other non-profit organisations are recognised in the statement of income and expenditure in the year in which the subsidised costs are incurred. The grants are recognised when it is likely that they will be received and Cordaid will comply with all attached conditions.

Income from government grants

Grants and subsidies are recognised in the statement of income and expenditure in the year in which the subsidised costs are incurred. The income is recognised based on the expenses made related to the grant. Under this category income is included which is received directly from government organisations, like ministries and embassies, and donors which get their funding from government organisations, for example similar INGOs as Cordaid, World Bank and Global Fund.

Gifts in kind

Gifts in kind are stated at their fair market value in the Netherlands. Where items involving gifts in kind are sent directly to emergency areas, their value is recognised as a gift and as an expended resource. Cordaid accounts for gifts in kind if the discount/gift has a connection with the nature of Cordaid's activities and objectives and Cordaid would have purchased the services or goods if the gift/discount had not been received.

Result of loans, guarantees and participations

The result of loans, guarantees and participations is made up of interest received on loans and guarantees under the Loan and Guarantee Program, realised and unrealised changes in the valuation of loans and participations, dividends and fees for restructuring loans.

Income from sale of goods and/ or rendering of services

Income from sale of goods and/or rendering of services are accounted for in the year in which the materials are sold or services are provided.

3.3 *Exchange rate differences*

Transactions denominated in foreign currencies conducted during the reporting period are recognised in the annual accounts at the rate of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange at the reporting date. Any resulting exchange differences are recognised through income or expenditure. Non-monetary assets and liabilities stated at cost and denominated in foreign currencies are translated at the rate of exchange at the transaction date (or the approximate rate of exchange).

3.4 *Depreciation on (in)tangible fixed assets*

(In)tangible fixed assets are carried at cost less straight-line depreciation over their estimated useful lives. (In)tangible assets are depreciated from the time they are taken into use over their estimated useful lives. Future depreciation is adjusted if the estimate of future useful life changes. Gains and losses on the sale of (In)tangible fixed assets are booked in the Statement of Income and Expenses as a loss or profit.

3.5 *Employee benefits*

Short-term employee benefits

Salaries, wages and social security contributions are recognised in the statement of income and expenditure based on the pay and benefits package to the extent that they are payable to employees.

Pensions

Cordaid's pension plan is administered by the Zorg en Welzijn Pension Fund (PFZW), a pension fund for the health and welfare sector. Employees' retirement and partner pensions are based on their pensionable salary for full-time employment, net of the state-pension offset. The pension fund endeavours to index-link any accrued pension entitlements and pensions in payment based on general salary trends in the collective bargaining agreements that govern its affiliated employers in a particular year. The pension fund decides every year whether index-linking would be appropriate and, if so, what index to use given the financial situation and expected developments in that situation. In doing so, the pension fund uses nominal and realistic coverage ratios as benchmarks. Although the pension fund may decide to apply catch-up index linking, such a decision will not have a retroactive effect and will not trigger subsequent payments. Index linking is funded partially from contributions and partially from the return on plan assets. The coverage ratio on the 31st of December 2022 was 111,6%. The cover ratio on 30 November 2023 was 109,5%.

Contributions are recognised as employee benefit expenses as soon as they are payable. Prepaid contributions are recognised within prepayments and accrued income if they entail a refund or a reduction in future payments. Contributions payable are disclosed as liabilities in the balance sheet.

3.6 *Financial income and expenses*

Interest paid and received

Interest paid and received is recognised on a time-weighted basis, taking into account the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

Interest income and income from investments

The line-item interest income and income from investments contains the (gross) interest, dividends and realised and unrealised capital gains. Interest income and expense are recognised time proportionally.

Interest income is recognised as investment income exclusive of interest received on loans and guarantees issued in the context of the Loans & Guarantees Program, which is recognised entirely as gains on financial assets issued in connection with the objectives.

Changes in financial instruments at fair value

Financial instruments are initially valued at fair value. Changes in the value of the following financial instruments are recognised directly in the statement of income and expenditure:

- purchased loans, bonds (unless held to maturity) and equity instruments that are quoted in an active market;
- changes in derivative financial instruments to hedge its foreign currency risks and interest rate risks.

4. Financial instruments and risk management

4.1 Market risk

Currency risk

Cordaid operates in a wide variety of countries. The currency risk for Cordaid largely concerns positions and future transactions in US dollars and currencies that are closely related to the US dollar. Management has determined that the cost of structurally hedging these currency risks does not outweigh the benefits. Based on management risk assessment, one incidental hedge contract is in place to cover currency risks on loan(s) denominated in Myanmar Kyat (MMK). A swap contract, MMK to USD, has been used for this purpose. This swap contract does hold a risk, because the USD inflow is dependent on the 6-month LIBOR. Natural hedges exist because receivables and liabilities are often related.

Price risk

Cordaid invests its temporary cash balances according to a defensive to neutral strategy. As a consequence, Cordaid faces a limited market risk related to its portfolio of bonds and shares that is valued at market value.

Interest rate and cash flow risk

Cordaid incurs interest rate risk on interest-bearing receivables (in particular those included in financial assets and cash).

Credit risk

Cordaid does not have any significant concentrations of credit risk. Receivables mainly relate to grants from solid governments or multilateral institutions.

Liquidity risk

Cordaid uses several banks to avail itself of a range of overdraft facilities. Where necessary, further securities will be furnished to the bank for available overdraft facilities.

4.2 Ethical risk

Cordaid operates in a sector and geographical environment that is associated with increased risk of ethical issues, including corruption, fraud and non-compliance with local and international laws and regulations. These risks may materialise in performing operations and doing business with third parties, but it cannot be excluded that these may also originate from inappropriate conduct by own employees and partner organisations. It is furthermore noted that local business practices may differ from those in Western Europe and/or may be disrupted or otherwise not effective because of local circumstances. For instance, in some of the countries of operation the banking system is immature, requiring transactions to be settled in cash. In case of malpractices, witnesses may not benefit from the same protection as in other parts of the world, which may be a reason not to report or address the matter.

Cordaid is aware of the inherently higher ethical and compliance risk factors and has put mitigating controls in place including (but not limited to) a code of conduct, zero-tolerance policies and whistle-blower policies. Also, the company strives to rotate key employees on a regular basis, seconds staff on an expat basis and exercises direct supervision from the Global Office, either remotely or by visiting the local offices on a regular basis. In performing oversight, it is noted that safety and other travel restrictions may apply, which may limit the effectiveness of that oversight. The COVID pandemic has been an additional challenge in this respect.

Although efforts are made to avoid unethical practices and to act in compliance with all relevant local and international laws and regulations, a complete elimination of ethical and compliance risk cannot be fully guaranteed. Any violation of any relevant law or regulation could have an adverse effect on our operational performance, earnings, cash flows and financial condition.

In this context we make specific reference to note 13 setting out the financial effects and uncertainties in relation to allegations of integrity breaches in our country office in the Democratic Republic Congo (hereafter: DRC); and the follow up on the financial effects and uncertainties connected to integrity breaches and misconduct of staff members in Central African Republic (CAR) country office reported in FY 2020 and 2021.

5. Notes to the Cash Flow Statement

The cash flow statement is prepared by using the indirect method. The funds in the cash flow statement comprise cash and cash equivalents. Cash flows in foreign currencies are translated at an average rate.

6. Intangible fixed assets

Movements of the intangible fixed assets are as follows:

x € 1,000	IT SYSTEM	Software	Total
Balance as at 1 January 2022			
Cost	390	-	390
Accumulated amortisation	-321	-	-321
Carrying value as at 1 January 2022	69	-	69
Changes			
Purchases		95	95
Disposals	-	-	-
Amortisation	-43	-3	-46
Amortisation on disposals	-	-	-
Total changes	-43	92	49
Balance at 31 December 2022			
Cost	390	95	485
Accumulated amortisation	-364	-3	-367
Carrying value as at 31 December 2022	26	92	118

Amortisation percentages 20%/33%

The IT system mainly concerns the development of the IT system which ICCO has developed. During the phase-out period of ICCO until 2023, the IT system will still be used. The software consists of licenses used during the operation activities of parts of the Cordaid Group. All assets are held for business operations.

7. Tangible fixed assets

Movements of the tangible fixed assets are as follows:

x € 1,000	BUILDINGS	IT EQUIPMENT	FURNITURE AND FITTINGS	VEHICLES	OTHER ASSETS	TOTAL
Balance as at 1 January 2022						
Cost	1.219	4.651	1.908	238	285	8.301
Accumulated depreciation	-495	-4.656	-1.767	-225	-285	-7.428
Carrying value as at 1 January 2022	724	-6	140	13	0	873
Changes						
Purchases	-	25	9	29	-	63
Disposals	-	-27	-19	-79	-285	-410
Depreciation	-265	-11	-56	-37	-	-369
Depreciation on disposals	-	22	30	76	285	414
Total changes	-265	9	-36	-11	0	-303
Balance at 31 December 2022						
Cost	1.219	4.649	1.898	188	0	7.954
Accumulated depreciation	-760	-4.646	-1.793	-185	0	-7.384
Carrying value as at 31 December 2022	459	3	105	3	0	570
Depreciation percentages	10%	33%	20%	33%	33%	

The total tangible fixed assets mainly concern the completion of the office in The Hague, as well as furniture and fittings. All assets are held for business operations.

8. Financial fixed assets issued in connection with the objectives

Outstanding loans and participations are recognised as financial assets issued in connection with the objectives. The participations do not involve a structural commitment for the purposes of Cordaid's own operations. This relates to loans issued to SMEs for the purposes of funding small-scale economic activities (e.g. through microfinance institutions) and for organisations for which it is difficult or impossible to secure finance from commercial banks. Interest rates on these loans are determined by country and by customer. Movements in financial assets were as follows in 2022:

x € 1,000	Loans	Participations	Total
Balance 1 January 2022			
Value of portfolio at 1 January 2022	52.338	20.812	73.150
Provision at 1 January 2022	-7.211		-7.211
Carrying amount 1 January 2022	45.127	20.812	65.939
<u>Changes in portfolio</u>			
Loans and guarantees issued	24.328	-	24.328
Loans and guarantees repaid	-16.504	-	-16.504
Participations acquired/committed	-	434	434
Participations sold/commitments withdrawn	-	-2.131	-2.131
Impaired loans and guarantees/withdraw from provision	-2.509	-	-2.509
Revaluation of participations	-	-180	-180
Currency gains and losses	-395	102	-293
Change in value of portfolio at 31 December 2022	4.920	-1.775	3.145
<u>Changes in the provision</u>			
Impaired loans and guarantees/withdraw from provision	2.509	-	2.509
Allocated to provision for loans and guarantees	-9.843	-	-9.843
Change in provision at 31 December 2022	-7.334	-	-7.334
Value of portfolio at 31 December 2022	57.259	19.037	76.296
Provision at 31 December 2022	-14.545		-14.545
Carrying amount 31 December 2022	42.714	19.037	61.751

Loans

The provision on loans and guarantees increased by €7,3m in 2022 (2021: - €1,6m). The total provision as a percentage of the outstanding portfolio is 25%. In 2020 the provision was increased significantly due to uncertainties around the COVID-19 pandemic and its impact on the parties which received the loans. In 2022 we were able to release a part of this provision.

The provision has increased significantly in 2022 due to tough economic market conditions and negative currency exchange results mainly in our portfolio in Myanmar, Sierra Leone and Mali.

The outstanding loans are the amounts actually transferred to partner organisations. At balance sheet date an amount of €4,5m was signed as a loan but not yet disbursed (2021: €2,1m).

To secure the loans and guarantees portfolio, the following types of collateral have been pledged on a portion of the loans: loan portfolio pledges, debentures, corporate and/or personal guarantees, mortgages and subordinating loans to our loans and guarantees. The average interest rate on the loans and guarantees is 11%.

Loans and guarantees will fall due in the following periods:

x € 1,000	LOANS
< 1 year	11.542
1-5 years	45.717
> 5 years	-
	57.259

Participations

Cordaid takes a prudent approach to the valuation of its participations. They are carried at acquisition cost adjusted for impairment. Previously recognised impairments can be (partially) reversed if the original reasons for impairment are no longer valid. The reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had the impairment never been recognised. Payments in foreign currencies are recorded at the payment date. Cordaid has the policy of selling all foreign currencies, besides US dollars, directly upon receipt. Cordaid operates in fragile countries where there is no active market for these equity stakes. Accurate and timely information on valuation is often limited. As a result of these factors, Cordaid adopts a conservative approach towards valuation of participations. Their fair value is however determined considering suitable valuation methods such as book value principle, price earnings ratios and recent sale prices of similar investments. The fair value of the participations is equal to or greater than the valuation in the balance sheet according to the valuation at acquisition price adjusted for impairment.

List of participations (in €1,000):

Name of organisation	Country	Opening balance 2022	Purchased /committed	Currency gains and losses	(Reversal of) Impairment	Sold	Closing balance 2022
Aavishkar	India	350	-	60	463	-753	120
Afri-Oils	Malawi	0	-	-	-	-	-
Agricrowd Bv	The Netherlands	0	-	-	28	-	28
Capital 4 Development Asia Fund Cooperatief - A	The Netherlands	1,944	3	-50	113	-	2.010
Capital 4 Development Asia Fund Cooperatief - B	The Netherlands	7,290	453	-	463	-	8.206
Dia Vikas	India	2,893	-	-	-	-	2,893
Facts East Africa Bv	The Netherlands	84	-	-	-	-	84
Fpm Sa	DRC	3,506	-	-	-	-	3,506
Hands-On Bv	The Netherlands	105	-	-	362	-	467
Hekima Micro Finance Sa	DRC	405	-	-	-	-	405
Liberation	United Kingdom	271	-	-13	-32	-	226
Peak li Lp	Tanzania	0	-	-	-	-	-
Progression Capital Africa Ltd	Mauritius	635	17	-	--4	-13	635
Prothem-Usine Sa	Burundi	0	-	-	-	-	-
Pyme Capital	Panama	1	-	-	-	-	1
Savanna Farmers Marketing Co. Ltd	Ghana	0	-	-	-	-	-
Scopeinsight Bv	The Netherlands	100	-100	-	-	-	-
Sicsa	Panama	454	-	63	39	-555	1
Sme Impact Fund Cv	The Netherlands	0	-	-	-	-	-
Waar Nederland Bv	The Netherlands	1,662	-	-	-1,662	-	-
Oisl Ghana	Ghana	40	-	-24	-	-16	-
Banco Fie Bolivia	Bolivia	824	53	50	-	-605	322
Banco Ecofuturo	Bolivia	186	8	16	-	-139	71
Caja Rural Los Andes	Peru	61	-	-	-	-	61
Manq'a Sociedad	Bolivia	1	-	-	-	-	1
Wavf	Mauritius	0	-	-	50	-50	-
		20.812	434	102	-180	-2.131	19.037

As part of the decision taken in 2023 to wind down the investments and loans portfolio, Cordaid will only make new investments if a short-term additional investment will support the winding down strategy and maximising of the capital preservation.

The number of participations is 26, the total value of the portfolio of participations has decreased with €1,8m to €19m by 31 December 2022.

9. Investments

Cordaid selected ING and Van Lanschot in 2015 as their asset managers. Both asset managers were instructed to invest following a defensive to neutral green sustainable profile. The investment strategy has a horizon of 5 to 10 years. Both asset managers receive a fee based on the invested amount only and not a performance-based fee. ING Bank and Van Lanschot Bankiers invest in businesses that have sound staff policies in place, that protect the environment and that respect human rights. Cordaid applies its own investments policy, based on the UN Global Compact and the Standard for Financial Management of Fundraising Institutions of Goede Doelen Nederland. The current portfolio investments can be specified as follows:

x € 1,000	31 DEC 2022	31 DEC 2021
Bonds		
Government bonds	5.481	4.949
Corporate bonds	8.198	9.703
Other bonds	1.491	1.319
Total bonds	15.170	15.971
Shares	6.944	9.775
Other funds	700	909
	22.814	26.655

x € 1,000	SHARES	BONDS	OTHER FUNDS	TOTAL
Opening balance 1 January 2022	9.775	15.971	909	26.655
Purchases	810	3.342	-	4.152
Sales	-1.277	-2.812	-	-4.089
(Un)realised gains and losses	-2.364	-1.331	-209	-3.904
Closing balance 31 December 2022	6.944	15.170	700	22.814

The portfolio is carried at fair value based on the known market prices for the specific bonds, shares and funds in the portfolio. The fair value of the portfolio decreased by €3,8m to €22,8m. The increase in interest rate, unfavourable foreign exchange rates and a decrease in stock market values is the main driver for the decrease of the fair value of the investment portfolio. The historical cost price of the portfolio as at 31 December 2022 amounts to €25m.

10. Receivables

All receivables have a remaining maturity of less than one year.

x € 1,000	31 DEC 2022	*31 DEC 2021
Receivables		
Receivable from grants	72.410	50.078
Provision uncollectable receivables from grants	-5.406	-1.758
Inventories	1.385	1.460
Work advances partner organisations	2.858	5.103
Receivable from inheritances	506	739
Interest receivables	1.637	1.854
Derivatives – Receivable	3.694	832
Other receivables	1.930	2.805
Doubtful debts	-57	-60
	78.957	61.053

Contracts with donors lead to a receivable if costs incurred are higher than advances received from the donor. The related receivables from grants increased to €79m (2021: €61,1m). The increase is caused by projects of which the expenses are recorded before the receipt of funds from donors.

In 2021 a provision was created on the receivables from grants for projects which might have been affected by the alleged irregularities in CAR. In 2021 and 2022 no settlement has yet been made with donors. The provision has increased by €3,3m to €5,1m. This is caused by the work on closure of open positions on older projects and due to further investigations in CAR and DRC. The vast majority of the increase is caused by ineligible expenses on projects and only a minor part is related to alleged irregularities.

Compared to 2021, advance payments to implementing partners decreased by €2,2m to €2,9m. During implementation and execution of projects, Cordaid Country Offices provide advance payments to its implementing parties. These advances are subsequently justified by the partners after implementation of the activities.

Inventories relate to the emission rights owned by Fair Climate Fund BV.

Interest receivables relate to the bonds in the investment portfolio, outstanding deposits, savings deposits and outstanding loans and guarantees relating to Cordaid's objectives. The interest to be received on loans & guarantees are in line with the previous year.

x € 1,000	31 DEC 2022	31 DEC 2021
Interest Receivables		
Bank & Deposits	1	6
Bonds	2	3
Loans & guarantees issued in connection to the objective	1.635	1.845
	1.637	1.854

* Please refer to note 2.2 for further details on correction of prior periods reporting restatement

11. Cash and bank

Cash and bank comprise the cash and bank balances of the Cordaid office in The Hague, of the Country Offices abroad, consolidated entities as well as deposits falling due in less than one year. Cash and cash equivalents decreased from €75,6m to €70,1m during 2022. The factors in the movements in cash and bank are explained in the cash flow statement.

x € 1,000	31 DEC 2022	31 DEC 2021
Cash and cash equivalents		
Deposit	1.559	1.571
Bank accounts	68.186	73.761
Cash at hand	470	218
Cash in transit	-74	20
	70.141	75.570

Cordaid has a bank guarantee facility up to a maximum of €2,5m. Bank guarantees have been issued for a total amount of €0,2m (2021: €0,2m): one guarantee for the rent agreement of €0,2m (office). Usage of Cordaid bank balances is limited by €0.6m following pension liabilities towards local South Sudan staff (2021: €0,4m). Bank and other guarantees, as well as South Sudanese restrictions on bank balances, which are not at Cordaid's free disposal (€0,6m). Cordaid holds approximately €5m funds in bank accounts in Afghanistan that can only be accessed in minimal monthly increments due to local government restrictions. These funds became available during 2023.

All remaining cash (€63,7m) is at Cordaid's free disposal.

12. Reserves and funds

x € 1,000	CONTINUITY RESERVE	EARMARKED RESERVES	RESTRICTED FUNDS	SEMI- RESTRICTED FUNDS	RESTRICTED FUND LOANS & GUARANTEES	TOTAL RESERVES AND FUNDS
Balance as at 1 January 2021	11.500	10.824	2.107	12.012	74.030	110.473
Restatement	-	-	-	-216	-	-216
Balance as at *1 January 2021	11.500	10.824	2.107	11.796	74.030	110.257
Dotation	-	2.355	2.624	23.226	4.318	32.524
Extraction	-	-136	-1.449	-27.097	-	-28.682
Other	-	-994	-	-	994	-
Restatement	-	-14	-	284	-	270
Balance as at *1 January 2022	11.500	12.035	3.282	8.209	79.342	114.368
Changes						
Dotation	-	1.717	20.102	38.412	362	60.593
Extraction	-	-11.766	-13.570	-35.053	-9.257	-69.645
Other	-	-170	-	-	170	-
Balance at 31 December 2022	11.500	1.816	9.814	11.568	70.618	105.316

* Please refer to note 2.2 for further details on correction of prior periods reporting restatement

Continuity reserve

The continuity reserve is designed to create a sufficiently large buffer to enable Cordaid to complete ongoing programs appropriately, with due observance of existing legal and moral obligations and staffing them with our own people, if one or more key sources of funding were to dry up unexpectedly or if an unforeseen outflow of cash occurs. At year-end 2018 the continuity reserve was set on €11,0m based on a risk analysis of future events that might lead to unforeseen outflow of funds. Neither additions to, nor withdrawals from the continuity reserve, were made in 2022.

On 31 December 2022, the continuity reserve amounted to €11,5m. This is below the maximum of 1,5 times total costs for the work organisation, formulated by Goede Doelen Nederland. The costs for the work organisation are €79,8 million in 2022, see note 25 for more information. According to the guidelines from Goede Doelen Nederland the maximum of the continuity reserve is €119,7 million and the continuity reserve for 2022 complies with the guidelines. The costs for management & administration and fundraising in 2022 were €13,8m.

Earmarked reserves

Earmarked reserves comprise interest income, exchange results, income from investments of temporary surpluses of semi-restricted and restricted funds and income not earmarked for specific topics. The reserves are earmarked for spending on objectives and coverage of operational losses. The allocation of these reserves to different themes, programs and objectives is subject to decision by the Board of Directors. Decision making is based on internally agreed upon criteria.

The total amount of earmarked reserves per 31 December 2022 is €1,8m. In past years, operational gains and losses and exchange results on regular operations were charged against the earmarked reserves. The earmarked reserve includes an amount of €0,9m which is committed towards and invested in the C4D Asia Fund.

Restricted funds

Restricted funds are funds received for an earmarked purpose, such as incoming resources for project specific campaigns or other funds specifically allocated to one or more projects.

x € 1,000	BALANCE AS AT 1 JANUARY 2022	INCOMING RESOURCES	PROJECT RESOURCES EXPENDED	BALANCE AS AT 31 DECEMBER 2022
Adoptions, specified donations	2.655	2.255	-2.995	1.915
SHO Acties	549	17.847	-10.575	7.821
Fondsen op naam	78	-	-	78
Total restricted funds	3.282	20.102	-13.570	9.814

Restricted funds increased by €6,5m to €9,8m as per 31 December 2022 (2021: €3,3m). The increase is due to a SHO campaign 'Samen voor Oekraïne'. The SHO incoming resources for Cordaid for this campaign were €17,8m, while the resources expended were €10,3m. A full report of expenditure and activities in the reconstruction phase can be found on the website of the SHO.

SHO - Samen in Actie voor Ukraïne

x € 1,000	2022	Total (until current book year)
Income		
Incoming resources from third party campaigns	17.847	17.847
Interest	1	1
Total incoming resources	17.848	17.848
Costs for Preparation and coordination (AKV)		
Preparation and coordination	723	723
Total available for charitable activities	17.125	17.125
Resources expended		
Breakdown of resources expended locally		
- support offered through local relief providers	0	0
- support offered through international umbrella organisation	8.914	8.914
- support offered through participant	1.412	1.412
Total resources expended	10.326	10.326

SHO - Samen in Actie voor Beiroet

x € 1,000	2022	Total (until current book year)
Income		
Incoming resources from third party campaigns	0	1.800
Interest	0	0
Total incoming resources	0	1.800
Costs for Preparation and coordination (AKV)		
Preparation and coordination	1	96
Total available for charitable activities	-1	1.704
Resources expended		
Breakdown of resources expended locally		
- support offered through local relief providers	0	640
- support offered through international umbrella organisation	8	1.074
- support offered through participant	1	1
Total resources expended	9	1.715

SHO - Samen in Actie tegen Corona

x € 1,000	2022	Total (until current book year)
Income		
Incoming resources from third party campaigns	0	950
Interest	1	1
Total incoming resources	1	951
Costs for Preparation and coordination (AKV)		
Preparation and coordination	17	61
Total available for charitable activities	-16	890
Resources expended		
Breakdown of resources expended locally		
- support offered through local relief providers	0	0
- support offered through international umbrella organisation	87	472
- support offered through participant	170	293
Total resources expended	257	765

SHO allocation key

The key for allocating the income from fundraising activities by the SHO is based on the 3-year average of the volume of emergency aid and reconstruction activities and the income from own fundraising of the participants of SHO.

In the table below the relevant figures for Cordaid in the period 2020-2022 are provided.

x € 1,000	2022	*2021	*2020
1. Volume of emergency aid and reconstruction activities	41.513	43.671	36.431
2. Income from own fundraising	31.100	26.291	25.695

The volume of delivered emergency aid and reconstruction activities is excluding SHO funds and excluding funds transferred to other organisations in the role of administrative lead agency/horizontal lead agency (for example in the role of lead agency in the Dutch Relief Alliance).

The income from own fundraising for 2020 up to 2022 is calculated by the sum of:

- Income from private individuals
- Income from companies
- Income from other non-profit organisations minus income from SHO
- Income from sale of goods and or rendering of services

Semi-restricted funds

Semi-restricted funds are accruals of income from own fundraising that is not earmarked for one specific project, but only earmarked for a broadly defined purpose. The increase in semi-restricted funds by €3,4m is a result of spending on projects and fundraising costs minus the contributions from private fundraising in 2022.

Loans & Guarantees Fund

The Loans & Guarantees Fund comprises the resources that have been accrued within the scope of the Loans & Guarantees Program. The resources of the Loans & Guarantees Fund stem from the co-financing program and from own resources. As no new funds are being added to the fund by Cordaid, the portfolio can only grow through a positive result from the social impact investments itself. Grant approvals for projects supporting the social impact investments are deducted from the fund Loans & Guarantees. The operating costs consist of the cost of Cordaid Investment Management BV (CIM BV), including overhead charged from Stichting Cordaid to CIM BV based on the service-level-agreement between these parties. Also, social impact investments outside the scope of the funds managed by CIM BV are financed through this fund up to a cumulative of €5m.

x € 1,000	31 DEC 2022	31 DEC 2021
Balance as at 1 January	79.342	74.029
Income from financial assets issued for objectives	1.049	2.007
Investment income (assets not issued for objectives)	-555	252
Unrealised change in value of derivatives	855	5.085
Operating costs	-2.853	-2.664
Movement in provision for Loans & Guarantees	-7.334	-305
Grant approvals	-56	-57
Financial result assets connect to objectives	-8.894	4.318
Other - movement between funds/reserves	170	994
Closing balance 31 December	70.618	79.342

13. Provisions

The composition of, and movements in, the provisions were as follows:

x € 1,000	REDUNDANCY PROVISION	BACKDONOR PROJECTS	GURANTEE OBLIGATION	OTHER PROVISION	TOTAL
Balance as at 1 January 2022	748	4.034	561	-	5.343
Short term liabilities	444	265	-	14	723
Balance as at 1 January 2022 incl. short term liabilities	1.192	4.299	561	14	6.066
<i>Changes</i>					
- Addition	919	5.055	127	-	5.432
- Withdrawn	-643	-353	-	-14	-1.010
- Released	-72	-2.162	-31	-	-1.596
	1.396	6.839	657	-	8.892
Short term liabilities	-387	-2.358	-111	-	-2.856
Balance as at 31 December 2022	1.009	4.481	546	-	6.036

Provisions increased in 2022 by €2,8m to €8,9m.

The redundancy provision consists of 2 main parts: a provision taken at Global Office for redundant staff of the 2022 reorganisation 'Towards a resilient Cordaid'; and provisions taken at Country Office level (mainly South Sudan) due to local legislation.

Cordaid provides guarantees to (bank) institutions who use this to provide loans to third parties. A provision was recognised for the guarantees provided by ICCO, based on an assessment of project risk and global economy risk. In calculating the provision, the payment behaviour of the relevant partner is also taken into account. While the assessed risks are based on the best practices, these risks cannot be precisely determined for some regions. In 2022 no guarantee amount was called in. In early 2023 an amount of €111k was called in and paid to a bank institution. The total guarantee Cordaid has given is €1,2m and only individual guarantees with a risk above 50% are provided for.

(Alleged) irregularities

In the context of our controls in place to manage ethical risks as set out in note 4.2, we receive, investigate and follow up on cases reported through our internal processes. If necessary, we account for any potential losses further to the (alleged) matters. The total back donor provision of €6,8m includes a provision for possible ineligible costs related to projects. The provision has originated for different reasons and includes an amount of €2,1m for the (alleged) irregularities in Democratic Republic of the Congo (DRC) and Central African Republic (CAR) and €4,7m for ineligible project costs in DRC €1,3m, Global office €1,6m, Afghanistan €0,6m and Ethiopia €0,6m and other country offices €0,5m. The provisions for back donor projects has increased with €2,5m, mainly due to ineligible project cost noted in Donor audits.

CAR

In 2020 Cordaid received allegations of integrity breaches and misconduct of staff members in our country office in the CAR. These allegations resulted in internal and external investigations, focused on irregularities in procurement and conflict of interest. A provision was formed for the expected loss, which at the end of 2021 was €4,2m, of which €1,0m was included in the provision for uncollectable receivables from grants and €3,2m in the back donor provision.

Cordaid GO launched an investigation in 2021 based on the financial and safeguarding allegations that were received regarding the Cordaid CAR Office. To provide fast and effective fact-findings, Cordaid hired an international independent business intelligence consultant. Cordaid performed the necessary steps to obtain and preserve the evidence and mitigate the risk of further misconduct. Next to this Cordaid performed pre-audits of project outcomes and expenses in 2021 and 2022. Due to the high ethical risk it has been decided in June 2022 that the country office is to be closed and ongoing projects are transferred to other NGO's or local parties.

No new allegations in the CAR were found for the years 2022 and 2023 to date. Donors of affected projects were approached with the final overview of the losses incurred due to integrity breaches and misconduct of staff members. These losses are the best estimate based on the outcome of the performed investigations, taking into account the circumstances in the CAR and the COVID restrictions which were present at the time of investigation. At the end of 2022 the provision has been set at €1,1m pending final settlement with donors, which resulted in a release of € 2,0m in 2022. Of the remaining provision, €0,1m is recorded in the provision for uncollectable receivables from grants and €1,0m in the back donor provision.

DRC

Signals of fraud at a partner organisation in the DRC were received in 2021 and triggered a first internal investigation. While this investigation was concluded with findings the board decided to conduct further investigations on other partners in the DRC, as implementers of the same program. The donor joined in the investigations with Cordaid and investigates the signals on its own. Based on the first investigation focused on fiscal year 2021, the initial ineligible expenses were calculated at €800K, which was provided for in 2021. After additional investigation during 2022 the amount has been now set at €1m and is included in the back donor provision. Because of the nature of the situation, this loss is the best estimate to date, which is not recoverable from partner organisations so far.

Cordaid recruited new management, and several new staff members on key positions have been appointed to continue with the DRC projects as well as setting up comprehensive plans for controls.

14. Current liabilities

The composition of, and movements in the current liabilities, were as follows:

x € 1,000	31 DEC 2022	*31 DEC 2021
Current liabilities		
Project commitments	36.373	39.898
Deferred grants	64.856	46.456
Accounts payable	1.909	4.644
Back donor provision (short term)	2.358	-
Taxes and social security contributions	2.103	1.509
Reservation for leave days and holiday allowance	1.516	1.681
Redundancy provision (short term)	387	723
Participations payable	256	256
Guarantee obligations (short term)	111	-
Derivatives - Liability	734	391
Other accruals and deferred income	12.396	14.890
	122.999	110.448

Current liabilities increased from €110,4m in 2021 to €123m in 2022. The main driver is found in the deferred grants for several projects donor funds are already received, while the expenses for the project are not yet recognised. Therefore a liability occurs for these projects.

15. Off-balance sheet commitments and contingencies

Off-balance sheet rights

Financing contracts with donors

In the year 2022, Cordaid received extensions to some of its existing projects. One such project is the “Investment in fighting AIDS, Tuberculosis and Malaria”, funded by the Global Fund in the Democratic Republic of Congo. An additional funding of €80,6m was granted to cater for COVID-19 support activities. This has led to an increase of the donor contract value from €163m to €244m in 2022. The second project to be extended is the “Financing for health sector development” in Zimbabwe being financed by the World Bank and the Government of Zimbabwe. Initially, the project was to be completed by 2023; but this has been extended to 2024.

Cordaid recognises the incoming resources from the financing of donor contracts and grant decisions in accordance with the Dutch Accounting Standard 274. This means that incoming resources are recognised at the time resources are spent. The difference between the income recognised and the actual amount received in the form of contributions from donors is recorded on the balance sheet. This results in a receivable position if more resources have been spent than received or in a deferred grant if incoming resources are greater than those spent. Therefore, the full amount of the contract is not disclosed in the financial statements.

Below is an overview of contracts with a spendable amount in future years. Contracts with a spendable amount above €5 million are individually presented.

Funding Organisation	Project Description	Duration	Donor Contract Value	Cumulative Income	Balance to be spent
The Global Fund	Investment in fighting AIDS, tuberculosis & malaria	2021-2023	244,105,779	145,450,984	98,654,795
Ministry of Foreign Affairs	Advocating for peaceful, secure & inclusive societies	2021-2025	49,562,878	31,251,399	18,311,479
World Bank & Government of Zimbabwe	Financing for health sector development in Zimbabwe	2020-2024	26,808,066	11,389,096	15,418,969
Netherlands Embassy Ethiopia	Strengthening the health system in Jimma & Borana zone through performance-based financing	2019-2023	21,124,347	11,805,414	9,318,933
World Bank	Support to deploy and manage COVID 19 vaccines and strengthen related health system capacity	2022-2023	6,048,758	14,619	6,034,139
European Commission	Sustained opportunities for nutrition governance	2020-2023	7,650,000	2,015,544	5,634,456
KFW Development Bank	Improvement access to sexual reproductive health in Burundi	2020-2023	18,061,740	13,039,643	5,022,097

Off-balance sheet commitments pertaining to lease obligations.

All commitments (including project commitments) are recognised on the balance sheet. For organisational costs, Cordaid's policy, wherever possible, is to avoid long-term contracts with suppliers that include fixed commitments. All contracts can be terminated within 1 year or amounts payable are based on actual usage. Contracts for office rent are the only exceptions.

Cordaid is renting its office building at Grote Marktstraat 45, the Hague. The rental contract commenced on 1 July 2019 and expires on the 30th of June 2024. As of December 2022, the off-balance sheet liabilities pertaining to the office lease are as follows:

Payable:	Office lease at the Hague in EUR
Within 1 year	406.105
Between 2 to 3 years	272.874
Total	678.979

During the reporting period, lease payments amounting to €0,5m are included in the statement of income and expenditure. Based on the consumer price index of the Statistics Netherlands, an index rate of 1.044 has been used to calculate the rental increment for amounts payable in 2023 and beyond.

Legal case Brazil

There are several labour lawsuits filed in Brazil, in relation to an investment made by ICCO. The maximum amount of all the listed processes together is €1,8m; however, this amount is being charged in solidarity of all executed individuals and companies (8 in total) without exclusively targeting a particular debtor. There is a high uncertainty as no estimate is possible if and when an amount of this sum can be claimed of one of more of the various defendants. The liability of defendants is not related to percentage of ownership. The outcome of the claims is not clear and it is not possible to make a proper estimate of the potential claim. No provision is made in the financial statements.

In the possible event that a court sentences the involved partners or ICCO to pay the claim, we will (and have already) hold other parties in default liable in this respect. ICCO agreed with the legal representative of ICCO in Brazil to pay for the legal support in the defence of these claims, amounting to a total of approximately € 20.000 on a yearly basis.

Other off-balance sheet rights

As of January 2021, a new method for the valuation of inheritances was used in accordance with the RJ-Uiting 2022-3 for the valuation of inheritances.

With this method, only inheritances for which a “Rekening van Verantwoording” has been drawn up are recorded as an amount receivable at year end giving a more accurate picture of the receivable amount. The inheritances for which a ‘Rekening van Verantwoording’ has been received after balance sheet date should be disclosed as off-balance sheet rights. A total amount of €1,3m (2021: €0,6m) has therefore been considered as an off-balance sheet receivable and has not been included in the annual accounts.

Alleged irregularities in the Central African Republic (CAR) and Democratic Republic of the Congo (DRC)

We make reference to note 13 setting out the financial effects and uncertainties in relation to allegations of integrity breaches and misconduct of staff members in our country office in the CAR and allegations of integrity breaches in our country office in DRC.

16. Income from private individuals

x € 1,000	CONTRIBUTIONS, DONATIONS AND GIFTS	LEGACIES	OTHER	TOTAL 2022	BUDGET 2022	TOTAL 2021
Cordaid General	18.812	4.766	-	23.578	24.742	21.934
	18.812	4.766	-	23.578	24.742	21.934

Income from private individuals amounted to €23,6m.

The number of supporters and income from individuals remained relatively stable over the years, despite the very competitive market for private fundraising.

17. Income from companies

x € 1,000	CONTRIBUTIONS, DONATIONS AND GIFTS	GRANTS	OTHER	TOTAL 2022	BUDGET 2022	TOTAL 2021
Cordaid General	-	3.224	-	3.224	1.857	5.502
	-	3.224	-	3.224	1.857	5.502

The income in 2022 is €2,3 million lower than in 2021, this is because of lower income from a private foundation and the RVO.

18. Benefits from lottery organisations

x € 1,000	2022	BUDGET 2022	2021
Nationale Postcode Loterij	4.050	4.000	4.050
Nationale Postcode Loterij - additional amount	1.800	-	-
	5.850	4.000	4.050

The general benefits from lottery organisations 2022 are on budget and equal the previous year. The income from lottery organisations consist of the annual and regular contribution from the Dutch National Postcode Lottery (NPL). In 2022 Cordaid received an additional contribution from the Dutch National Postcode Lottery (NPL) as was not the case in 2021.

19. Government grants

x € 1,000	2022	BUDGET 2022	*2021
Dutch Government	30.258	40.788	60.329
Global Fund	79.314	59.156	67.600
World Bank	7.705	13.272	8.778
European Union	14.748	17.708	9.637
Other	54.684	51.693	57.022
	186.709	182.617	203.366

Government grants comprise project funding provided by bodies such as the European Union, the Dutch government, the Global Fund, the World Bank and various United Nations organisations. Income is recognised based on the project expenditure made within the framework of the financing contract with the donor. In 2022 income from government grants decreased to €186,7m (2021: €203,4m).

Incoming resources from the Dutch Government have decreased with €30m as in 2021 additional funding was received and the 2022 income is more in line with years prior to 2021. The income is €10m below budget as several grants which were budgeted were not won.

Incoming resources from Global Fund are related to the project grant agreement to fight HIV/AIDS, tuberculosis and malaria in the Democratic Republic of the Congo. In 2021 a new phase of this project started, lasting until 31 December 2023. This new phase has a total volume of circa €200m, which resulted in income of €79,3m for 2022.

Incoming resources from the World Bank, related to Performance Based Financing (PBF) programs and health projects, totalled €7,7m in 2022. The activities of this project are mainly concentrated in Zimbabwe.

Compared to 2021, income from the European Union increased from €9,6m to €14,8m in 2022.

Cordaid signed several large financing contracts with donors to carry out specific projects with end dates in 2022 and beyond. Income from these grants is only recognised if subsidised costs are incurred or if a legal payment obligation towards partner organisations exists. An overview of the amount to be spent per contract with a total value above €5.0m can be found under note 15.

20. Income from related (international) organisations

x € 1,000	2022	BUDGET 2022	2021
Caritas Internationalis (members)	1.299	985	853

Incoming resources from related (international) organisations in 2022 increased by €0,4m compared to 2021. Apart from being a source of income, Caritas provides us with an important network through which we can execute our activities, especially in humanitarian aid.

** Please refer to note 2.2 for further details on correction of prior periods reporting restatement*

21. Income from other non-profit organisations

x € 1,000	2022	BUDGET 2022	2021
Samenwerkende Hulp Organisaties	17.847	355	950
Other organisations	33	-	306
	17.880	355	1.256

Income from other non-profit organisations was €1,3m in 2021. This amount was received from the SHO Campaign 'Samen in Actie tegen Corona'. Cordaid's share of this campaign was €1,0m and focused on activities in Nepal and Afghanistan. In 2022 SHO started the Campaign 'Samen in actie voor Ukraine', to provide humanitarian aid in Ukraine. Cordaid received €17.8m from this campaign. Under note 12. Funds & Reserves is shown what portion of these funds were spent by year end.

22. Income from sale of goods and or rendering of services

x € 1,000	MATERIALS SOLD	RENDERING OF SERVICES	TOTAL 2022	BUDGET 2022	TOTAL 2021
Cordaid General	-	4.461	4.461	-	3.892
TOTAL 2022	-	4.461	4.461	-	3.892

Income presented under the rendered services is related to Fair Climate Fund BV and Fair & Sustainable Consulting BV. Fair & Sustainable Consulting BV is an international consultancy company and gives advice on how to create sustainable economic opportunities for people in developing countries. The income in 2022 is €1,6m. Fair Climate Fund BV is selling emission rights which they gain by executing projects CO₂-reducing projects in developing countries. The income in 2022 is €2,1m. The remaining part consists of several small income streams.

23. Other income

x € 1,000	2022	BUDGET 2022	2021
Result on financial assets	4.377	470	4.429
Other	602	-	563
	4.979	470	4.992

Results on financial assets comprises operating gains on the loans, guarantees and participations program.

x € 1,000	2022	BUDGET 2022	2021
Interest received on loans and guarantees	4.305	470	4.417
Income from dividends/provision guarantees	72	-	12
Total result on financial assets	4.377	470	4.429

24. Program costs

Comparison of 2022 program costs and program management costs with the budget and the previous year:

x € 1,000	2022				2021
	DIRECT PROGRAM COSTS	PROGRAM MANAGEMENT COSTS	TOTAL 2022	TOTAL BUDGET 2022	TOTAL 2021
Healthcare	123.892	631	124.522	117.515	110.081
Humanitarian Aid	53.729	409	54.138	9.447	71.684
Security & Justice	7.466	868	8.334	12.663	4.238
Resilience	6.624	78	6.702	10.548	1.435
Private sector development	2.183	19	2.202	4.129	2.312
Sustainable livelihoods	18.248	2	18.250	8.714	21.945
Economic Empowerment	-	-	-	13.795	-
Education	1.824	48	1.872	-	6.439
Investment Projects	2.465	2.484	4.949	-	2.386
Other activities	6.168	-	6.168	15.033	5.710
Total costs of programs	222.598	4.539	227.137	191.844	226.230

Program costs in 2022 amounted to €227,1m; €0,9m higher than the previous year.

For the Humanitarian aid program, the higher-than-budgeted expenditure was predominantly caused by the increase of new projects compared to 2021 of which the top five new projects led to an increase of €35,4m. For Sustainable livelihoods a growth was expected in 2022, as is reflected in the budget.

25. Cost allocation to the different activities

Cordaid uses different allocation keys to allocate costs, making allowance where possible for the recommendations of Goede Doelen Nederland. Costs are allocated in two stages:

1. Costs relating directly to programs, fundraising and management & administration are directly allocated to these activities. This involves the costs of the thematic program units (programs), private fundraising & communication (public information/awareness campaigns and fundraising), the board of directors (management & administration) and finance & control (management & administration). Costs of the department for institutional account management are fully labelled as expenditure on fundraising.
2. Other costs allocated to programs, fundraising and management & administration include the costs of departments such as human resource management, IT and facility management and quality assurance. FTEs of departments that can be directly allocated are used as a key to allocate the costs of the mentioned departments to programs, fundraising, or management & administration.

For the 2022 budget the public information and fundraising costs were categorised, and a list was prepared for each category outlining the specifics of the percentage of costs that should be allocated to fundraising (FR) and to public information (PI). The list of key activities/costs was used to decide on the 2022 budget for both fundraising costs and public information. The relative division between the two activities was:

1. Fundraising: 50.0% (2021: 50.0%);
2. Public Information/Awareness campaigns: 50.0% (2021: 50.0%)

These percentages were used to allocate the total 2022 marketing & funding budgets over the two activities. The fundraising costs also include the fundraising for funds from institutional donors.

Costs incurred per activity and per cost category:

x € 1,000	EXPENDITURE ON THE OBJECTIVES	EXPENDITURE ON FUND- RAISING	MANAGEMENT AND ADMINISTRATION	TOTAL 2022	TOTAL BUDGET 2022	TOTAL 2021
Grants and contributions	83.930	-	-	83.930	63.210	77.707
Own Implementation	73.786	-	-	73.786	90.594	92.494
Publicity and communication	3.031	2.640	10	5.681	8.190	7.759
Staff	32.531	1.512	4.522	38.565	34.470	39.581
Travel and accommodation	6.510	13	121	6.644	3.650	4.254
Housing	3.611	42	532	4.185	3.180	3.241
Office & General	27.227	84	4.274	31.585	14.660	20.982
Financial results	9.162	-	-	9.162	-	1.804
TOTAL 2022	239.788	4.291	9.459	253.538	217.954	232.410

x € 1,000	PROGRAM COST	PUBLIC INFORMATION / AWARENESS CAMPAIGNS	RESULT FROM FINANCIAL ASSETS	EXPENDITURE ON THE OBJECTIVES
Grants and contributions	83.930	-	-	83.930
Own Implementation	73.786	-	-	73.786
Publicity and communication	410	2.621	-	3.031
Staff	31.769	762	-	32.531
Travel and accommodation	6.507	3	-	6.510
Housing	3.569	42	-	3.611
Office & General	27.166	61	-	27.227
Financial results	-	-	9.162	9.162
TOTAL 2022	227.137	3.489	9.162	239.788

Results from financial assets comprises operating gains and losses on the loans, guarantees and participations program.

x € 1,000	2022	2021
Revaluation of participations	795	514
Unrealised change in value of derivatives	-	-
(Un)realised currency gains and losses	-562	215
Allocated to/withdrawn from provision for loans, guarantees and projects	8.929	1.074
Total result on financial assets	9.162	1.804

The negative result on financial assets increased with €7,4m compared to 2021. The main driver of this decrease is a larger addition to the provision for loans and guarantees of €7,8m in 2022. The provision has increased significantly in 2022 due to tough economic market conditions and negative currency exchange results mainly in the portfolio in Myanmar, Sierra Leone and Mali.

Total audit fees charged by Ernst & Young Accountants LLP stood at €1,7m in 2022 (2021: €1,3m).

The above mentioned fee relates to all the work performed for Stichting Cordaid and entities included in the consolidated accounts by the audit firms and auditors mentioned in article 1, section 1 Wta (Wet toezicht accountantsorganisaties) and the fees charged by the audit firm's network. The fees relate to the 2022 fiscal year, although the related work can be executed in other years.

An additional €0,3m (2021: €0,3m) was spent on local audits and audits of partner organisations. These audits were carried out by audit firms other than the Dutch offices of Ernst & Young Accountants LLP.

For the purpose of the calculation of the maximum continuity reserve the costs for the work organisation has to be determined. The costs for the work organisation consist of the costs for staff, travel & accommodation, housing and office & general. This totals to €79,8 m. The maximum of the continuity reserve is 1.5 times the work organisation's annual cost, which is €119,7 m.

26. Cost of staff

The total number of staff within Cordaid with a Dutch labour contract is as follows.

	2022	BUDGET 2022	2021
Average head count in The Hague	159,0		176,0
Average head count expats at field offices	40,0		45,0
Average head count	199,0		221,0
Average number FTEs with a Dutch labour contract	175,0	197,3	208,7
Program staff	91,4	117,6	133,2
Fundraising/Awareness staff	21,2	26,5	24,9
Other departments	62,4	53,2	50,6
	175,0	197,3	208,7

At year-end 2022, Cordaid had a headcount of 199 (2021: 221). This decrease is the result of various reorganisation exercises at CIM and at ICCO related to the asset-liability transaction.

x € 1,000	2022	BUDGET 2022	2021
- Salaries and wages	20.860	20.179	23.171
- Addition redundancy provision	597	134	154
- Social security contributions	3.717	3.201	3.676
- Pension costs	1.775	1.571	1.804
- Temporary staff	1.382	1.319	1.515
- Cost of training and education	233	235	270
- Other personnel expenses	10.001	7.829	8.990
	38.565	34.470	39.580

Cordaid's pension plan is administered by the Zorg en Welzijn Pension Fund, a pension fund for the health and welfare sector. Employees' retirement and partner pensions are based on their pensionable salary for full-time employment, net of the state pension offset. The pension fund endeavours to index-link any accrued pension entitlements and pensions in payment, based on general salary trends in the collective bargaining agreements that govern its affiliated employers in a particular year. The pension fund decides every year whether index-linking would be appropriate and, if so, what index to use given the financial situation and expected developments in that situation. In doing so, the pension fund uses nominal and realistic coverage ratios as benchmarks. Although the pension fund may decide to apply catch-up index linking, such a decision will not have retroactive effect and will not trigger subsequent payments. Index linking is funded partially from contributions and partially from the return on plan assets. The actual coverage ratio was 111,6% on the 31st of December 2022 (31 December 2023: 106,3%).

27. Related parties

Introduction

Stichting Cordaid has established a legal structure to support its objectives and has full control of all these entities, they are therefore classified as related parties.

Cordaid identified the following related parties:

- Stichting Cordaid Expats, The Hague
- Stichting Cordaid Participaties, The Hague
- Cordaid Investment Management BV, The Hague
- Corpav BV, The Hague
- Cordaid SA NPC, Cape Town, South Africa
- Stichting ICCO, The Hague (per 1-1-2021)
- ICCO Group BV, The Hague (per 1-1-2021)
- Fair Climate Fund BV, Utrecht (per 1-1-2021)
- Fair & Sustainable Consulting BV, Utrecht (per 1-1-2021)
- ICCO Development Solutions PTE. LTD., Singapore (per 1-1-2021)
- Fair & Sustainable Participations, Brazil (per 1-1-2021)
- Fair & Sustainable Business Development Services Ethiopia, Ethiopia (per 1-1-2021)
- Fair & Sustainable Consulting (KE) Limited, Kenya (per 1-1-2022)
- Stichting Beheer Subsidiegelden Dutch Relief Alliance, The Hague

The Stichting Beheer Subsidiegelden Dutch Relief Alliance was founded in 2018 with the objective to channel grants from the Dutch Ministry of Foreign Affairs for acute crises and innovation funds to participating organisations of the Dutch Relief Alliance (DRA). The DRA is not included in the consolidation of the Cordaid accounts. A Cordaid employee has been appointed as member of the Board of the foundation and Cordaid is the secretary of the foundation. However, Cordaid does not exercise control over the foundation.

Related party transactions

During 2022 all transactions between Stichting Cordaid and the mentioned related parties are in principle priced at arm's length basis. The nature of the transactions was predominantly the funding of the activities of the different entities by Stichting Cordaid. In return Cordaid Investment Management BV managed Stichting Cordaid's Loans & Guarantees fund and Stichting Participations held the shares of Corpav BV. Corpav BV holds shares in one local investment in South Sudan (Finance South Sudan), which is part of the financial fixed assets on Cordaid's consolidated balance sheet.

28. Executive remuneration

The Supervisory Board has adopted an executive remuneration policy including the level of executive remuneration as well as other pay and benefits. The policy is updated periodically and was evaluated most recently in 2016. In determining the remuneration policy and adopting the level of the remuneration, Cordaid follows the regulation for executive remuneration of Goede Doelen Nederland.

The regulation uses weighting criteria to set a maximum for an executive's annual compensation. The most recent Goede Doelen Nederland standard of 1 January 2018 was used to determine these weighting criteria. This has resulted in a so-called BSD score of 580 points for the CEO and 504 points for the CFO and COO, with a maximum annual compensation for all the positions of €173.960.

The total annual compensation in 2022 stood at €170.162 (2021: €164.934) per year for the CEO, Kees Zevenbergen, €153.359 (2021: €145.102) for the CFO, Lorena Paz Quintero and Ylse van der Schoot COO, with a compensation of €162.030 (2021: €39.199). The total annual income is within the maximum remuneration limits of the regulation of Goede Doelen Nederland.

Executive remuneration comprises gross salary costs including holiday allowance, social security contributions, pension costs, expense allowances and year-end allowance. As a rule, all employees receive a year-end allowance.

During 2022, the employed members of the Board were:

x € 1	L.C. Zevenbergen	L. Paz Quintero	Y. van der Schoot
	CEO	CFO	COO
Employment contract			
Duration	30/06/2023	31/12/2024	30/09/2025
Number of hours	36	36	36
Part-time percentage	100	100	100
Period in 2022	1/1-31/12	1/1-31/12	1/1-31/12
Gross salary	121.488	107.176	114.090
Holiday allowance	9.659	8.519	9.623
Year-end allowance	10.754	9.486	10.098
Variable pay			
Total annual income	141.901	125.181	133.811
Social security contributions (employer's share)	14.251	14.251	14.252
Taxable allowances (Public transport abonnement)	-	-	-
Pension costs (employer's share)	14.010	13.927	13.967
Other benefits on long term	-	-	-
End of contract benefits	-	-	-
	28.261	28.178	28.219
Total remuneration for 2022	170.162	153.359	162.030
Total remuneration for 2021	164.934	145.102	39.199

The members of the Board of Directors did not have any outstanding loans, advances or guarantees at year-end or during 2022.

Supervisory Board

The cost of the Supervisory Board consists of an annual remuneration which is paid to members and the hiring of expertise and advisors on request of the Supervisory Board. As per Cordaid's policy for good governance, Supervisory Board members are entitled to a remuneration. They have the opportunity to cover their out-of-pocket expenses through a fixed expense allowance. Amounts paid for individual members of the Supervisory Board in 2022 were as follows:

x € 1	A.J.M. Heerts	J.F. De Leeuw	G.R. Peetoom	M. van Beek
Function	Chair	Vice chair and member Remuneration Committee	Member	Member Remuneration Committee
Duration of function in 2022 (days)	365	365	365	365
Remuneration	-	-	1.500	-
Provisions for future payments	-	-	-	-
Total remuneration 2022	-	-	1.500	-
Total remuneration 2021	-	-	-	-

x € 1	J.J.A. de Boer	A. Knigge	M.W.J.A. Landheer-Regouw	J.N. Alders-Sheya
Function	Member	Member	Member	Member Audit Committee
Duration of function in 2022 (days)	365	365	365	365
Remuneration	1.500	-	-	1.500
Provisions for future payments	-	-	-	-
Total remuneration 2022	1.500	-	-	1.500
Total remuneration 2021	1.500	1.500	-	813

x € 1	D.C. Cheng
Function	Member Audit Committee
Duration of function in 2022 (days)	365
Remuneration	1.500
Provisions for future payments	-
Total remuneration 2022	1.500
Total remuneration 2021	-

29. Financial income and expenses

Financial income and expenses includes interest and other income from bonds, capital gains on shares, interest earned on the bank account and currency gains and losses that are not related to the social impact investments. The following is a five-year summary of this item:

x € 1,000	2022	BUDGET 2022	*2021	2020	2019	2018
Interest received on bonds	233	-	210	124	498	286
Interest received on cash and cash equivalents	-77	-	-10	-4	3	14
Realised exchange gains and losses	-199	-	-464	-1.740	597	106
Unrealised exchange gains and losses	-3.320	-	6.573	-5.285	2.823	-191
Gross investment income	-3.363	-	6.309	-6.905	3.921	215
Investment costs	-128	-	-114	-101	-101	-76
Net investment income	-3.491	280	6.195	-7.006	3.820	139

The net investment result has decreased significantly in 2022. The main factor was the unrealised exchange rate gains. This is mostly caused by the majority of the outstanding loans and participations which are denominated in USD and other local currencies. The exchange rate towards EURO has been unfavourable in 2022, this resulted in an unrealised loss of €3,3m and a realised loss of €0,2m, a net negative result of €3,5m.

30. Subsequent event

Subsequent events have been evaluated up to February 2024, the date the financial statements were issued. Cordaid identified the following subsequent events:

From 1 January 2021, the Global Office activities of ICCO and Cordaid have merged, which resulted in staff from ICCO moving to Cordaid. For the countries that fall within the scope of Cordaid, activities were moved from ICCO towards Cordaid from 1 January 2021. Local licenses to operate under the name of Cordaid have been requested. The regional office of West Africa and Myanmar will move to Cordaid. In 2023 preparations are being made to phase out and handover activities in various countries and regions.

Cordaid works in and on fragility, and the impact investment strategy is supporting Cordaid's mission to reduce the fragility and vulnerability of people who live in very difficult settings, such as conflict affected societies. To achieve a healthy and financially sustainable organisation, Cordaid will focus its programmatic strategy and the core elements further in 2023. Therefore, we are investigating the path to wind down the investment programme managed by CIM B.V. This means a repurpose of the Loans & Guarantees (L&G) reserves, including the West Africa Bright Future Fund in 2023. The exit strategy is agreed upon by Board of Directors' decision on March 2023. The exit strategy including expected external market conditions are expected to lead to a future result between - €4,9m and € +2,5m. It is expected that most of the loans are repaid in 2025 as the entire unwinding process can be concluded in 2029.

As set out in note 13, allegations of irregularities have been reported until the date of this report. For some allegations the investigations have not been completed. The outcome may have financial impact on 2023 and prior years.

Cordaid incurred delays in publishing its audited financial statements for the year 2022. The delay triggered a risk analysis where risks of non-compliance were analysed by Cordaid and mitigated by obtaining waivers or communication from our main stakeholders and donors. For the financial year ending 31 December 2023 delays can also be expected. Although management has maintained a strong relationship with its donors, it is not guaranteed that further extensions will be granted and this may lead to further non-compliance, loss of funding or penalties.

January 2024 the COO announced her departure from the organisation by 1 March 2024. The responsibilities will be shared within the Board of Directors and senior management on an interim basis before embarking on permanent replacement.

** Please refer to note 2.2 for further details on correction of prior periods reporting restatement*

Individual financial statements of Stichting Cordaid

Individual balance sheet of Stichting Cordaid as at 31 December 2022

x € 1,000	NOTE	31 DEC 2022	*31 DEC 2021
Assets			
Fixed assets			
Intangible fixed assets	31	26	69
Tangible fixed assets	32	531	816
Financial fixed assets			
- Issued in connection with the objectives	33	61.294	65.285
- Investments	33	22.814	26.655
- Participations in group companies		<u>305</u>	<u>949</u>
		84.413	92.889
Current assets			
Receivables	34		
- Receivable from group entities		15.407	8.193
- Receivable from grants		61.669	37.707
- Work advances partner organisations		2.677	4.710
- Receivable from inheritances		506	739
- Derivatives		3.694	832
- Other receivables		2.406	2.182
- Interest receivable		<u>1.637</u>	<u>1.854</u>
		87.996	56.217
Cash and Bank	35	<u>52.711</u>	<u>53.033</u>
Total assets		<u>225.677</u>	<u>203.024</u>
x € 1,000	NOTE	31 DEC 2022	*31 DEC 2021
Liabilities			
Reserves and funds			
- Reserves	36		
▪ Continuity reserve		11.500	11.500
▪ Earmarked reserves		<u>1.594</u>	<u>11.913</u>
		13.094	23.413
- Funds			
▪ Restricted funds		9.814	3.282
▪ Semi-restricted funds		11.568	8.208
▪ Loans & guarantees fund		<u>70.314</u>	<u>78.428</u>
		91.696	89.919
Total reserves and funds		104.790	113.332
Provisions	37	6.034	5.342
Current liabilities	38		
- Liabilities to group entities		-	886
- Project commitments		33.867	31.618
- Other current liabilities		<u>80.986</u>	<u>51.847</u>
		114.853	84.350
Total liabilities		<u>225.677</u>	<u>203.024</u>

* Please refer to note 2.2 for further details on correction of prior periods reporting restatement

Individual statement of income and expenditure for the year ended 31 December 2022

x € 1,000	Note	2022	*2021
Result of subsidiaries	39	-509	1.017
Individual balance of income and expenditures		-8.543	3.094
Balance of funds		-9.052	4.111

Notes on the foundation's individual financial statements

Accounting principles

General

The Company financial statements are part of the 2022 financial statements of Stichting Cordaid. The financial statements have been prepared in accordance with the Dutch Accounting Standard for Fundraising Institutions (RJ 650).

Principles for the measurement of assets and liabilities and the determination of the result

The principles for the recognition and measurement of assets and liabilities and determination of the result (herein after referred to as principles for recognition and measurement) of the Company financial statements of Stichting Cordaid are the same as those applied for the consolidated financial statements. Consolidated participating interests, over which significant influence is exercised, are stated based on net asset value.

The share in the result of participating interests consists of the share of Stichting Cordaid in the result of these participating interests. Results on transactions are not incorporated insofar as they can be deemed to be unrealised, if the transfer of assets and liabilities between Stichting Cordaid and its participating interests and mutually between participating interests themselves.

The financial information of the Company is fully incorporated in the consolidated annual accounts. Using article 2:402 of the Dutch Civil Code, a condensed profit and loss account in the individual financial statements is sufficient.

Correction of prior periods reporting restatement

Please refer to note 2.2 in consolidated financial statements for further details.

31. Intangible fixed assets

Movements of the intangible fixed assets are as follows:

x € 1,000	ITSYSTEM
Balance as at 1 January 2022	
Cost	390
Accumulated amortisation	-321
Carrying value as at 1 January 2022	69
Changes	
Purchases	
Disposals	-
Amortisation	-43
Amortisation on disposals	-
Total changes	-43
Balance at 31 December 2022	
Cost	390
Accumulated depreciation	-364
Carrying value as at 31 December 2022	26
Amortisation percentages	33%

The total investments mainly concern the development of the IT system which ICCO has been developing, during the phaseout period of ICCO until 2023, the IT system will still be used. All assets are held for business operations.

32. Tangible fixed assets

Movements of the tangible fixed assets are as follows:

x € 1,000	BUILDINGS	IT EQUIPMENT	FURNITURE AND FITTINGS	VEHICLES	OTHER ASSETS	TOTAL
Balance as at 1 January 2022						
Cost	1.228	4.607	1.838	33	283	7.989
Accumulated depreciation	-553	-4.605	-1.701	-31	-283	-7.173
Carrying value as at 1 January 2022	675	2	137	2	-	816
Changes						
Purchases	-	5	6	29	-	40
Disposals	-	-	-	-	-283	-283
Depreciation	-234	-7	-53	-31	-	-325
Depreciation on disposals	-	-	-	-	283	283
Total changes	-234	-2	-47	-2	-	-285
Balance at 31 December 2022						
Cost	1.228	4.612	1.844	62	-	7.746
Accumulated depreciation	-787	-4.612	-1.754	-62	-	-7.215
Carrying value as at 31 December 2022	441	-	90	-	-	531
Depreciation percentages	10%	33%	20%	33%	33%	

The difference between the tangible fixed assets in the consolidated balance sheet and the individual balance sheet can be explained by the investments CIM BV made upon moving into the new office building, assets which Stichting ICCO has at their Regional Offices and assets of other subsidiaries. All assets are held for business operations. Refer to note 6 in the consolidated financial statements for more information.

33. Financial fixed assets

Stichting Cordaid holds two types of financial assets. Outstanding loans, participations and guarantees are recognised as financial assets issued in connection with the objectives. This relates to loans issued to and a number of participations in partner organisations for the purposes of funding usually small-scale economic activities (e.g. through microfinance institutions), for which partner organisations find it difficult or impossible to secure finance from commercial banks. Interest rates on these loans are determined by country and by customer.

x € 1,000	Loans	Participations	Total
Balance 1 January 2022			
Value of portfolio at 1 January 2022	52.852	19.651	72.503
Provision at 1 January 2022	-7.218	0	-7.218
Carrying amount 1 January 2022	45.634	19.651	65.285
<u>Changes in portfolio</u>			
Loans and guarantees issued	23.329	-	23.329
Loans and guarantees repaid	-16.851	-	-16.851
Reclassifications	-500	-	-500
Participations acquired/committed	-	536	536
Participations sold/commitments withdrawn	-	-1.379	-1.379
Impaired loans and guarantees/withdraw from provision	-2.509	-	-2.509
Revaluation of participations	-	-292	-292
Currency gains and losses	-394	60	-334
Change in value of portfolio at 31 December 2022	3.075	-1.075	2.000
<u>Changes in the provision</u>			
Impaired loans and guarantees/withdraw from provision	2.581	-	2.581
Allocated to provision for loans and guarantees	-8.572	-	-8.572
Provision at 31 December	-5.991	-	-5.991
Value of portfolio at 31 December 2022	55.927	18.576	74.503
Provision at 31 December 2022	-13.209	-	-13.209
Carrying amount 31 December 2022	42.718	18.576	61.294

Loans

The loans will fall due in the following periods:

x € 1,000	LOANS
< 1 year	11.542
1-5 years	44.385
> 5 years	-
	55.927

Temporary cash surpluses are kept in deposit- and savings accounts. The earmarked reserves and uninvested cash from the Fund Loans & Guarantees are, up to an amount of €26,7m, invested by ING and Van Lanschot Bankiers on behalf of Stichting Cordaid. Refer to note 8 to the consolidated financial statements for more information.

Details and movement related to the investments not linked to the objective can be found in note 9.

34. Receivables

The receivables in the individual balance sheet of Stichting Cordaid are specified as follows:

x € 1,000	31 DEC 2022	*31 DEC 2021
Receivables		
Receivable from group entities	15.407	8.193
Receivable from grants	66.575	38.965
Provision uncollectable receivables from grants	-4.906	-1.258
Work advances partner organisations	2.734	4.770
Doubtful debts	-57	-60
Receivable from inheritances	506	739
Interest receivables	1.637	1.854
Derivatives - Receivable	3.694	832
Other receivables	2.406	2.182
	87.996	56.217

The receivable balance from group entities consists of a receivable position of €7,2m from Stichting ICCO. These are movements of balance positions between ICCO and Cordaid, resulting from the asset-liability transaction between the two entities and various transactions during 2022, which have not yet been settled.

The receivables from group companies include a loan receivable with ICCO Group B.V. of €0,5m in relation to financing of the loan to and investment in SCOPEinsight Holding B.V. The loan does not bear interest, but is subject to payment of received dividends or commissions until the date of repayment. The loan is receivable within one year.

Explanations on the other receivables in the individual balance sheet can be found in note 10 of the consolidated financial statements.

35. Cash and bank

Cash and bank comprises the cash and bank balances of the Cordaid office in The Hague, the Country Offices abroad and deposits falling due in less than one year.

x € 1,000	31 DEC 2022	31 DEC 2021
Cash and cash equivalents		
Deposit	1.428	1.440
Bank accounts	50.946	51.385
Cash at hand	411	196
Cash in transit	-74	12
	52.711	53.033

The most important explanations for the change in cash and cash equivalents can be found in the consolidated cash flow statement. We refer to note 11 to the consolidated financial statements for disclosures on other items.

* Please refer to note 2.2 for further details on correction of prior periods reporting restatement

36. Reserves and funds

The reserves and funds in the individual balance sheet of Stichting Cordaid are specified as follows:

x € 1,000	CONTINUITY RESERVE	EARMARKED RESERVES	RESTRICTED FUNDS	SEMI- RESTRICTED FUNDS	RESTRICTED FUND LOANS & GUARANTEES	TOTAL RESERVES AND FUNDS
Balance as at 1 January 2021	11.500	11.719	2.107	12.012	73.116	110.454
Restatement	-	-	-	-216	-	-216
*Balance as at 1 January 2021	11.500	11.719	2.107	11.796	73.116	110.238
Dotation	-	1.201	2.739	23.747	4.376	32.063
Extraction	-	-	-1.564	-27.618	-57	29.239
Other	-	-994	-	-	994	-
Restatement	-	-14	-	284	-	270
*Balance as at 1 January 2022	11.500	11.912	3.282	8.209	78.429	113.332
Changes						
Dotation	-	638	20.102	38.411	362	59.514
Extraction	-	-10.786	-13.570	-35.052	-8.647	-68.055
Other	-	-170	-	-	170	-
Balance at 31 December 2022	11.500	1.594	9.814	11.568	70.314	104.790

The company total reserves and funds of € 104.790 deviates from the consolidated total reserves and funds of €105.316. The difference has occurred in relation to the merger with ICCO Group in 2021. More information about the reserves and funds can be found in note 12.

37. Provisions

The provisions in the individual balance sheet of Stichting Cordaid are specified as follows:

x € 1,000	REDUNDANCY PROVISION	BACKDONOR PROJECTS	GURANTEE OBLIGATION	OTHER PROVISION	TOTAL
Balance as at 1 January 2022	779	4.002	561	-	5.342
Short term liabilities	411	265	-	14	690
Balance as at 1 January 2022 incl. short term liabilities	1.190	4.267	561	14	6.032
Changes					
- Addition	919	5.055	127	-	6.101
- Withdrawn	-643	-324	-	-14	-981
- Released	-72	-2.159	-31	-	-2.262
	1.394	6.839	657	-	8.890
Short term liabilities	-387	-2.358	-111	-	-2.856
Balance as at 31 December 2022	1.007	4.481	546	-	6.034

We refer to note 13 to the consolidated financial statements for disclosures on the provisions.

* Please refer to note 2.2 for further details on correction of prior periods reporting restatement

38. Current liabilities

The composition of the current liabilities in the individual balance sheet of Stichting Cordaid is as follows:

x € 1,000	31 DEC 2022	31 DEC 2021
Liability to group entities	-	886
Project commitments	33.867	31.618
Deferred grants from governments	56.229	32.422
Accounts payable	5.956	3.842
Taxes and social security contributions	1.714	815
Reservation for leave days and holiday allowance	1.298	1.359
Redundancy provision (short term)	2.856	690
Derivatives - Liability	734	391
Participations payable	256	256
Other accruals and deferred income	11.944	12.071
	114.853	84.350

The liabilities to group entities are related to intercompany balance between CIM BV and Stichting Cordaid. Explanations on the (movements of) other liabilities in the individual balance sheet can be found in note 14 of the consolidated financial statements.

39. Result of subsidiaries

The financial position as at 31 December 2022 and the 2022 results of subsidiaries can be specified as follows:

x € 1,000	CORDAID SA NPC	CIM BV	CORPAV	SCP	Stg. ICCO	ICCO Group BV	TOTAL
Assets							
Tangible fixed assets	-	19	-	-	2	-	21
Social impact investments	-	-	-	-	711	430	1.141
Other receivables	56	6.276	-	-	37.870	-	44.202
Cash and banks	301	324	-	-	15.839	2	16.466
Total assets	357	6.620	-	-	54.422	432	61.829
Liabilities							
Equity / Reserves and funds	-207	1.083	-653	-12	-453	-71	-313
Provisions	-	1	-	-	-	-	1
Liability to Stichting Cordaid	-	4.639	652	12	9.296	337	14.935
Current liabilities	563	897	1	-	45.579	165	47.206
Total liabilities	357	6.620	-	-	54.422	432	61.829

x € 1,000	CORDAID SA NPC	CIM BV	CORPAV	SCP	Stg. ICCO	ICCO Group BV	TOTAL
Net revenues	2	2.517	-	-	18.035	19	20.573
Personnel expenses	-	1.456	-	-	3.515	-	4.971
General and administrative expenses	-	1.060	-	-	15.099	19	16.178
Operating expenses	-	2.516	-	-	18.614	19	21.149
Financial income and expenses	-	-2	-	-	25	-93	-70
Result from ordinary activities before tax	2	3	-	-	-604	93	-506
Corporate income tax	-	3	-	-	-	-	3
Net result	2	-	-	-	-604	93	-509

Stichting Cordaid has a 100% interest in Cordaid SA NPC, Cape Town (South Africa). The nature of business and principal activities of Cordaid SA is relief and development aid in line with the objectives of Stichting Cordaid. Cordaid has no activities in South Africa anymore. The result of 2022 related to exchange rate losses on remaining cash and bank balances in South Africa.

Cordaid Investment Management BV (CIM BV) acts as asset manager for the Stichting Cordaid social impact investment portfolio. Current liabilities relate to personnel accruals such as holiday allowances, wage taxes and social security premiums. Net revenue consists predominantly of the asset management fee 2022 charged to Stichting Cordaid. Average FTE during 2022 was 12,9 and head count 16 employees. General and administrative expenses are mainly driven by the cost-of-service level agreement between Stichting Cordaid and CIM BV (€0,2m) and automation expenses (€0,4m including licenses, software maintenance and development, as well as consultants).

On behalf of Stichting Cordaid, Corpav BV makes direct and indirect investments in social enterprises all over the world. Stichting Cordaid Participaties (SCP) is the only shareholder of Corpav BV and had no activities in 2022. Corpav BV has a social impact portfolio consisting of €0,7m in loans to innovative social enterprises. These loans were all provided for in the prior financial year.

After the asset-liability transaction all the Global Office activities of Stichting ICCO have moved to Stichting Cordaid. However, there are still projects being implemented in countries where ICCO has been working in previous years. The project implementation has not been shifted to Cordaid yet. ICCO closed 2022 with a negative financial result of € 603.000.

Stichting Cordaid has a 100% interest in ICCO Group BV, who holds various participations on consolidated entities. The financial result of these entities was moved towards Stichting Cordaid as a movement on the value of the participation. The total participation value of ICCO Group BV reduced by €466.000 to €0.

Other information

Provision in the constitution governing the appropriation of balances

The Supervisory Board shall adopt the annual report and the financial statements prepared by the Board of Directors for the past financial year in line with article 11.4 of the constitution of Cordaid. Included in the financial statements is a proposal for the appropriation of positive or negative financial balances in the financial year concerned. The appropriation of the balance is in line with RJ 650 and takes into account the imposed restrictions on spending by third parties and guidelines from the branch organisation Goede Doelen Nederland.

Country offices

Cordaid and ICCO are present in the following countries:

	CORDAID	ICCO
Country Offices		
Afghanistan	X	
Central African Republic	X	
Democratic Republic of Congo	X	
South Sudan	X	
Ethiopia	X	
Burundi	X	
Iraq & Syria	X	
Sierra Leone & Liberia	X	
Yemen	X	
Regional Office - East Africa		
Uganda	X	
Rwanda	X	
Zimbabwe	X	
Kenya	X	
South Africa		X
Regional Office - West Africa		
Mali		X
Burkina Faso		X
Senegal		X
Benin		X
Niger		X
Regional Office - Asia		
Indonesia		X
Myanmar	X	X
Nepal		X
Bangladesh	X	
Regional Office - Latin America		
Bolivia		X
Colombia		X
Nicaragua		X
Global Office		
The Netherlands	X	

Independent auditor's opinion

Independent auditor's report

To: the board of directors and supervisory board of Stichting Cordaid

Report on the audit of the financial statements 2022 included in the annual report

Our qualified opinion

We have audited the financial statements 2022 of Stichting Cordaid based in The Hague, the Netherlands.

In our opinion, except for the possible effects of the matters described in the "Basis for our qualified opinion" section, the accompanying financial statements give a true and fair view of the financial position of Stichting Cordaid as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and individual balance sheets as at 31 December 2022
- The consolidated and individual statements of income and expenditure for 2022
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our qualified opinion

As discussed in chapter 1.2 of the financial statements, the high turnover of staff in the finance departments of the country offices and shortage of finance personal at the global office in the Netherlands up to changes in the composition of the board of directors, made it impossible for the company to maintain effective internal controls throughout 2022 and 2023. As a result, we found deficiencies in internal controls relating to project management and timely settlement of projects.

Moreover, as a result of these deficiencies, Stichting Cordaid was also unable to provide us with all information relevant to perform our substantive audit procedures, among other things related to completeness of the current liabilities (mainly project commitments) as at 31 December 2022 for the country offices, or to evaluate all findings from our substantive audit procedures performed, especially findings about matters, including settlements for prior years, related to the Democratic Republic of Congo. We disclaimed our opinion on the 2020 financial statements for matters related to amongst other things allegations of integrity breaches in that country and we were unable to determine whether or to what extent these matters are related. Cordaid is in the process of remediating the deficiencies and investigating the matters.

As a result of these findings, we were unable to complete all our planned audit procedures with respect to costs, settlements and project commitments. We were unable to obtain all sufficient and appropriate audit evidence within a reasonable timeframe in any other way about the completeness and legitimacy of costs, settlements and project commitments and whether any adjustments to the result, balance sheet items including reclassifications and equity and/or the disclosures would be necessary. We concluded that undetected misstatements, if any, as a result of our findings could be material but not pervasive for the financial statements 2022 as a whole.

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Cordaid (the entity) in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Emphasis on ethical risk disclosures

We draw attention to note 4.2 Ethical risk in the financial statements, which describes the inherently higher ethical and compliance risk factors that may materialize in corruption, fraud and non-compliance with local and international laws and regulations as well as mitigating measures that have been put in place. Our opinion is not qualified in respect of this matter.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

Except for the possible effects of the matters described in the "Basis for our qualified opinion" section, we conclude, based on the following procedures performed, that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information.

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors and the supervisory board for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the entity's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the entity's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the entity's financial reporting process.

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included amongst others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Communication

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

The Hague, 28 February 2024

Ernst & Young Accountants LLP

signed by R.L.A. Eveleens