

CORDAID ANNUAL REPORT 2021

**FINANCIAL STATEMENTS
THE HAGUE**

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ANNUAL ACCOUNTS 2021

STATEMENT BY THE BOARD OF DIRECTORS

Per 1st of January 2021 Cordaid has joined forces with ICCO which led to the integration of respective programmes and offices worldwide under the Cordaid flag, and where we refer to Cordaid in this document, we refer to all activities of Cordaid and ICCO. These financial statements reflect a detailed accounting of Cordaid's activities and ICCO in 2021, described in the annual report. The annual accounts are an integrated part of Cordaid's annual report.

Financial Result 2021

The financial year of 2021 was closed with a positive result of €3,8m. The operational result of Cordaid was a €2,3m loss. The result on financial income and expenses was €6,2m positive. The 2021 result is allocated towards various funds and reserves. Total result of €5,3m on the investments, both in connection with the objective and the bonds and shares, is allocated towards the Loans and Guarantees fund. Included in the operational loss is an amount of €3,9m that relates to the results on country office level and ineligible costs on projects, and is deducted from the semi-restricted fund. The earmarked reserve and restricted funds have both increased by circa €1,2m. The continuity reserve has remained the same as previous years.

Income

The income of Cordaid grew rapidly in 2021 with €19,8m from €219m to €239m. The growth in income can be explained by various aspects:

- Income from donors for projects which are implemented grew by €27m. Main contributors to the growth are (1) the 'Just Future' project, funded by Ministry of Foreign Affairs from The Netherlands, with a value of €50m for 3 years, and (2) extension of the Global Fund health care project in Democratic Republic of Congo, with a significant increase in the budget.
- Private fundraising income has decreased by €3,8m, which can be explained by an adjustment in the valuation of the receivable position of inheritances. Because of this adjustment in the valuation method a correction on the 2020 balance of €1.4m is made. Next to this, the new receivable position of 2021 is also lower than previous years, as inheritances are only recognised as income and receivable when they are near finalisation.
- Income from Lotteries has decreased by €2,3m as there were no additional contributions received from the 'Nationale Postcode Loterij' in 2021. The general contribution has remained the same.

Expenses

Expenses on objectives increased in 2021 to €226m, of which €206m were financed by the income from government grants and the rest were financed from other income sources, such as income from private fundraising. Similar to previous years, the expenses on objectives were not aligned with the income during the year which has led to withdrawals from our funds and reserves in line with accounting principles. These withdrawals were partly planned as they relate to earmarked income received in previous financial periods. Management and Administration expenses and fundraising costs are lower than the previous year.

Relevant events during 2021 and continuity for FY 2022 and further

In the annual accounts of 2020 the alleged irregularities in the Central African Republic were mentioned. After receiving the incident reports in 2021, we started various internal and external investigations. The necessary steps were taken to preserve the evidence and mitigate the risk of further misconduct. No new cases were found in the course of our investigations. Donors of affected projects will be approached in the second half of 2022 with the final overview of the losses incurred due to integrity breaches and misconduct of a number of staff members. These losses are the best estimate based on the outcome of the performed investigations taking into account the circumstances in the Central African Republic and the COVID restrictions. In 2020 a provision was taken for potential losses related to these incidents, no additional losses are recorded in 2021.

Next to this, signals of fraud at a partner organisation in the DRC were received in 2021 and triggered various internal and external investigation on our implementing partners of the same program. Based on the first investigation focused on fiscal year 2021, the initial ineligible expenses are calculated at € 800,000, which is provided in 2021. While investigations are ongoing Cordaid took steps to put initial extra control measures in place to reduce the risks that were identified in the investigations. These events have brought to light the need to strengthen further our compliance and control processes and to continue investing on integrity and risk awareness. At the date of this report, we have made concrete improvements in these areas, which are visible in the results of Annual Accounts audit and in the continuation of the support of our key partners and donors. Further improvements are needed.

Further, there were several external and internal events that influenced our activities in 2021. The assets-liability transaction between Cordaid and ICCO was executed per January 1st, 2021, resulting in the merger of the Global Office activities of both organisations; and the development of a phased approach to the merging of Country Offices in order to cater for

restrictions in local regulations. Per January 1st, 2022, eight of our former ICCO country offices have been fully integrated into Cordaid. These country offices now have an NGO registration as Cordaid and contracts and employees have been transferred to Cordaid. Three country offices are planned for finalisation on the integration in 2022. Additionally, ICCO Indonesia has been phased out in 2021. The transition plan to phasing out of the ICCO Latin American activities has been approved, and the handover of activities to a Regional NGO has been planned for 2022.

While we were working hard on the integration of ICCO and Cordaid and delivery on our programmatic goals, we were still affected by the consequences of the COVID pandemic. Restrictions imposed by several governments to stop the spread of the virus and backlogs on the supply chain of goods led to delays in some of our programs, and it required an adjusted approach to program delivery. Despite the continuation of the COVID pandemic, and the crisis in Afghanistan and Ethiopia, we were able to deliver on the majority of our programs, reaching a level of expenditure on our goals of €226m.

Furthermore, during 2021 we developed our strategic compass up to 2030, and in 2022 we will continue with the second phase of this strategic trajectory where we will focus on reviewing our Business and Operating model with the aim to have a healthy and financial sustainable organisation that enables us to deliver on our strategic ambitions for the future.

Consolidated balance sheet as at 31 December 2021

(after proposed appropriation of funds)

X € 1,000	NOTE	31 DEC 2021		31 DEC 2020	
Assets					
<i>Fixed assets</i>					
- Intangible fixed assets	6		69		151
- Tangible fixed assets	7		873		1,178
Financial fixed assets					
- Issued in connection with the objectives	8	65,939		57,530	
- Investments	9	26,655		24,464	
			92,594		81,994
Receivables	10				
- Receivable from grants		43,158		32,221	
- Inventories		1,460		1,761	
- Work advances partner organisations		7,370		9,283	
- Receivable from inheritances		739		6,830	
- Interest receivable		1,854		1,735	
- Derivatives		832		0	
- Other receivables		2,805		2,135	
			58,218		53,965
Cash and Bank	11		75,570		67,777
Total assets			227,324		205,065

X € 1,000	NOTE	31 DEC 2021		31 DEC 2020	
Liabilities					
Reserves and funds	12				
- Reserves					
- Continuity reserve		11,500		11,500	
- Earmarked reserves		12,049		10,824	
			23,549		22,324
- Funds	13				
- Restricted funds		3,282		2,107	
- Semi-restricted funds		8,141		12,012	
- Loans & guarantees fund		79,342		74,030	
			90,765		88,149
Total Reserves and Funds			114,314		110,473
Provisions	14		5,343		5,221
Current liabilities	15				
- Project commitments		35,001		21,837	
- Other current liabilities		72,666		67,534	
			107,667		89,371
Total liabilities			227,324		205,065

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2021

X € 1,000	NOTE	2021	BUDGET 2021	2020
Income				
Income from private individuals	16	21,934	20,900	25,699
Income from companies	17	5,502	0	6,394
Benefits of lottery organisations	18	4,050	4,000	6,351
Government grants	19	198,529	214,962	173,743
Income from related (international) organisations	20	853	750	1,365
Income from other non-profit organisations	21	1,256	688	1,800
Total acquired income		232,124	241,300	215,352
Income from sale of goods and or rendering of services	22	3,892	0	2,614
Other income	23	3,188	5,365	1,455
Sum of income		239,204	246,665	219,421
Expenditure				
- Program costs	24			
• Healthcare		108,342	133,923	112,649
• Humanitarian Aid		68,948	17,613	27,663
• Security & Justice		4,502	16,348	13,958
• Resilience		1,435	6,005	8,898
• Private sector development		2,312	3,751	4,322
• Sustainable livelihoods		21,945	43,145	26,752
• Education		6,439	0	206
• Investments		2,386	2,805	2,902
• Other activities		5,368	3,143	1,498
Total program costs		221,677	226,733	198,848
- Public information / awareness campaigns	25	4,376	6,850	4,160
Expenditure on the objectives		226,053	233,583	203,008
Expenditure on fundraising	25	5,463	2,925	9,078
Management and administration	25	9,949	8,577	17,278
Total expenditure		241,465	245,085	229,364
Sum of income and expenditures before financial income and expenses		-2,261	1,580	-9,943
Financial income and expenses	29	6,209	-710	-7,006
Corporate income tax		-107	0	-5
Balance of income and expenditure		3,841	870	-16,954

APPROPRIATION OF THE FUNDS

The funds were appropriated as follows:

X € 1,000	2021		2020	
Reserves				
- Continuity reserve	0		0	
- Earmarked reserves	1,225		-5,085	
		1,225		-5,085
Funds				
- Restricted funds	1,175		1,285	
- Semi-restricted funds	-3,871		-7,228	
- Loans & guarantees fund	5,312		-5,926	
		2,616		-11,869
Balance of income and expenditures		3,841		-16,954

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	2021			2020		
	PROJECTS	SOCIAL INVESTMENTS	TOTAL	PROJECTS	SOCIAL INVESTMENTS	TOTAL
Income						
Income from private individuals and companies	27,436	0	27,436	34,744	0	34,744
Income from (institutional) donors	200,638	0	200,638	176,908	0	176,908
Income from social investments	0	1,954	1,954	0	2,463	2,463
Other income	9,175	0	9,175	5,306	0	5,306
Total Income	237,250	1,954	239,204	216,958	2,463	219,421
Expenditure						
On objective	-223,332	-2,721	-226,053	-200,008	-3,000	-203,008
Fundraising, management & administration	-15,412	0	-15,412	-26,356	0	-26,356
Total Expenditure	-238,744	-2,721	-241,465	-226,364	-3,000	-229,364
Financial income and expenses	1,124	5,085	6,209	-2,011	-5,000	-7,011
Corporate income tax	-107	0	-107	0	0	0
Result	-477	4,318	3,841	-11,417	-5,538	-16,954
Adjustments in Reserves and Funds	-994	994	0	0	0	0
Result Allocation	-1,472	5,312	3,841	-11,417	-5,538	-16,954

PERFORMANCE INDICATORS

In 2021 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	2021	BUDGET 2021	2020
Ability to spend income on charitable activities			
- Income-to-spending ratio (% charitable activities vs. total incoming resources)	94.4%	94.7%	92.5%
Overall efficiency of the organisation			
- Total program-to-spending ratio (% charitable activities vs. total resources expended)	93.6%	95.3%	88.5%
- Program-management-to-spending ratio (% of program management costs vs total resources expended)	2.0%		2.2%
- Fundraising-to-spending ratio (% of fundraising costs vs. total resources expended)	2.3%	1.2%	4.0%
- Management and administration ratio (% vs. total resources expended)	4.1%	3.5%	7.5%
- Management and administration ratio (% vs. total expenditure)	6.0%	3.1%	3.5%
Efficiency of fundraising			
- Fundraising ratio (% cost of generating funds vs. total acquired income)	2.4%	1.2%	4.2%

- **Income-to-spending ratio:** 94.4%. Income and expenditure on objectives follow the same trend compared to the previous year.
- **Program-to-spending ratio:** 93.6%. A small increase compared to the previous year. Program expenditure follows the same pattern as overall expenditure.
- **Program-management-to-spending ratio:** 2.0%. Program management costs are relatively low compared to overall expenditure.
- **Fundraising-to-spending ratio:** 2.3%. 2021 is lower than the previous year. Reason for this is the addition of ICCO entities to the group consolidation. ICCO entities do not have separate private fundraising activities.
- **Management & administration ratio:** 4.1%. Management & administration costs have decreased compared to 2020. Main reason for this is the once-off costs in 2020 for the alleged irregularities in the Central African Republic (CAR) (€ 5,1m).

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

The movement of cash and cash equivalents is as following:

X € 1,000	NOTE	2021	2020
Cash flows from operating activities			
Incoming resources	15-22	239,204	219,421
Resources expended	23-24	241,465	229,363
Operating Result			-9,942
<i>Adjustments for:</i>			
- Depreciation intangible fixed assets	5	82	105
- Depreciation tangible fixed assets	6	307	422
- Result on disposal of tangible fixed assets	6	73	0
- Accrued interest	9	119	787
- Movement in provisions	12	122	1,805
		703	3,119
<i>Movements in working capital:</i>			
- Receivables	9	-4,372	-1,525
- Financial fixed assets (connected to the objectives)	7	-1,837	291
- Project commitments	13	13,164	-667
- Other current liabilities	13	5,132	-4,343
		12,087	-6,244
<i>Cash generated from operations</i>			
- Corporate Income Tax		-107	
- Received interest	28	200	300
		93	300
Cash flows from operating activities		10,622	-12,767
Cash flows from investing activities			
Investments in tangible fixed assets	5	-74	-97
Investments not related to objective	8,28	-2,306	-3,337
Cash flows from investing activities		-2,380	-3,434
Cash flows from financing activities			
Repayment of loan		0	-1,160
Cash flows from financing activities		0	-1,160
Net Cash flow		8,242	-17,361
Exchange gains and losses	29	-449	-1,523
Change in cash and cash equivalents		7,793	-18,884

X € 1,000	2021	2020
Cash and cash equivalents as at 1 January	67,777	86,661
Change in cash and cash equivalents	7,793	-18,884
Cash and cash equivalents as at 31 December	75,570	67,777

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL NOTES

1.1 Activities

Rooted in the tradition of the Catholic Social Teachings, Cordaid's mission is to reduce fragility and people's vulnerability there where it is most needed and most difficult: in fragile and conflict-affected settings. 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 Catholic 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 financial statements are prepared on the going concern basis. The book years 2020 and 2021 were both closed with an operational loss. The funds and reserves were sufficient to absorb these losses, however this is not a sustainable situation. For this reason Cordaid has decided to review and improve their operational expending and income model. This will result in a structure review of the whole of Cordaid with the result of a renewed Business model, Operating Model and Income strategy of Cordaid.

The consolidated annual accounts comprise the figures 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 *

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 2021.

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 2021 were:

- L.C. Zevenbergen, CEO
- L. Paz Quintero, CFO
- S. Attema, COO (until 31-7-2021)
- Y. van der Schoot, COO (from 1-10-2021)

During 2021, the Supervisory Board members of Stichting Cordaid were:

- A.J.M. Heerts, Chair
- J.F. de Leeuw, vice chair, member Remuneration Committee
- J.H.M. van Bussel, member Audit Committee
- M. van Beek, member Remuneration Committee
- M.W.J.A. Landheer-Regouw
- J.J.A. de Boer, priest
- R. Peetoom
- A. Knigge
- W. Oosterom, member Audit Committee
- J. Alders-Sheya, member Audit Committee
- D. Cheng, member Audit Committee

The Board members of Stichting ICCO, Stichting Cordaid Participations, Corpav BV, Stichting Cordaid Expats and the ICCO Group are the same as for Stichting Cordaid at 31 December 2021.

On 31 December 2021, the Board of Directors of Cordaid Investment Management BV is comprised of J.M.F. Verheijen. Stichting Cordaid is the only shareholder.

On 31 December 2021, 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. Chee Chern Ern 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 2021. 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 Changes in accounting policies

Compared to 2020 the valuation of the receivable position of Inheritances has changed. Cordaid is following the possible valuation method of the receivable position of the 'RJ-Uiting 2021-3 RJ640'. In previous years, receivables were determined on the basis of all files open at the end of the year, including a provision based on the uncertainty of various aspects of the inheritance. From 2021 onwards the receivable position is based only on the files which are in the final stage of settlement or finalisation (Rekening & Verantwoording).

The adjusted guideline gives the option to apply this valuation method prospectively. Cordaid has chosen for this option and the comparable figures of 2020 have not be adjusted.

1.3 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.

1.4 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. Shares without voting rights are disregarded in determining whether there is a group company. DAS 2012-4 flexibilisation of company law (BV-recht) section 214.207.

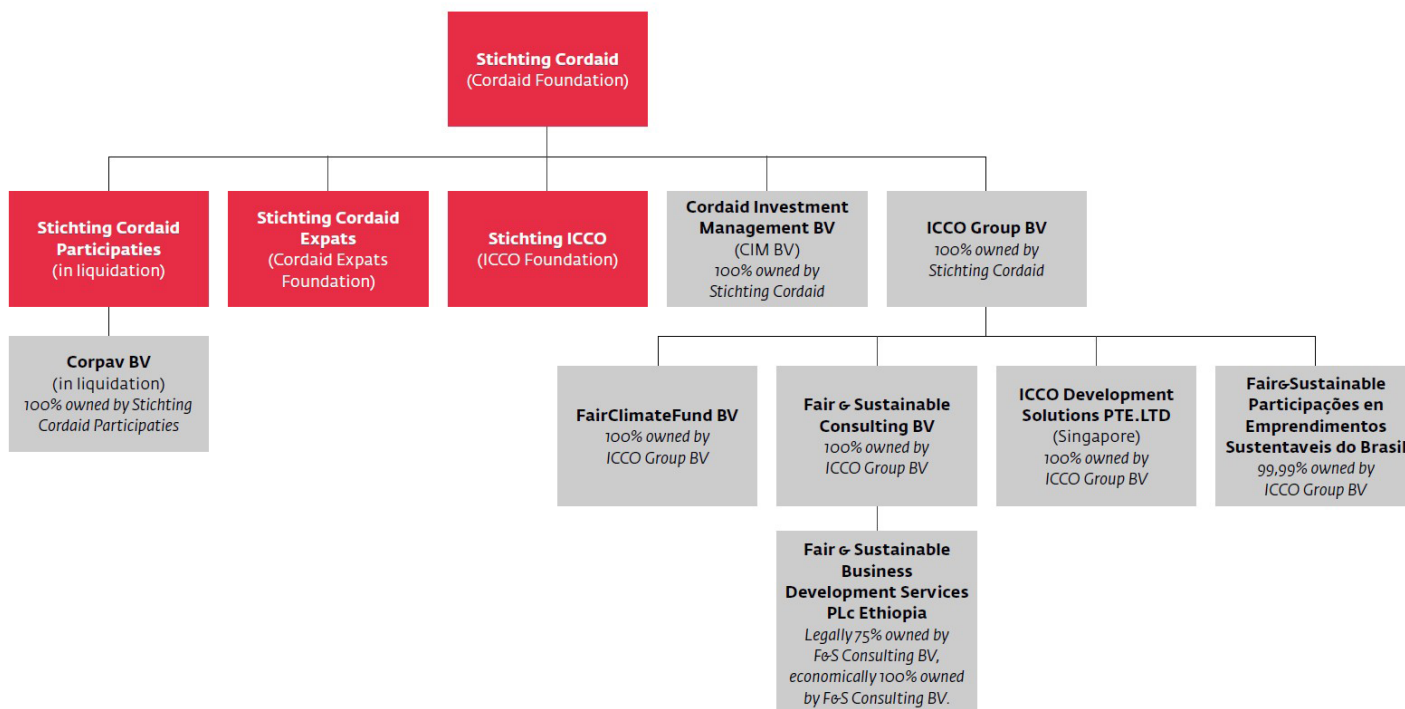
The consolidated entities are listed below:

- 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

Stg. Cordaid directly or indirectly holds 100% interest in the BVs and LTDs mentioned above, except for Fair & Sustainable Business Development Services Ethiopia of which Cordaid owns 75%.

1.5 Legal Structure

The legal structure of Cordaid per 31-12-2021 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 2021 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 Recognition of merger of Cordaid and ICCO

The comparable figures presented in these consolidated annual accounts have been adjusted to reflect the inclusion of ICCO in the group. Due to pooling of interest the audited consolidated figures of Coöperatie ICCO U.A. of 2020 were added to the consolidated Cordaid figures of 2020. In the tables on the following pages the 2020 balances and results of ICCO and Cordaid are shown, and the how these amounts are reflected in the annual accounts of 2021.

Balance Sheet

	CORDAID ANNUAL ACCOUNTS 2020		ICCO ANNUAL ACCOUNTS 2020		ICCO & CORDAID ANNUAL ACCOUNTS 2021	
X € 1,000	31 DEC 2020		31 DEC 2020		31 DEC 2020	
Assets						
<i>Fixed assets</i>						
- Intangible fixed assets		0		151		151
- Tangible fixed assets		1,071		107		1,178
<i>Financial Fixed Assets</i>						
- Issued in connection with the objectives	46,142		11,388		57,530	
- Investments	24,464		0		24,464	
		70,606		11,388		81,994
<i>Receivables</i>						
- Receivable from grants	19,230		12,991		32,221	
- Inventories	0		1,761		1,761	
- Work advances partner organisations	9,283		0		9,283	
- Receivable from inheritances	6,830		0		6,830	
- Interest receivable	1,666		69		1,735	
- Other receivables	985		(*) 1,150		2,135	
		37,994		15,971		53,965
Cash and Bank		46,538		21,239		67,777
Total assets		156,209		48,856		205,065

X € 1,000	31 DEC 2020		31 DEC 2020		31 DEC 2020	
Liabilities						
<i>Reserves and funds</i>						
- Reserves						
• Continuity reserve	11,000		500		11,500	
• Earmarked reserves	1,734		(*) 9,090		10,824	
		12,734		9,590		22,324
- Funds						
• Restricted funds	2,107		0		2,107	
• Semi-restricted funds	12,012		0		12,012	
• Loans & guarantees fund	68,100		5,930		74,030	
		82,219		5,930		88,149
Total Reserves and Funds		94,953		15,520		110,473
Provisions		4,058		1,163		5,588
<i>Current liabilities</i>						
- Project commitments	10,597		11,240		21,837	
- Other current liabilities	46,601		20,933		67,167	
		57,198		32,173		89,004
Total liabilities		156,209		48,856		205,065

(*) The Earmarked Reserves and Other Receivable position of ICCO at the end of 2020 were adjusted to align with the accounting principles of Cordaid. The Receivable position ICCO had on the Postcode Loterij for the regular contribution of €1.350.000 has been removed. This also effected the funds and reserves, as the income of this contribution was recognised in the past. The contribution will be accounted for in the year it is actually received, as it is done for Cordaid.

Statement of Income and Expenses

	CORDAID ANNUAL ACCOUNTS 2020		ICCO ANNUAL ACCOUNTS 2020		ICCO & CORDAID ANNUALS ACCOUNTS 2021	
X € 1,000	2020		2020		2020	
Income						
Income from private individuals	25,640		59		25,699	
Income from companies	2		6,392		6,394	
Benefits of lottery organisations	3,700		2,651		6,351	
Government grants	138,786		34,957		173,743	
Income from related (international) organisations	1,365		0		1,365	
Income from other non-profit organisations	1,800		0		1,800	
Total acquired income	171,293		44,059		215,352	
Income from sale of goods and or rendering of services	53		2,561		2,614	
Other income	192		1,263		1,455	
Sum of income		171,538		47,883		219,421
Expenditures						
- Program costs						
• Healthcare	112,649		0		112,649	
• Humanitarian Aid	20,095		7,568		27,663	
• Security & Justice	13,958		0		13,958	
• Resilience	8,898		0		8,898	
• Private sector development	0		4,322		4,322	
• Sustainable livelihoods	0		26,752		26,752	
• Education	206		0		206	
• Investments	2,902		0		2,902	
• Other activities	1,498		0		1,498	
Total program costs	160,206		38,642		198,848	
- Public information / awareness campaigns	4,160		0		4,160	
Expenditure on the objectives		164,366		38,642		203,008
Expenditure on fundraising		4,776		4,302		9,078
Management and administration		10,808		6,470		17,278
Total expenditures		179,950		49,414		229,364
Sum of income and expenditures before financial income and expenses		-8,412		-1,531		-9,943
Financial income and expenses		-4,803		-2,203		-7,006
Corporate income tax		-5		0		-5
Balance of income and expenditures		-13,220		-3,734		-16,954

2.3 Foreign currency

Functional currency

The financial statements are presented in Euros, 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 amortized cost.

Participations are valued at acquisition cost adjusted for impairments at reporting date. These participations do not involve a structural commitment for the purposes of Cordaid's own operations.

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 amortized 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 amortized 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 amortized 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'. The valuation method used by Cordaid is based on the adjusted RJ-uiting, which gives the option to recognise 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 €102,6 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 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 amortized 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

Contracts with partners which are managed by the Country Offices are recognised as expenses based on their expense reports. The cash advances given to the partner, are considered as pre-payments and are booked under the debit side of the balance sheet. 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 which were accounted for in previous book years are recognised based on a statement received from the executor in the year in which the amount can be determined reliably. The valuation of legacies with property is done based on the most recent correspondence and receipts are included up to the preparation of financial statements. In the case that an estimation of the value is given by the executor which is still uncertain a correction on the income is made, until the exact amount is known. The valuation is done prudently.

New Legacies in 2021 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 subsidized 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 actual coverage ratio was 106.6% on the 31st of December 2021 (31st of July 2022: 111.0%).

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 the 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. For 2022 the extension of a structural hedging policy will be investigated.

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 matters, 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 not be of similar standards as we know 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. Since 1st of January 2022 ICCO and Cordaid have joined forces, compared to 2020 Cordaid is present in more countries, especially in Latin America, West Africa and Asia (see the Country Office overview under the chapter Other Information). In general the project portfolio of the ICCO Countries is smaller than the ones of Cordaid. The general risk profile has not changed.

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.

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
Balance as at 1 January 2021	
Cost	420
Accumulated amortisation	-269
Carrying value as at 1 January 2021	151
Changes	
Purchases	
Disposals	-30
Amortisation	-82
Amortisation on disposals	30
Total changes	-82
Balance at 31 December 2021	
Cost	390
Accumulated amortisation	-321
Carrying value as at 31 December 2021	69
Amortisation percentages	20%/33%

The total investments mainly concern the development of the IT system which ICCO has been developing. During the phase-out period of ICCO until 2023, the IT system will still be used. 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 2021						
Cost	1,147	4,895	1,908	286	283	8,518
Accumulated depreciation	-281	-4,831	-1,715	-231	-283	-7,340
Carrying value as at 1 January 2021	866	64	193	56	0	1,178
Changes						
Purchases	72	0	0	0	2	74
Disposals	0	-244	0	-48	0	-292
Depreciation	-214	-5	-52	-35	-2	-307
Depreciation on disposals	0	179	0	41	0	219
Total changes	-142	-70	-52	-43	0	-306
Balance at 31 December 2021						
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 31 December 2021	724	-6	140	13	0	873
Depreciation percentages	10%	33%	20%	33%	33%	

The total investments 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. 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 2021:

X € 1,000	LOANS	GUARANTEES	TOTAL
Value of portfolio at 1 January 2021	45,769	20,564	66,333
Provision at 1 January 2021	-8,803	0	-8,803
Carrying amount 1 January 2021	36,966	20,564	57,530
Changes in portfolio			
Loans and guarantees issued	18,507	0	18,507
Loans and guarantees repaid	-11,601	0	-11,601
Participations acquired/committed	0	1,461	1,461
Participations sold/commitments withdrawn	0	-466	-466
Impaired loans and guarantees/withdraw from provision	-1,955	0	-1,955
Revaluation of participations	14	-859	-845
Currency gains and losses	1,605	112	1,717
Change in value of portfolio at 31 December	6,570	248	6,818
Changes in the provision			
Impaired loans and guarantees/withdraw from provision	1,955	0	1,955
Allocated to provision for loans and guarantees	-363	0	-363
Provision at 31 December	1,592	0	1,592
Value of portfolio at 31 December	52,338	20,812	73,150
Provision at 31 December	-7,211	0	-7,211
Carrying amount 31 December	45,127	20,812	65,939

Loans

The provision on loans and guarantees decreased by €1.6m in 2021 (2020: +€3.2m). The total provisions as a percentage of the outstanding portfolio is 14.2%. In 2020 the provision has increased significantly due to uncertainties around the COVID-19 pandemic and its impact on the parties which received the loans, in 2021 we were able to release a part of this provision.

The outstanding loans are the amounts actually transferred to partner organisations. At balance sheet date an amount of €2.1m was signed as loan but not yet disbursed (2020: €3,0m).

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	8,228
1-5 years	42,515
>5 year	1,595
	52,338

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 amortized 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 2021	PURCHASED / COMMITTED	CURRENCY GAINS AND LOSSES	(REVERSAL OF) IMPAIRMENT	SOLD	CLOSING BALANCE 2021
Aavishkar	India	350	0	0	0	0	350
Afri-Oils	Malawi	0	0	0	0	0	0
Agricrowd Bv	The Netherlands	50	0	0	-50	0	0
Capital 4 Development Asia Fund Cooperatief - A	The Netherlands	1,761	233	0	-50	0	1944
Capital 4 Development Asia Fund Cooperatief - B	The Netherlands	6,296	994	0	0	0	7290
Dia Vikas	India	2,893	0	0	0	0	2893
Facts East Africa Bv	The Netherlands	84	0	0	0	0	84
FPM SA	DRC	3,506	0	0	0	0	3506
Hands-On Bv	The Netherlands	300	0	0	-195	0	105
Hekima Micro Finance SA	DRC	405	0	0	0	0	405
Liberation	United Kingdom	80	0	16	175	0	271
Peak li Lp	Tanzania	0	0	0	0	0	0
Progression Capital Africa Ltd	Mauritius	1,530	0	22	-452	-465	635
Prothem-Usine Sa	Burundi	0	0	0	0	0	0
Pyme Capital	Panama	1	0	0	0	0	1
Savanna Farmers Marketing Co. Ltd *	Ghana	0	0	0	0	0	0
Scopeinsight Bv *	The Netherlands	100	50	0	-50	0	100
Sicsa	Panama	454	0	0	0	0	454
Sme Impact Fund Cv	The Netherlands	238	0	0	-238	0	0
Waar Nederland Bv *	The Netherlands	1,562	100	0	0	0	1662
Oisl Ghana *	Ghana	40	0	0	0	0	40
Banco Fie Bolivia *	Bolivia	705	66	53	0	0	824
Banco Ecofuturo *	Bolivia	148	17	21	0	0	186
Caja Rural Los Andes *	Peru	61	0	0	0	0	61
Manq'a Sociedad *	Bolivia	0	1	0	0	0	1
WAVF	Mauritius	0	0	0	0	0	0
		20,564	1,461	112	-860	-465	20,812

Given the nature and purpose of the investment, Cordaid will only make new investments if a short to medium term exit strategy can be formulated. The number of participations is 26, the total value of the portfolio of participations increased with

€250,000 to €21,8m by 31 December 2021. The participation indicated with a * have been added to the to the social investment portfolio due to the inclusion ICCO in the group consolidation.

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 2021	31 DEC 2020
Bonds		
Government bonds	4,949	4,440
Corporate bonds	9,703	9,792
Other bonds	1,319	1,298
Total bonds	15,971	15,530
Shares	9,775	8,352
Other funds	909	582
	26,655	24,464

X € 1,000	SHARES	BONDS	OTHER FUNDS	TOTAL
Opening balance 1 January 2021	8,352	15,530	582	24,464
Purchases	927	1,943	90	2,960
Sales	-1,054	-1,916	0	-2,970
(Un)realized gains and losses	1,550	414	237	2,201
Closing balance 31 December 2021	9,775	15,971	909	26,655

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 increased by €2.2m to €26.7m. The decrease in interest rate and increase in stock market values is the main driver for the increase of the fair value of the investment portfolio. The amount originally invested in the current portfolio in 2015 was €20m.

10. RECEIVABLES

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 €44,9m (2020: €33,5m). €13,5m of the increase relates to a new project started in 2021, Just Future, of which the expenses were recorded ahead of the receipt from donor due to accounting principles.

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

X € 1,000	31 DEC 2021	31 DEC 2020
Receivables		
Receivable from grants	44,916	33,479
Provision uncollectable receivables from grants	-1,758	-1,258
Work advances partner organisations	7,430	9,368
Doubtful debts	-60	-85
Receivable from inheritances	739	6,830
Inventories	1,460	1,761
Interest receivables	1,854	1,735
Derivatives - Receivable	832	0
Other receivables	2,805	2,135
	58,218	53,965

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 no settlement has yet been made with donors.

Compared to 2020, advance payments to implementing partners decreased by €2.0m to €7,4m in 2021. During implementation and execution, instead 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.

The receivable from inheritances in 2021 decreased by €6.1m to €0.7m. The reason for this is the different way of valuating the receivable position of unfinalized cases. From 2021 onwards the receivable position is based only on the files which are in the final stage of settlement or finalisation (Rekening & Verantwoording). In accordance with the adjusted guidelines, the valuation method will be applied prospectively. The comparable figures of 2020 have not be adjusted.

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 previous year.

X € 1,000	31 DEC 2021	31 DEC 2020
Interest Receivables		
Bank & Deposits	6	6
Bonds	3	42
Loans & guarantees issued in connection to the objective	1,845	1,687
	1,854	1,735

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 increased from €67,7m to €75,5m during 2021. The factors in the movements in cash and bank are explained in section 5 - Notes on the cash flow statement.

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 (2020: €0.3m): one guarantee for the rent agreement of €0.2m (office). Usage of Cordaid bank balances is limited by €0.4m following pension liabilities towards local South Sudan

staff (2020: €0.4m). Bank and other guarantees, as well as South Sudanese restrictions on bank balances are not at Cordaid's free disposal (€0.6m). All remaining cash (€75,0m) is at Cordaid's free disposal.

X € 1,000	31 DEC 2021	31 DEC 2020
Cash and cash equivalents		
Deposit	1,571	3,181
Bank accounts	73,761	63,882
Cash at hand	218	309
Cross accounts	20	405
	75,570	67,777

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
<i>Changes</i>						
Dotation	0	2,355	2,625	23,226	4,318	32,524
Extraction	0	-136	-1,449	-27,097	0	-28,682
Other	0	-994	0	0	994	0
Balance at 31 December 2021	11,500	12,049	3,282	8,141	79,342	114,314

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. Due to the Asset Liability transaction between Cordaid and ICCO an addition was made to the continuity reserve of €0.5m. Neither additions to nor withdrawals from the continuity reserve were made in 2021.

On 31 December 2021, 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 €68.4 million in 2021, see note 24 for more information. According to the guidelines from Goede Doelen Nederland the maximum of the continuity reserve is €102.1 million and the continuity reserve for 2021 complies with the guidelines. The costs for management & administration and fundraising in 2021 were €15,4m.

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 2021 is €12.0m. 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 €7.8m which is committed towards and invested in the C4D Asia Fund. The remaining balance of €4.2m is the result of surpluses in the past. These reserves do not have a specific purpose and will be used to offset organisational losses in the future.

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 2021	INCOMING RESOURCES	OVERHEAD FEE	PROJECT RESOURCES EXPENDED	BALANCE AS AT 31 DECEMBER 2021
Adoptions, specified donations	1,392	1,675	-32	-380	2,655
SHO Acties	626	950	0	-1,027	549
Fondsen op naam	89	0	0	-11	78
Total restricted funds	2,107	2,625	-32	-1,418	3,282

Restricted funds increased by €1.2m to €3.2m as per 31 December 2021 (2020: €2.1m). The increase is mainly due to a gift of €1m specifically for 'The African Bright Future Fund' which will start in 2022. No expenses were made in 2021 which relate to this donation. In 2021 there were expenses of two

fundraisers of Samenwerkende Hulporganisaties (SHO). The table below comprises movements of the two SHO restricted funds during the financial year 2021. 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 BEIROET

X € 1,000	2021	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	12	95
Total available for charitable activities	-12	1,705
Resources expended		
Breakdown of resources expended locally		
- support offered through local relief providers	140	640
- support offered through international umbrella organisation	382	1,066
- support offered through participant	0	0
Total resources expended	521	1,705

SHO - SAMEN IN ACTIE TEGEN CORONA

X € 1,000	2021	TOTAL (UNTIL CURRENT BOOK YEAR)
Income		
Incoming resources from third party campaigns	950	950
Interest	0	0
Total incoming resources	950	950
Costs for Preparation and coordination (AKV)		
Preparation and coordination	44	44
Total available for charitable activities	906	906
Resources expended		
Breakdown of resources expended locally		
- support offered through local relief providers	0	0
- support offered through international umbrella organisation	385	385
- support offered through participant	123	123
Total resources expended	508	508

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 2019-2021 are provided.

X € 1,000	2021	2020	2019
1. Volume of emergency aid and reconstruction activities	39,462	36,320	25,145
2. Income from own fundraising	26,291	25,695	28,281

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 2019 up to 2021 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 decrease in semi-restricted funds by €4,4m is a result of spending on projects and fundraising costs minus the contributions from private fundraising in 2021.

Due to an adjustment in the valuation method of inheritances and the receivable position on outstanding cases, the income from inheritances, part of the private fundraising, has decreased compared to 2020. See also note 15 for more information.

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 2021	31 DEC 2020
Balance as at 1 January 2021 after adjustment	74,029	80,429
Income from financial assets issued for objectives	2,007	3,723
Investment income (assets not issued for objectives)	252	841
Unrealised change in value of derivatives	5,085	-4,421
Operating costs	-2,664	-2,700
Mutation in provision for Loans & Guarantees	-305	-3,154
Grant approvals	-57	-511
Financial result assets connect to objectives	4,318	-6,223
Other mutation - movement between funds/reserves	994	-177
Closing balance 31 December	79,342	74,029

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 2021	1,159	3,467	567	28	5,221
Short term liabilities	1,625	0	0	0	1,625
Balance as at 1 January 2021 incl. short term liabilities	2,784	3,467	567	28	6,846
<i>Changes</i>					
- Addition	419	977	37	14	1,447
- Withdrawn	-1,862	0	-43	0	-1,905
- Released	-149	-145	0	-28	-322
	1,192	4,299	561	14	6,066
Short term liabilities	-444	-265	0	-14	-723
Balance as at 31 December 2021	748	4,034	561	0	5,343

Provisions decreased in 2021 by €1.5m to €5.3m. The redundancy provision consists of 3 main parts: a provision taken at Global Office for redundant staff of previous reorganisations; a reorganisation provision related to the merger between ICCO and Cordaid; and provisions taken at Country Office level (mainly South Sudan) due to local legislation. In 2021 no reorganisation took place or was scheduled. The addition towards the redundancy provision was related to individual cases.

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 2021 an amount of €43k was removed from this provision and paid towards the (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 €4.3m includes a provision for possible ineligible costs related to projects. The provision has originated for different reasons and includes an amount of €4,0m for the (alleged) irregularities in DRC and CAR.

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. In the annual accounts of 2020, the total loss of €5,1m was reflected as follows:

- Addition to provisions €3,2m
- Addition to provision for uncollectable receivables from grants €1,0m
- Addition to current liabilities €0,9m

The provision for investigation costs is since fully utilised. The remaining provision at the end of 2021 is €4,2m, of which €1,0m is included in the doubtful debts provision 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 started the pre-audit of project outcomes and expenses.

No new allegations in the CAR were found for the years 2021 and 2022 to date. Donors of affected projects will be approached in the second half of 2022 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. Given that no other cases were found we maintained the provision set in 2020 pending final settlements with donors. This implies that the final financial impact of the allegations in the CAR still contains an uncertainty and also the presentation on the line items in the consolidated statement of income and expenses and balance sheet, as well as the attribution to prior years remains uncertain.

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. Based on the first investigation focused on fiscal year 2021, the initial ineligible expenses are calculated at €800K, which is provided in 2021. Because of the nature of the situation and the ongoing investigations with regard to other partners, this loss is the best estimate to date and inherently impacted by significant estimation uncertainty. This implies that the final financial impact of the allegations in the DRC are still uncertain. Furthermore, when the losses are confirmed, this may have an impact (including presentation) on the line items in the consolidated statement of income and expenses and balance sheet, as well as the possibly attribution to prior years (if applicable). However this is also depending on the recoverability of the losses on our partner organisations.

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 2021	31 DEC 2020
Current liabilities		
Project commitments	35,001	21,837
Deferred grants	48,572	40,938
Accounts payable	4,644	6,676
Taxes and social security contributions	1,509	1,458
Reservation for leave days and holiday allowance	1,681	1,736
Redundancy provision (short term)	723	1,625
Participations payable	256	297
Derivatives - Liability	391	500
Other accruals and deferred income	14,890	14,304
	107,667	89,371

Current liabilities increased significantly from €89,0m in 2020 towards €107,7m in 2021. The main driver is found in the project commitments and deferred income.

For the 'Just Future' project, a 3-year project started in 2021, all the partner contracts are registered (in line with accounting principles) as commitment for the whole project period. Not all funds are transferred towards the partners yet. This created a liability of €19,1m. Next to that a project funded by the

Ministry of Foreign Affairs from the Netherlands in Ethiopia which transferred 85% of a €16,0m grant, while the expenses are divided over multiple years. This creates a deferred income balance of €5,9m. The derivatives balance has moved to a receivable position in 2021. The other accruals and deferred income also includes €1,7m which was received from an external party to participate in the social investments, managed by Cordaid Investment Management BV, this funds were not yet invested in 2021.

15. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

Off-balance sheet rights

Financing contracts with donors

Due to the integration between Cordaid and ICCO in the year 2021, there was an increase in projects with end dates in 2022 and beyond. Amongst the new projects gained in 2021 from the merger are two economic empowerment projects in Mali that focus on improving the value chain of both onion and fish farming.

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
Global Fund to Fight AIDS, Tuberculosis and Malaria	Investment in fighting AIDS, Tuberculosis and Malaria	2021-2023	163,413,681	64,091,708	99,321,973
Ministry of Foreign Affairs	Advocating for peaceful, secure & inclusive societies	2021-2025	49,562,878	28,054,211	21,508,667
World Bank	Financing for health sector development in Zimbabwe	2020-2023	21,311,056	4,572,805	16,738,251
Dutch Ministry of Foreign Affairs	Improving the onion and fish value chain in Mali	2020-2026	17,076,119	1,280,342	15,795,777
KfW Development Bank	Improvement access to sexual reproductive health in Burundi	2020-2023	18,000,000	7,382,096	10,617,904
Netherlands Embassy Ethiopia	Strengthening the health system in Jimma & Borana zone through performance-based financing	2019-2023	22,049,347	7,732,351	14,316,996
Dutch Ministry of Foreign Affairs	Improving the onion and fish value chain in Mali	2020-2024	10,982,757	3,322,654	7,660,103
VNG International	Consortium for security & peace in Eastern Democratic Republic of Congo	2020-2024	8,283,999	2,355,038	5,928,961
UNDP South Sudan CSS	Integrating services for maximum impact	2021-2023	6,724,558	1,436,679	5,287,879
Government of Zimbabwe	Financing performance-based payments and field operational costs in health facilities	2020-2023	5,351,682	111,933	5,239,749

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 either 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 period began on the 1st of July 2019 and expires on the 30th of June 2024. As of December 2021, off-balance sheet liabilities pertaining to the office lease are as follows:

X € 1	OFFICE LEASE THE HAGUE
Within 1 year	363,501
Between 2 to 3 years	731,712
Total	1,095,213

Lease payments amounting to €469 thousand are included in the statement of income and expenditure of the current reporting period. Based on the consumer price index of Statistics Netherlands, an index rate of 1.043 has been used to calculate the rental increment for amounts payable between two to three years.

Legal case Brazil

There are several labour lawsuits filed in Brazil, in relation to an investment done by ICCO. The maximum amount of all the listed processes together is EUR 1.795.912; 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 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 EUR 20,000 on a yearly basis.

Other off-balance sheet rights

In previous years, the amount receivable for inheritances as per year end on the balance sheet was based on the likelihood of the receipt of the funds. As of January 2021, a new method for the valuation of inheritances was used in accordance with the RJ-Uiting 2021-3 for the valuation of inheritances.

With this new method, only inheritances for which a "Rekening van Verantwoording" has been drawn up are recorded as an amount receivable at year end. By adapting this new method, the recognised amount as per year end provides a more accurate picture of the receivable amount. As a result of using this new method, the amount receivable at year end is lower than in previous years. A total amount of €590.000 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 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 2021	BUDGET 2021	TOTAL 2020
Cordaid General	19,373	2,561	0	21,934	20,900	25,699
	19,373	2,561	0	21,934	20,900	25,699

Income from private individuals amounted to €21,9m. The amount is lower than the 2020 result. This difference can be explained by of the adjustment in the valuation of the receivable position of inheritances. From 2021 onwards the amount receivable for open cases will only be determined by cases which are almost finalised (Rekening & Verantwoording). 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	LEGACIES	OTHER	TOTAL 2021	BUDGET 2021	TOTAL 2020
Cordaid General	0	5,502	0	5,502	0	6,394
	0	5,502	0	5,502	0	6,394

The income in 2021 is €900.000 lower than in 2020, this is because of a lower income from RVO.

18. BENEFITS FROM LOTTERY ORGANISATIONS

X € 1,000	2021	BUDGET 2021	2020
Nationale Postcode Loterij	4,050	4,000	4,050
Nationale Postcode Loterij - additional amount	0	0	2,301
	4,050	4,000	6,351

The general benefits from lottery organisations 2021 are on budget and equals the previous year. The income from lottery organisations consist of the annual and regular contribution from the Dutch National Postcode Lottery (NPL). In 2021 Cordaid did not receive any additional contribution from the Dutch National Postcode Lottery (NPL) as was the case in 2020.

19. GOVERNMENT GRANTS

X € 1,000	2021	BUDGET 2021	2020
Dutch Government	58,890	50,448	35,414
Global Fund	67,798	65,453	55,378
World bank	8,778	21,949	8,710
European Union	9,501	19,962	15,262
Other	53,562	57,150	58,979
	198,529	214,962	173,743

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 2021 income from government grants increased to €198,5m (2020: €173,7m).

Incoming resources from Global Fund, related to the project grant agreement to fight HIV/AIDS, tuberculosis and malaria in Democratic Republic Congo over the period 1 January 2018 to 31 December 2020, totalled €55.4m in 2020. In 2021 a new phase of this project started, lasting until 31 December 2023. This new phase has a total volume of circa €200,0m, which resulted in income of €67,8m for 2021.

Incoming resources from the World Bank, related to Performance Based Financing (PBF) programs and health projects, totalled €8.8m in 2021 and in 2020. The activities of this project are mainly concentrated in Zimbabwe.

22. INCOME FROM SALE OF GOODS AND OR RENDERING OF SERVICES

X € 1,000	MATERIALS SOLD	RENDERING OF SERVICES	TOTAL 2021	BUDGET 2021	TOTAL 2020
Cordaid General	0	3,892	3,892	0	2,614
TOTAL 2021	0	3,892	3,892	0	2,614

Compared to 2020, income from the European Union decreased from €15,3m to €9,5m in 2021.

Cordaid signed several large financing contracts with donors to carry out specific projects with end dates in 2021 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 14.

20. INCOME FROM RELATED (INTERNATIONAL) ORGANISATIONS

X € 1,000	2021	BUDGET 2021	2020
Caritas Internationalis (members)	853	750	1,365

Incoming resources from related (international) organisations in 2021 decreased by €0.5m compared to 2020. 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.

21. INCOME FROM OTHER NON-PROFIT ORGANISATIONS

X € 1,000	2021	BUDGET 2021	2020
Samenwerkende Hulp Organisaties	950	688	1,800
Other organisations	306	0	0
	1,256	688	1,800

Income from other non-profit organisations was €1.8m in 2020. This amount was received from the SHO Campaign for 'Nederland helpt Beirut', which was started after the explosion in the harbour of Beirut, Lebanon. In 2021 an SHO Campaign was launched with the title 'Samen in Actie tegen Corona'. Cordaid's share of this campaign was €1,0m and focused on activities in Nepal and Afghanistan. Under note 11, Funds & Reserves is shown what portion of these funds were spent by year end.

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 2021 is €1.5m. Fair Climate Fund BV is selling emission rights which they gain by executing projects CO₂-reducing projects in developing countries. The income in 2021 is €1.6m.

23. OTHER INCOME

X € 1,000	2021	BUDGET 2021	2020
Result on financial assets	2,625	4,185	1,148
Mutation provision doubtful debts	0	0	-85
Other	563	1,180	392
	3,188	5,365	1,455

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

X € 1,000	2021	BUDGET 2021	2020
Interest received on loans and guarantees	4,417	4,060	5,402
Income from dividends/provision guarantees	12	200	4
Revaluation of participations	-514	-75	-893
Unrealised change in value of derivatives	0	0	-335
(Un)realised currency gains and losses	-215	0	-21
Allocated to/withdrawn from provision for loans and guarantees	-1,074	0	-3,009
Total result on financial assets	2,625	4,185	1,148

The result on financial assets increased with €1.5m compared to 2020. The main driver of this increase a smaller mutation on the provision in 2021, while in 2020 this was still €3,0m

24. SPENT ON OBJECTIVES

Comparison of 2021 program costs and program management costs with the budget and the previous year:

X € 1,000	2021				2020
	DIRECT PROGRAM COSTS	PROGRAM MANAGEMENT COSTS	TOTAL 2021	TOTAL BUDGET 2021	TOTAL 2020
Healthcare	107,632	710	108,342	133,923	112,649
Humanitarian Aid	67,578	1,370	68,948	17,613	27,663
Security & Justice	4,265	237	4,502	16,348	13,958
Private sector development	2,312	0	2,312	3,751	4,322
Sustainable livelihoods	21,924	21	21,945	43,145	26,752
Resilience	1,376	59	1,435	6,005	8,898
Education	6,436	3	6,439	0	206
Investments	139	2,247	2,386	2,805	2,902
Other	5,146	222	5,368	3,143	1,498
Total costs of programs	216,808	4,869	221,677	226,733	198,848

Program costs in 2021 amounted to €221,7; €23m higher than the previous year. The higher expenditure compared to 2020 is directly related to the higher acquired income (note 18) thus leaving more space for direct program expenditure.

For the Humanitarian aid department the higher-than-budgeted expenditure was predominantly caused by the increase of new projects compared to 2020 of which the top five new projects led to an increase of €35.4m. For Sustainable livelihoods a growth was expected in 2021, as is reflected in the budget. However the actual expenses in 2021 are €20.0m below the budget of 2020.

Direct program costs on Investments is very low compared to the program management costs. New investments are done with returned funds from settled investments and are therefore not expressed in the statement of income and expenditure.

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. FTE's 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 2021 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 2021 budget for both fundraising costs and public information. The relative division between the two activities was:

1. Fundraising: 50.0% (2020: 50.0%);
 2. Public Information/Awareness campaigns: 50.0% (2020: 50.0%)
- These percentages were used to allocate the total 2021 marketing & funding budgets over the two activities. In the fundraising costs is also included the fundraising for funds from institutional donors.

Costs incurred per activity and per cost category:

RESOURCES EXPENDED (X € 1,000)	EXPENDITURE ON THE OBJECTIVES		EXPENDITURE ON FUNDRAISING	MANAGEMENT AND ADMINISTRATION	TOTAL EXPENDITURE		
	PUBLIC INFORMATION / AWARENESS CAMPAIGNS	PROGRAM COSTS			TOTAL 2021	TOTAL BUDGET 2021	TOTAL 2020
Grants and contributions	0	73,155	0	0	73,155	73,824	69,035
Own Implementation	0	92,206	38	250	92,494	67,154	62,798
Publicity and communication	3,543	618	3,569	28	7,759	9,819	9,182
Staff	735	31,698	1,650	5,498	39,581	39,538	36,973
Travel and accommodation	3	4,128	7	116	4,254	4,824	4,511
Housing	35	2,584	36	586	3,241	4,273	3,996
Office & General	60	17,287	163	3,472	20,982	45,653	42,869
TOTAL 2021	4,376	221,677	5,463	9,949	241,465	245,085	229,364

The overall costs in 2021 are in line with the total budget and €11m higher compared to the previous year. The largest deviations compared to budget and actuals 2020 were:

- In Grants and contributions the increase relates to the start of a new project funded by the Dutch government.
- Staff costs increased from €37.0m in 2020 to €39.6m in 2021. This is because of the difference in project portfolio in 2021 and phase of the projects in its complete cycle. More staff was hired to execute the projects, while in 2020 there were more projects implemented by partners.

- Within the Management & Administration costs are costs included which relate to the alleged irregularities in DRC, totalling to €0,8 million. These are partly provisions against project receivables from donors, costs which Cordaid is still expected to incur and investigation costs. We refer to note 13 for further details.
- In 2021 the Office and General total costs decreased from €42,7 to €21,3. Compared to 2020 no additional provision for irregularities was formed, the costs for hardware decreased with € 2.0m and the direct general costs decreased as well

Total audit fees charged by Ernst & Young Accountants LLP stood at €1.0m in 2021 (2020: €0.8m). The audit fee for the annual accounts of 2021 of Stichting Cordaid and Cordaid Management Investments BV amounts to €0.4m (2020: €0.3m). The other amounts are fees for specific project audits and special investigations.

The above mentioned fees relate to all the work performed at 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 2021 fiscal year, although the related work can be executed in other years. The remaining amount paid to EY (€0.5m) was paid for audits on projects due to donor requirements.

An additional €0.3m (2020: €0.1m) 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 €68.1 million. The maximum of the continuity reserve is 1.5 times the work organisation's annual cost, which is €102.1 million.

26. COST OF STAFF

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

	2021	BUGDET 2021	2020
Average head count in The Hague	176.0		192.0
Average head count expats at field offices	45.0		53.0
Average head count	221.0		245.0
Program staff	133.2	117.6	147.3
Fundraising/Awareness staff	24.9	26.5	24.3
Other departments	50.6	53.2	57.5
Average number FTEs with a Dutch labour contract	208.7	197.3	229.1

At year-end 2021, Cordaid had a headcount of 221 (2020: 245). This decrease is the result of various reorganisation exercises at CIM and at ICCO related to the asset-liability transaction.

X € 1,000	2021	BUGDET 2021	2020
- Salaries and wages	23,171	26,127	24,432
- Addition redundancy provision	154	1,636	1,530
- Social security contributions	3,676	3,768	3,524
- Pension costs	1,804	1,793	1,677
- Temporary staff	1,515	3,578	3,346
- Cost of training and education	270	288	269
- Other personnel expenses	8,990	2,347	2,195
	39,580	39,538	36,973

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 106.6% on the 31st of December 2021 (31st of July 2022: 111.0%).

27. RELATED PARTIES

Introduction

As part of Cordaid's transition to a more social entrepreneurial approach, Cordaid wants to help develop new ideas for start-ups aimed at social impact. In addition, Cordaid wants to professionalise the management of its social impact investments further and aims to increase its impact by finding external investors. To facilitate these changes Cordaid established two foundations and two private limited companies (BV's). Stichting Cordaid has full control of all these entities, and they are therefore classified as related parties. In addition, on 31st December 2014, Cordaid established a foundation for the payment of salaries to expats working for Stichting Cordaid.

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)
- 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 2021 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.

During 2021, the employed members of the Board were:

X € 1	L.C. ZEVENBERGEN CEO	L. PAZ QUINTERO CFO	S. ATTEMA COO	Y. VAN DER SCHOOT COO
Employment contract				
Duration	31/03/2023	31-12-2024	31-07-2021	30-09-2025
Number of hours	36	36	36	36
Part-time percentage	100	100	100	100
Period in 2021	1/1-31/12	1/1-31/12	1/1-31/7	1/10-31/12
Gross salary	114,628	101,139	74,179	27,772
Holiday allowance	9,058	8,920	4,716	2,632
Year-end bonus	10,146	8,951	6,574	2,458
Variable pay	0	0	1,750	0
Total annual income	133,832	119,010	87,220	32,862
Social security contributions (employer's share)	12,925	12,925	7,874	3,031
Taxable allowances (Public transport abonnement)	4,932	0	0	0
Pension costs (employer's share)	13,245	13,167	8,611	3,306
Other benefits on long term	0	0	0	0
End of contract benefits	0	0	0	0
	31,102	26,092	16,485	6,337
Total remuneration for 2021	164,934	145,102	103,705	39,199
Total remuneration for 2020	158,020	0	158,320	0

The members of the Board of Directors did not have any outstanding loans, advances or guarantees at year-end or during 2021.

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 €168,983.

The total annual compensation in 2021 stood at €164,934 (2020: €158,020) per year for the CEO, Kees Zevenbergen, and at €145,102 for the CFO, Lorena Paz Quintero. In 2021 there were two COOs. Until 31st of July this was Sybren Attema, with a compensation of €101,955 and from 1st of October onwards, Ylse van der Schoot, with a compensation of €39,199. In other words, their 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.

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 2021 were as follows:

X € 1	A.J.M. HEERTS	J.F. DE LEEUW	J.H.M. VAN BUSSEL	W. OOSTEROM
Function	Chair	Vice chair and member Remuneration Committee	member Audit Committee	member Audit Committee
Duration of function in 2021 (days)	365	365	365	365
Remuneration	0	0	0	750
Provisions for future payments	0	0	0	0
Total remuneration 2021	0	0	0	750
Total remuneration 2020	0	3.000	0	1.500

X € 1	G.R. PEETOOM	M. VAN BEEK	J.J.A. DE BOER	A. KNIGGE
Function	Member	member Remuneration Committee	Member	Member
Duration of function in 2021 (days)	365	365	365	365
Remuneration	0	0	1.500	1.500
Provisions for future payments	0	0	0	0
Total remuneration 2021	0	0	1.500	1.500
Total remuneration 2020	0	0	3.500	1.500

X € 1	M.W.J.A. LANDHEER-REGOUW	J.N. ALDERS-SHEYA	D.C. CHENG
Function	Member	member Audit Committee	member Audit Committee
Duration of function in 2021 (days)	365	199	199
Remuneration	0	813	813
Provisions for future payments	0	0	0
Total remuneration 2021	0	813	813
Total remuneration 2020	0	0	0

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	2021	BUDGET 2021	2020	2019	2018	2017
Interest received on bonds	210	270	124	498	286	193
Interest received on cash and cash equivalents	-10	0	-4	3	14	57
Realised exchange gains and losses	-450	0	-1,740	597	106	1,232
Unrealised exchange gains and losses	6,573	-870	-5,285	2,823	-191	-1,885
Gross investment income	6,323	-600	-6,905	3,921	215	-403
Investment costs	-114	-110	-101	-101	-76	-148
Net investment income	6,209	-710	-7,006	3,820	139	-551

The net investment result has increased significantly in 2021. 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 favourable in 2021, this resulted in an unrealised gain of €3,2m and a realised loss of €1,8m, a nett result of €1,4m. The positive unrealised result of the bonds and shares was €2,1m in 2021.

30. SUBSEQUENT EVENT

Subsequent events have been evaluated through 1st of September 2022, the date the financial statements were issued. Cordaid identified the following subsequent events:

In December 2019 Cordaid and ICCO Cooperation U.A. signed a letter of intent for a possible merger. Emerged from protestant and catholic traditions with longstanding experiences on fighting poverty and social injustice, they share the same set of values based on the Christian social teachings. The advantages for merging are potentially more impact and cost synergies. The proposed business plan, including thematic and fragile country focus and financial consequences, was finalised in June 2020. Due diligences on both organisations were carried out. At the end of 2020 the asset liability transaction was approved by the Supervisory Boards of both organisations and there was a positive advice from the workers councils. The asset liability transaction is effective from the 1st January 2021 and both organisations are combined into one. As from the date of the transaction Cordaid guarantees for potential losses of Stichting ICCO. From January 1st, 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 are from ICCO towards Cordaid from January 1st, 2022. Local licenses to operate under the name of Cordaid have been requested. The regional offices of East Africa and Asia move to Cordaid from January 1st, 2022, and the regional office of West Africa will move later in 2022. In 2022 preparations are being made to phase out and handover activities in various countries and regions.

For the years 2022-2025 a structural annual financial gap per year was identified. After extensive analysis of Cordaid's cost structure it has become clear that the organisation's fixed overhead costs are too high, which limits our ability to invest in development of the organisation's need to stay relevant and up to date with the sector and organisational trends. This gap also limits our ability to strengthen our reserves to be able to cope with unforeseen events. The understanding on the lack of flexibility of our cost structure paired with the increasing need to strengthen our control and compliance practices are some of the key drivers behind the Renewing Cordaid trajectory. This trajectory focusses on renewing the Business model, Operating Model and Income strategy. Intensive research was done between January and April 2022. The outcomes have been worked out and the Board of Directors chose a plan of action. This plan for the future was presented to and approved by the Supervisory Board in July 2022. The Board's proposal is currently with the Workers Council for advice. Details on the restructuring investment required during the transitional period will be worked out during the implementation plan and included in Budgeting cycle of 2023 to take place in the period September-December of 2022.

2022 started in many aspects different to how 2021 ended for Cordaid. Positively, the restrictions which the Covid 19 pandemic brought are decreasing, both on project implementation and on international travels for support. Negatively however, the invasion in Ukraine by Russia affected the whole world and there is a big need for humanitarian aid for the refugees from Ukraine. Cordaid launched a fundraising campaign as part of 'Stichting Samenwerkende Hulporganisaties' and a total of €160m was raised for aid to Ukraine. Cordaid will implement circa €16m of the raised funds together with local partners. The war in Ukraine also affected the world economy and rates of shares have decreased. Cordaid's shares and bonds portfolio was valued at €26,7m on December 31st, 2021. Up to September 2022 the portfolio decreased by €2,9m.

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 2022 and prior years.

INDIVIDUAL FINANCIAL STATEMENTS OF STICHTING CORDAID

Individual balance sheet of Stichting Cordaid as at 31 December 2021

X € 1,000	NOTE	31 DEC 2021	31 DEC 2020
Assets			
<i>Fixed assets</i>			
Intangible fixed assets	32	69	151
Tangible fixed assets	33	816	1,074
<i>Financial fixed assets</i>			
- Issued in connection with the objectives	34	65,285	57,142
- Investments	34	26,655	24,464
- Participations in group companies		949	1,381
		92,889	82,987
Current assets			
<i>Receivables</i>	35		
- Receivable from group entities		8,193	6,526
- Subsidies governments / organisations		32,545	19,225
- Work advances partner organisations		7,037	9,283
- Receivable from inheritances		739	6,830
- Derivatives		832	0
- Other receivables		2,183	2,749
- Interest receivable		1,854	1,666
		53,383	46,279
Cash and Bank	36	53,033	45,793
Total assets		200,190	176,284

X € 1,000	NOTE	31 DEC 2021	31 DEC 2020
Liabilities			
Reserves and funds	37		
- Reserves			
• Continuity reserve		11,500	11,500
• Earmarked reserves		11,926	11,719
		23,426	23,219
- Funds			
• Restricted funds		3,282	2,107
• Semi-restricted funds		8,141	12,012
• Loans & guarantees fund		78,429	73,116
		89,852	87,235
Total reserves and funds		113,278	110,454
Provisions	38	5,342	5,611
Current liabilities	39		
- Liabilities to group entities		886	490
- Project commitments		26,721	11,364
- Other current liabilities		53,963	48,365
		81,570	60,219
Total liabilities		200,190	176,284

INDIVIDUAL STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2021

X € 1,000	NOTE	2021	2020
Result of subsidiaries	39	1,017	14
Individual balance of income and expenditures		2,824	-13,234
Balance of funds		3,841	-13,220

NOTES ON THE FOUNDATION'S INDIVIDUAL FINANCIAL STATEMENTS

31. ACCOUNTING PRINCIPLES

31.1 General

The Company financial statements are part of the 2020 financial statements of Stichting Cordaid. The financial statements have been prepared in accordance with the Dutch Accounting Standard for Fundraising Institutions (RJ 650).

31.2 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.

32. INTANGIBLE FIXED ASSETS

Movements of the intangible fixed assets are as follows:

X € 1,000	ITSYSTEM
Balance as at 1 January 2021	
Cost	420
Accumulated amortisation	-269
Carrying value as at 1 January 2021	151
Changes	
Purchases	
Disposals	-30
Amortisation	-82
Amortisation on disposals	30
Total changes	-82
Balance at 31 December 2021	
Cost	390
Accumulated depreciation	-321
Carrying value as at 31 December 2021	69
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.

33. 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 2021						
Cost	1,199	4,607	1,838	33	283	7,960
Accumulated depreciation	-329	-4,600	-1,654	-20	-283	-6,886
Carrying value as at 1 January 2021	870	7	184	13	0	1,074
Changes						
Purchases	29	0	0	0	0	29
Disposals	0	0	0	0	0	0
Depreciation	-224	-5	-47	-11	0	-287
Depreciation on disposals	0	0	0	0	0	0
Total changes	-195	-5	-47	-11	0	-258
Balance at 31 December 2021						
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 31 December 2021	675	2	137	2	0	816
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 and assets which Stichting ICCO has at their Regional Offices. All assets are held for business operations.

Refer to note 6 to the consolidated financial statements for more information.

34. 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 2021			
Value of portfolio at 1 January 2021	46,498	19,511	66,009
Provision at 1 January 2021	-8,867	0	-8,867
Carrying amount 1 January 2021	37,631	19,511	57,142
<i>Changes in portfolio</i>			
Loans and guarantees issued	18,619	0	18,619
Loans and guarantees repaid	-11,929	0	-11,929
Participations acquired/committed	0	1,121	1,121
Participations sold/commitments withdrawn	0	-467	-467
Impaired loans and guarantees/withdraw from provision	-1,955	0	-1,955
Revaluation of participations	0	-552	-552
Currency gains and losses	1,619	38	1,657
Change in value of portfolio at 31 December	6,354	140	6,494
<i>Changes in the provision</i>			
Impaired loans and guarantees/withdraw from provision	1,955	0	1,955
Allocated to provision for loans and guarantees	-306	0	-306
Provision at 31 December	1,649	0	1,649
Value of portfolio at 31 December	52,852	19,651	72,503
Provision at 31 December	-7,218	0	-7,218
Carrying amount 31 December	45,634	19,651	65,285

Loans

The loans will fall due in the following periods:

X € 1,000	LOANS
< 1 year	8,421
1-5 years	42,234
> 5 year	2,197
	52,852

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.

35. RECEIVABLES

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

X € 1,000	31 DEC 2021	31 DEC 2020
Receivables		
Receivable from group entities	8,193	6,526
Receivable from grants	33,803	20,483
Provision uncollectable receivables from grants	-1,258	-1,258
Work advances partner organisations	7,097	9,368
Doubtful debts	-60	-85
Receivable from inheritances	739	6,830
Interest receivables	1,854	1,666
Derivatives - Receivable	832	0
Other receivables	2,183	2,749
	53,383	46,279

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 2021, which have not yet been settled.

Explanations on the (mutation of) other receivables in the individual balance sheet can be found in note 9 of the consolidated financial statements.

X € 1,000	31 DEC 2021	31 DEC 2020
Cash and cash equivalents		
Deposit	1,440	3,181
Bank accounts	51,385	41,919
Cash at hand	196	288
Cross accounts	12	405
	53,033	45,793

36. 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.

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 10 to the consolidated financial statements for disclosures on other items.

37. 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
Changes						
Dotation	o	1,201	2,739	23,747	4,376	32,063
Extraction	o	o	-1,564	-27,618	-57	-29,239
Other	o	-994	o	o	994	o
Balance at 31 December 2021	11,500	11,926	3,282	8,141	78,429	113,278

More information about the reserves and funds can be found in note 12.

38. 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 2021	1,160	3,921	530	o	5,611
Short term liabilities	1,261	o	37	o	1,298
Correction on Scope Insight Provision	o	-454	o	o	-454
Balance as at 1 January 2021 incl. short term liabilities	2,421	3,467	567	o	6,455
Changes					
- Addition	399	977	37	14	1,427
- Withdrawn	-1,510	o	-43	o	-1,553
- Released	-120	-177	o	o	-297
	1,190	4,267	561	14	6,032
Short term liabilities	-411	-265	o	-14	-690
Balance as at 31 December 2021	779	4,002	561	o	5,342

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

39. CURRENT LIABILITIES

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

X € 1,000	31 DEC 2021	31 DEC 2020
Liability to group entities	886	490
Project commitments	26,721	11,364
Deferred grants from governments	34,539	27,232
Accounts payable	3,842	6,675
Taxes and social security contributions	815	950
Reservation for leave days and holiday allowance	1,359	1,437
Redundancy provision (short term)	690	1,298
Derivatives - Liability	391	500
Participations payable	256	299
Other accruals and deferred income	12,071	9,974
	81,570	60,219

The liabilities to group entities are related to intercompany balance between CIM BV. and Stichting Cordaid. Explanations on the (mutation of) other receivables in the individual balance sheet can be found in note 13 of the consolidated financial statements.

40. RESULT OF SUBSIDIARIES

The financial position as at 31 December 2021 and the 2021 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	0	29	0	0	12	0	41
Social impact investments	0	0	0	0	1,353	840	2,193
Other receivables	0	2,988	0	0	62,335	1	65,324
Cash and banks	355	356	0	0	20,029	315	21,055
Total assets	355	3,374	0	0	83,728	1,156	88,613
Liabilities							
Equity / Reserves and funds	-208	745	-653	-12	636	467	974
Provisions	0	33	0	0	0	0	33
Liability to Stichting Cordaid	0	1,965	652	12	7,180	178	9,987
Current liabilities	563	631	1	0	76,530	512	78,238
Total liabilities	355	3,374	0	0	84,347	1,157	89,232

X € 1,000	CORDAID SA NPC	CIM BV	CORPAV	SCP	STG. ICCO	ICCO GROUP BV	TOTAL
Net revenues	-53	2,749	0	0	32,190	153	35,039
Personnel expenses	0	1,367	0	0	7,786	0	9,153
General and administrative expenses	0	1,274	1	0	23,297	153	24,725
Operating expenses	0	2,641	1	0	31,084	153	33,878
Financial income and expenses	0	-1	0	0	35	0	35
Result from ordinary activities before tax	-53	109	-1	0	1,071	0	1,126
Corporate income tax	0	109	0	0	0	0	109
Net result	-53	0	-1	0	1,071	0	1,017

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 2021 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 consist predominantly of the asset management fee 2021 charged to Stichting Cordaid. Average FTE during 2021 was 18.6 and head count 20 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). The portfolio CIM is managing increased due to the addition of ICCO participations. This, next to the lower costs compared to 2020, caused a positive result of €437k in 2021.

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 2021. Corpav 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 2021 with a positive financial result of € 1.071.000.

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 mutation on the value of the participation. The total participation value of ICCO Group BV reduced by €609.000 to €466.000.

OTHER INFORMATION

Provision in the constitution governing the appropriation of balances

According to article 11.4 of the constitution of Cordaid, the Supervisory Board adopts the annual accounts as drawn up by the Board of Directors. Included in the annual account is a proposal for the appropriation of positive or negative financial balances in the fiscal year concerned. The appropriation of the balance takes into account the imposed restrictions on spending by third parties. Section 392, subsection 1, Book 2 of the Dutch Civil Code requires a disclosure of the statutory provisions governing the appropriation of profit. This view should not consist of a single reference to the relevant articles of the articles of association. A literal reproduction of those articles or a summary of their contents (DAS 420.105) is required.

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	X
Ethiopia	X	X
Burundi	X	X
Iraq & Syria	X	
Sierra Leone & Liberia	X	
Yemen	X	
Regional Office - East Africa		
Uganda	X	X
Rwanda		X
Zimbabwe	X	
Kenya	X	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
Cambodia		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 2021 included in the annual report

Our qualified opinion

We have audited the financial statements 2021 of Stichting Cordaid based in The Hague.

In our opinion, except for the possible effects of the matter 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 2021 and of its result for 2021 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 2021
- The consolidated and individual statements of income and expenditure for 2021
- The notes comprising of a summary of the accounting policies and other explanatory information

Basis for our qualified opinion

The corresponding figures included in the financial statements are derived from the financial statements 2020, on which we expressed a disclaimer of opinion on 2 March 2022 in respect of the importance of the following findings:

"As set out in note 12 and 14 in the financial statements, Stichting Cordaid received notification of alleged integrity breaches and misconduct of staff, in its country office in Central African Republic and allegations of integrity breaches in its country office in the Democratic Republic of the Congo.

The investigations into these allegations are not completed at the date of this report and may not be completed within a reasonable timeframe. In performing the investigations, Cordaid is dependent on the cooperation by third parties, including local partners as well as donors. Furthermore, international travel restrictions and the safety situation in these countries hinder the entity's and our ability to fully interact with management, local partners and investigators in these countries, without incurring undue costs and personnel risks. As a result, we were unable to obtain sufficient and appropriate audit evidence to conclude on the allegations, the required remediation by Stichting Cordaid and the implications for the financial statements in order to determine whether any adjustments to the result, balance sheet items including reclassifications and corresponding figures as set out in note 12 and 14 and/or the disclosures would be necessary."

Mentioned circumstances relating to the country office in Central African Republic do not materially affect the current financial year, but do still apply to the corresponding figures.

Mentioned circumstances relating to the country office in the Democratic Republic of the Congo do affect the current financial year and also apply to the corresponding figures. We refer to note 13 in the 2021 financial statements for an update on these investigations from the board of directors. The investigations into the allegations in the Democratic Republic of the Congo are ongoing and based on the preliminary results we concluded that the possible effects of undetected misstatements, if any, as a result of these circumstances could be material but not pervasive for the financial statements 2021 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 scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among 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.

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, 21 October 2022

Ernst & Young Accountants LLP

signed by A.A. Kuijpers

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