



FINANCE REPORT 2017

BALANCE SHEET 2017 - EXTRACT FROM THE ANNUAL FINANCIAL STATEMENTS

ASSETS		31. DEC. 2017	31. DEZ. 2016	EQUITY AND LIABILITIES		31. DEC. 2017	31. DEC. 2016
A. Fixed Assets				A. Equity			
I. Intangible assets				I. Endowment capital 2,193,847.42 Euro ... 2,144,737.42 Euro			
	Software acquired for a consideration	6,422.11 Euro	18,754.03 Euro				
II. Tangible fixed assets				B. Donations and grants not yet used			
1. Land, land rights and buildings, including buildings on third party land 441,948.57 Euro ... 456,984.13 Euro				I. Donations and grants not yet used 2,804,038.60 Euro ... 2,576,407.94 Euro			
2. Technical equipment and machinery 23,078.59 Euro ... 26,986.31 Euro				II. Long-term bound donations and grants 729,421.16 Euro ... 863,247.56 Euro			
3. Other equipment, operating and office equipment 257,971.89 Euro ... 360,523.09 Euro			 3,533,459.76 Euro ... 3,439,655.50 Euro			
..... 722,999.05 Euro ... 844,493.53 Euro				C. Provisions			
III. Financial Assets				Other provisions 136,096.95 Euro ... 225,239.18 Euro			
	Long-term securities	440,000.00 Euro	782,500.00 Euro	D. Liabilities			
B. Current Assets				1. Contingently repayable grants 3,861,993.63 Euro ... 3,691,173.91 Euro			
I. Receivables and other assets				2. Trade payables 195,000.49 Euro ... 161,166.32 Euro			
	1. Trade receivables	24,575.90 Euro	11,693.96 Euro	3. Other liabilities 27,537.50 Euro ... 49,135.38 Euro			
	2. Other assets	56,249.18 Euro	27,442.48 Euro 4,084,531.62 Euro ... 3,901,475.61 Euro			
		80,825.08 Euro	39,136.44 Euro				
II. Cash-in-hand and bank balances							
		8,643,977.46 Euro	7,978,222.85 Euro				
C. Prepaid expenses							
		53,712.05 Euro	48,000.86 Euro				
		<u>9,947,935.75 Euro</u>	<u>9,711,107.71 Euro</u>			<u>9,947,935.75 Euro</u>	<u>9,711,107.71 Euro</u>

Within the scope of the compilation of the annual financial statements, the Foundation's net assets, financial position, and results from operations, as well as the maintenance of the Foundation's endowment capital, and its use, were audited and verified. DSW is also subject to audits by the Foundation Supervisory Authority for Lower Saxony, which carries out its auditing responsibilities in line with the Endowments and Foundations Act of Lower Saxony (NStiftG).

The audit firm CURACON GmbH reviewed the annual financial statements as at December 31, 2017, which consisted of the combined presentation of the balance sheet, income statement and notes to the financial statement, and issued an unqualified audit opinion.

Signed, Menken
Professionally Qualified Auditor

Signed, Schwarz
Professionally Qualified Auditor

EXPLANATORY NOTES TO THE BALANCE SHEET FOR 2017

GENERAL INFORMATION

The financial statements are prepared in Euro under applying the accounting regulations under commercial law applicable to firms organised in a corporate form. The items under commercial law and item names and the classification regulations are adjusted to the special structural features of the Foundation. Thereby, the Foundation complied with the accounting standards applicable for Foundations (IDW RS HFA 5), as well as with the special requirements for donation-collecting organisations from RS HFA 21. The classification of the income statement is based on the cost-of-sales format, with the items named in line with the nature-of expense format for all expenses not directly allocable to the projects.

Based on the way in which the inflow of donations and grants is recognised as affecting net income following the requirements of RS HFA 21 and in accordance with the allocation of resources per the statutes of the Foundation and project development, the result for the year is neutral.

The Foundation's annual financial statements contain the current accounting data for the headquarters in Hannover and the liaison offices in Berlin and Brussels, plus the accounts data taken from the country offices in Ethiopia, Kenya, Tanzania and Uganda. The annual financial statements prepared by the country offices have been examined by local auditors and given unqualified audit certificates.

ASSETS

A. FIXED ASSETS

Noncurrent assets are generally valued at cost. Incidental acquisition costs are taken into account, and acquisition cost reductions are deducted. The acquisition costs of noncurrent asset items that are usable for a limited period of time are reduced by scheduled depreciation/amortisation. Depreciation and amortisation in the country offices follow the rules applicable in the specific country. After the end of the project, economic ownership is generally limited by government restrictions.

I. Additions to intangible assets predominantly comprise the purchase and installation of software protection programs in Kenya and Tanzania. Due to a higher volume of amortisation, the overall total fell in comparison with the previous year.

II. Additions to operating and office equipment mainly result from the project-related acquisition of office furniture and technical workplace equipment in Kenya as well as the partial modernisation of server and workstation hardware in Germany. Taking depreciation and disposals into account, there was an overall decrease in this item. Disposals result mainly from the handover of movable tangible assets by the Uganda country office to Action 4 Health Uganda (A4HU). A4HU was registered in Uganda as a local non-governmental organisation on October 17, 2017, as part of the process of establishing the Ugandan country office as an independent entity. It commenced operations as a strategic partner to DSW in Uganda on January 1, 2018.

III. Financial assets essentially comprise longer-term securities and savings certificates. Financial assets are shown at the lower of cost or market value. The reduction is predominantly due to a savings certificate that reached maturity. The proceeds have been transferred to "Cash-in-hand, bank balances".

B. CURRENT ASSETS

Current assets are measured at nominal value. Changes in trade receivables and other assets are mainly attributable to increases in advance payments made and rent deposits. Liquid funds are valued at their nominal value. Foreign currency credit balances are valued at the average spot exchange rate on the balance sheet date.

EQUITY AND LIABILITIES

A. EQUITY

On the balance sheet date, the endowment capital amounted to 2,193,847 Euro (previous year: 2,144,737 Euro). The increase over the previous year results from endowment contributions amounting to 49,110 Euro and is mainly attributable to two larger donations in the amount of 30,000 Euro and 12,600 Euro.

B. DONATIONS AND GRANTS NOT YET USED

I. The "donations and grants not yet used" item is the sum of funds received that are not tied to a specific project and are still available for the Foundation to use in accordance with its statutes.

II. The "long-term bound donations and grants" item indicates the extent to which noncurrent assets are financed through the use of earmarked funds on the balance sheet date. Allocation to this item corresponds to the residual book values of the assets on the balance sheet date.

C. PROVISIONS

The "other provisions" item covers all known risks and contingent liabilities. These are measured at the likely settlement amount based on prudent business judgement.

D. LIABILITIES

In accordance with section 253 (1) of the German Commercial Code (Handelsgesetzbuch, HGB), liabilities are measured at their settlement amount. All liabilities fall due within one year.

The "contingently repayable grants" item constitutes the project funding reserve; this figure is included in "cash-in-hand, bank balances". In distinction to the "donations and grants not yet used" item, this item is based on contractually fixed project agreements that specify the use of the funds.

INCOME STATEMENT 2017 – EXTRACT FROM THE ANNUAL FINANCIAL STATEMENTS

	2017	2016
1. Donations and grants received in the financial year	7,922,804.16 Euro	5,162,815.61 Euro
2. Use-up of donations and grants received in prior years	3,877,647.68 Euro	4,166,220.96 Euro
3. Donations and grants received in the financial year not yet used	-4,142,271.52 Euro	-3,037,851.33 Euro
4. Income from use of donations and grants of the financial year	7,658,180.32 Euro	6,291,185.24 Euro
5. Other operating income	457,886.95 Euro	463,676.49 Euro
Total Income	8,116,067.27 Euro	6,754,861.73 Euro
6. Directly attributable project expenditures		
a) Project expenditures	-4,185,814.35 Euro	-2,917,379.76 Euro
b) Payments to project partners	-218,694.30 Euro	-198,192.00 Euro
c) Depreciations	-148,826.15 Euro	-174,680.80 Euro
d) Staff costs	-2,997,993.74 Euro	-2,644,312.17 Euro
	-7,551,328.54 Euro	-5,934,564.73 Euro
7. Expenses not covered through projects		
a) Staff costs	-443,861.26 Euro	-650,980.50 Euro
b) Other costs	-137,017.60 Euro	-180,329.32 Euro
	-580,878.86 Euro	-831,309.82 Euro
8. Result from finance area	16,140.13 Euro	11,012.82 Euro
Total Expenditure	-8,116,067.27 Euro	-6,754,861.73 Euro
9. Net earnings for the financial year	0.00 Euro	0.00 Euro

EXPLANATORY NOTES TO THE PROFIT AND LOSS STATEMENT FOR 2017 AND ADDITIONAL INFORMATION

INCOME

Donations and grants received in the financial year increased by 2,759,989 Euro. This results both from newly signed project agreements and from receipts of funds from ongoing projects. Compared to the previous year, however, the Foundation's total income increased by only 1,361,206 Euro. This is due to funds being received during the financial year which are scheduled to be used over a period of several years. This fact is also reflected for example in the increase in donations and grants received in the financial year but not yet used.

EXPENDITURE

Directly attributable project expenditure is 1,616,764 Euro higher than in the previous year. The change is explained mainly by higher expenditures due to additional projects. This item comprises all expenses including staff expenses incurred in connection with the implementation of projects. Directly attributable project expenditure also includes funds which the Foundation passed on to local partners. The other costs not covered through projects mainly comprise rent, insurance, fees and membership contributions, publications such as the annual report, IT support, audit and consultancy fees, and expenditures for the German Central Institute for Social Issues (Deutsches Zentralinstitut für soziale Fragen, DZI).

RESULT FROM FINANCE AREA

Interest income increased slightly compared to the previous year, although the European share of the total continued to decrease. Due to the absence of larger extraordinary depreciation and amortisation items, expenses in the finance area were lower in the 2017 financial year than in the previous year, resulting in a relatively stable overall result.

STAFF COSTS AND REMUNERATION STRUCTURE

As at December 31, 2017, DSW employed 172 (previous year: 172) people worldwide.

Staff costs break down as follows:

In Germany	1,574,982.29 Euro
Abroad	1,866,872.71 Euro
Total	3,441,855.00 Euro

We are an attractive employer for our employees, providing professional and personal development opportunities as well as a competitive pay structure and a company pension scheme. Our pay structure is as follows: Assistant/Junior Officer 1,800 Euro to 2,800 Euro; Officer/Coordinator 2,300 Euro to 3,800 Euro; Senior Officer/Team Leader 3,200 Euro to 4,100 Euro; International Project/Team Leader 3,400 Euro to 4,500 Euro. For gradings within a salary group, professional experience and length of time with the organisation are taken into account. The pay structure is applicable in the Foundation's European offices.

The sum of the total annual compensation paid to the management team – comprising the Executive Director, the Finance and Administration Director, and the Programmes and Projects Director – for the financial year as a whole is 250,300 Euro. This figure does not include statutory employer's social security contributions or company pension scheme contributions. For data privacy reasons, details of individual employees' salaries are not published.

Income and expenditure during the financial year are presented below according to the DZI categories. Allocations to individual items may therefore differ from the income statement produced according to German commercial law, but in the overall total the result is identical. For further explanatory notes on the individual categories, see the "Leitlinien" ("Guidelines") and the notes in "Werbe- und Verwaltungsausgaben Spenden sammelnder Organisationen" ("Advertising and administrative expenditures by donation-funded organisations") published by DZI.



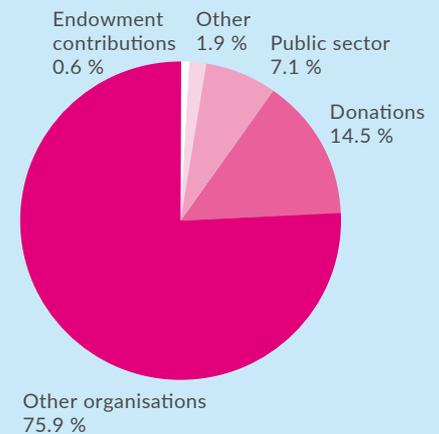
DSW has been endorsed with the fundraising "Seal of Approval" of the German Central Institute for Social Issues (Deutsches Zentralinstitut für soziale Fragen, DZI) certifying the economical and careful use of funds.

INCOME

	2017		2016	
Income from donations	1,177,448.52 Euro	14.5 %	1,136,267.51 Euro	16.8 %
Income from bequests	10,800.00 Euro	0.1 %	10,800.00 Euro	0.2 %
Income from endowments contribution	49,110.00 Euro	0.6 %	299,520.00 Euro	4.4 %
Income from fines	520.00 Euro	0.0 %	960.00 Euro	0.0 %
Fundraising income	1,237,878.52 Euro	15.2 %	1,447,547.51 Euro	21.4 %
Public sector grants	572,657.63 Euro	7.1 %	117,784.42 Euro	1.7 %
Grants from other organisations*	6,160,467.92 Euro	75.9 %	3,895,863.12 Euro	57.7 %
Other income	145,063.20 Euro	1.8 %	1,293,666.68 Euro	19.2 %
Total income	8,116,067.27 Euro	100.0 %	6,754,861.73 Euro	100.0 %

* This includes income from the public sector that first went to a DSW partner as the main recipient.

Source of funds 2017



EXPENDITURE

	2017		2016	
Project expenditures that directly serve purposes in accordance with statutes				
Project funding	5,140,731.75 Euro	63.2 %	4,343,882.25 Euro	64.2 %
Project support	770,895.53 Euro	9.5 %	539,523.97 Euro	8.0 %
Campaign, education and awareness work	943,169.05 Euro	11.6 %	755,555.90 Euro	11.1 %
Subtotal	6,854,796.33 Euro	84.3 %	5,638,962.12 Euro	83.3 %
Advertising, publicity relations and administrative expenses that indirectly serve purposes in accordance with statutes				
General publicity relations and advertising	485,897.06 Euro	6.0 %	394,560.58 Euro	5.8 %
Administrative expenses	791,514.01 Euro	9.7 %	732,351.85 Euro	10.9 %
Subtotal	1,277,411.07 Euro	15.7 %	1,126,912.43 Euro	16.7 %
Total expenditure**	8,132,207.40 Euro	100.0 %	6,765,874.55 Euro	100.0 %

** Total expenditure does not include the financial results totalling 16,140.13 Euro (previous year 11,012.82 Euro).

Use of funds 2017

