

Balance sheet 2018

Balance sheet 2018 – Extract from the annual financial statements

ASSETS	31 Dec 2018	31 Dec 2017	EQUITY AND LIABILITIES	31 Dec 2018	31 Dec 2017
A. Fixed assets			A. Equity		
I. Intangible assets			Endowment capital	2,240,042.42 Euro	2,193,847.42 Euro
Software acquired for a consideration	5,117.24 Euro	6,422.11 Euro			
II. Tangible fixed assets			B. Donations and grants not yet used		
1. Land, land rights and buildings, including buildings on third-party land	444,424.43 Euro	441,948.57 Euro	I. Donations and grants not yet used for statutory purposes	2,603,111.10 Euro	2,804,038.60 Euro
2. Technical equipment and machinery	19,488.79 Euro	23,078.59 Euro	II. Long-term bound donations and grants	<u>659,926.62 Euro</u>	<u>729,421.16 Euro</u>
3. Other equipment, operating and office equipment	<u>190,896.16 Euro</u>	<u>257,971.89 Euro</u>		3,263,037.72 Euro	3,533,459.76 Euro
	654,809.38 Euro	722,999.05 Euro	C. Provisions		
III. Financial assets			Other provisions	199,091.94 Euro	136,096.95 Euro
Long-term securities	400,000.00 Euro	440,000.00 Euro	D. Liabilities		
B. Current assets			1. Contingently repayable grants	6,080,927.17 Euro	3,861,993.63 Euro
I. Receivables and other assets			2. Trade payables	199,516.31 Euro	195,000.49 Euro
1. Trade receivables	3,080.22 Euro	24,575.90 Euro	3. Other liabilities	<u>42,106.10 Euro</u>	<u>27,537.50 Euro</u>
2. Other assets	<u>18,262.31 Euro</u>	<u>56,249.18 Euro</u>		6,322,549.58 Euro	4,084,531.62 Euro
	21,342.53 Euro	80,825.08 Euro			
II. Cash-in-hand, bank balances	10,900,999.48 Euro	8,643,977.46 Euro			
C. Prepaid expenses	42,453.03 Euro	53,712.05 Euro			
	<u>12,024,721.66 Euro</u>	<u>9,947,935.75 Euro</u>		<u>12,024,721.66 Euro</u>	<u>9,947,935.75 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, 2018, 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, Schwarz
Professionally Qualified Auditor

Signed, Köpke
Professionally Qualified Auditor

Explanatory notes to the balance sheet for 2018

GENERAL INFORMATION

The annual financial statements are prepared in Euro under applying the accounting regulations under German commercial law applicable to firms organised in a corporate form. The items under commercial law and item names and the classification were 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 statement of profit and loss 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 annual financial statements of the Foundation include the values taken over from the accounting of the head office in Hannover (including the liaison office in Berlin) and the representing office in Brussels as well as the values taken over from the accounting of the national offices in Kenya, Uganda, Ethiopia, and Tanzania. The sets of annual financial statements prepared by the national offices were audited by local auditors and were provided with unmodified auditor's opinions.

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 or specifications made by the donor.

Additions to land and buildings (item A.II.1) result from the renewal of the roof of the training centre in Uganda. Due to depreciation, there is only a moderate increase in the net total for this item.

Additions to operating and office equipment (item A.II.3) are mainly due to the new acquisition and modernisation of workplace hardware and software in Hannover, Brussels and Kenya. Taking the associated depreciation into account, there is an overall decrease in this item.

Financial assets (item A.III) essentially comprise longer-term securities and savings certificates. Financial assets are shown at the lower of cost or market value. The reduction is 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 a reduction in advance payments made in Uganda and Kenya. 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 2,240,042 Euro (previous year: 2,193,847 Euro). The increase over the previous year results from endowment contributions amounting to 46,195 Euro and is mainly attributable to two larger individual external donations in the amount of 30,000 Euro and 7,600 Euro.

B. DONATIONS AND GRANTS NOT YET USED

"Donations and grants not yet used for statutory purposes" (item B.I) 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.

"Long-term bound donations and grants" (item B.II) 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. The increase is mainly due to the necessary relicensing of accounting and reporting software for all of DSW's offices and an outstanding final report for a project in Kenya.

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.

"Contingently repayable grants" (item D.1) constitutes the project funding reserve; this figure is included in "cash-in-hand, bank balances". In distinction to "donations and grants not yet used for statutory purposes" (item B.I), this item is based on contractually fixed project agreements that specify the use of the funds. The substantial increase in this item is explained by advance payments received in 2018 for project activities in subsequent years.

Profit and Loss statement 2018 – Extract from the annual financial statements

	2018	2017
1. Donations and grants received for statutory purposes in the financial year	8,596,272.19 Euro	7,922,804.16 Euro
2. Use-up of donations and grants received for statutory purposes in prior years	3,824,050.12 Euro	3,877,647.68 Euro
3. Donations and grants received in the financial year and not yet used	-5,772,561.62 Euro	-4,142,271.52 Euro
4. Income from use of donations and grants of the financial year	6,647,760.69 Euro	7,658,180.32 Euro
5. Other operating income	413,919.68 Euro	457,886.95 Euro
Total income	7,061,680.37 Euro	8,116,067.27 Euro
6. Directly attributable project expenditures		
a) Project expenditures	-2,353,873.18 Euro	-4,185,814.35 Euro
b) Payments from project partners	-1,009,279.78 Euro	-218,694.30 Euro
c) Depreciations	-107,807.16 Euro	-148,826.15 Euro
d) Staff costs	-2,522,379.34 Euro	-2,997,993.74 Euro
	-5,993,339.46 Euro	-7,551,328.54 Euro
7. Expenses not covered through projects		
a) Staff costs	-674,997.70 Euro	-443,861.26 Euro
b) Other costs	-396,060.57 Euro	-137,017.60 Euro
	1,071,058.27 Euro	-580,878.86 Euro
8. Financial result	2,717.36 Euro	16,140.13 Euro
Total expenditure	-7,061,680.37 Euro	-8,116,067.27 Euro
9. Net earnings for the financial year	0.00 Euro	0.00 Euro

Explanatory notes to the profit and loss statement for 2018 and additional information

INCOME

Donations and grants received for statutory purposes in the financial year (item 1) increased by 673,468 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 (items 4 and 5) declined by 1,054,387 Euro. This is due to funds being received during the financial year which are scheduled to be used over a period of several years, and are therefore not recognised as income in 2018. This fact is also reflected in the increase in donations and grants received in the financial year but not yet used.

EXPENDITURE

Directly attributable project expenditure (item 6) is 1,557,989 Euro lower than in the previous year. The decrease compared to the previous year is mainly because of projects that came to an end in the financial year, which also resulted in a reduction in the project-financed coverage of staff costs. 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 (item 7b) mainly comprise insurance, fees and membership contributions, publications such as the DSW-Intern, IT support, audit and consultancy fees, and expenditures for the German Central Institute for Social Issues (Deutsches Zentralinstitut für soziale Fragen, DZI). This item also includes the rents for all DSW offices. The headquarters premises in Hannover are rented by Rossman Immobilien und Grundbesitz GmbH.

FINANCIAL RESULT

The reduction in the overall result compared to the previous year is mainly due to interest income no longer being received from the Uganda country office,

which ceased operating activities at the end of 2017. Expenses rose only slightly in the 2018 financial year.

STAFF COSTS AND REMUNERATION STRUCTURE

As at December 31, 2018, DSW employed 152 people (previous year: 172) worldwide. The decrease is mainly attributable to the changes in the Uganda country office.

Staff costs break down as follows:

In Germany	1,748,178.71 Euro
Abroad	1,449,198.33 Euro
Total	3,197,377.04 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 2,000 Euro to 3,200 Euro; Officer 2,600 Euro to 4,200 Euro; Manager 3,800 Euro to 5,000 Euro; Director 5,000 Euro to 7,500 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 German 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 235,274 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 profit and loss 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.

INCOME

	2018		2017	
Income from monetary donations	1,377,645.94 Euro	19.5 %	1,177,448.52 Euro	14.5 %
Income from inheritances	5,236.24 Euro	0.1 %	10,800.00 Euro	0.1 %
Income from external donations	46,195.00 Euro	0.7 %	49,110.00 Euro	0.6 %
Income from penalties	20,125.00 Euro	0.3 %	520.00 Euro	0.0 %
Collection income	1,449,202.18 Euro	20.6 %	1,237,878.52 Euro	15.2 %
Public grants	1,047,797.60 Euro	14.8 %	572,657.63 Euro	7.1 %
Grants provided by other organisations *	6,144,527.44 Euro	87.0 %	6,160,467.92 Euro	75.9 %
Other operating income **	-1,579,846.85 Euro	-22.4 %	145,063.20 Euro	1.8 %
Total income	7,061,680.37 Euro	100.0 %	8,116,067.27 Euro	100.0 %

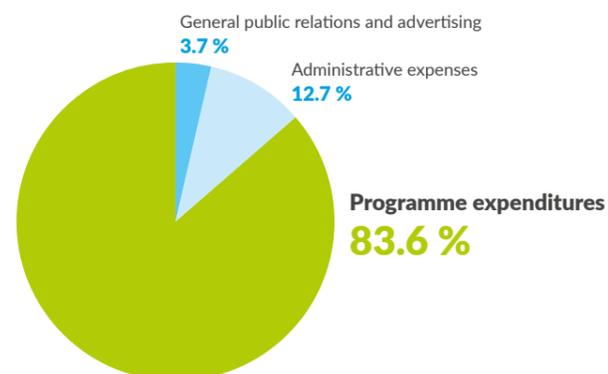
* Includes income from the public sector that first went to a DSW partner as the main recipient.
** The result is a negative amount since the use-up of donations and grants received in prior years (income statement item 2) and donations and grants received in the financial year not yet used (income statement item 3) are allocated to this item.

EXPENDITURE

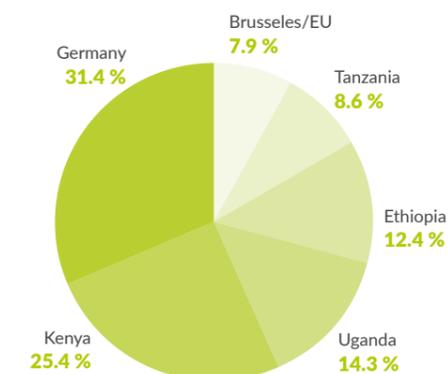
	2018		2017	
Programme expenditures ***				
Project funding	4,307,475.70 Euro	61.0 %	5,140,731.75 Euro	63.2 %
Project support	738,204.95 Euro	10.5 %	770,895.53 Euro	9.5 %
Campaign, education and awareness work	856,580.67 Euro	12.1 %	943,169.05 Euro	11.6 %
Subtotal	5,902,261.32 Euro	83.6 %	6,854,796.33 Euro	84.3 %
Advertising, public relations and administrative expenses				
General public relations and advertising	263,571.62 Euro	3.7 %	485,897.06 Euro	6.0 %
Administrative expenses	898,564.79 Euro	12.7 %	791,514.01 Euro	9.7 %
Subtotal	1,162,136.41 Euro	16.4 %	1,277,411.07 Euro	15.7 %
Total expenditure ****	7,064,397.73 Euro	100.0 %	8,132,207.40 Euro	100.0 %

*** Programme expenditures by countries: Ethiopia 732,675.87 Euro, Brussels/EU 463,853.56 Euro, Germany 1,858,294.30 Euro, Kenya 1,499,259.47 Euro, Tanzania 505,472.94 Euro and Uganda 842,705.18 Euro.
**** Total expenditure does not include the financial results totalling 2,717.36 Euro (previous year 16,140.13 Euro).

Use of funds in 2018



Programme expenditure by country and region



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.