



## FINANCIAL ACCOUNTS 2022

The Hague, May 17, 2023

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Due to rounding the total of sub amounts may differ slightly from sub totals and grand totals in the tables.

# 1. Management report

## 1.1 Message from the Executive Director

2022 saw a partial recovery global TB prevention and care activities (as reported by WHO (2022 report)). The impact of COVID-19, conflicts around the global, increasing numbers of fragile states, and climate change, are, however, are still making it difficult to get the End TB targets back on track.

10.6 million persons currently have active TB infections: a 3.6% increase in incident rate. 1.6 million persons died due to TB in 2021. This is a burden on the individuals, their families, and society. We are all challenged to step up with a sense of urgency and treat the TB pandemic as a “crisis”. The upcoming second United National High-Level Meeting on TB in 2023 provides an opportunity to energize global leaders and convince them ending TB is feasible, particularly in light of what was achieved with COVID-19.

For KNCV, the last three years (2020, 2021, and 2022) can be characterized as: disruptive, reflective/adaptive, and focused on stability and growth. Through strengthening the KNCV Network organization, our expertise is closer to the field than ever. The hard work and resilience of our entire staff and management team have created significant successes in 2022: acquiring new grants, project implementation, financial management (including good audit results), generating and disseminating evidence to support new drugs and treatment regimens, and lastly closing the year within budget.

In collaboration with partners and donors, we have been better at utilizing data for planning, improved in-country capacities for quality TB programming, and worked to scale up and optimize of innovations and tools (diagnostic network optimization, Genome-sequencing, digital X-rays, 3HP, and BPAL/M).

KNCV recognises that the process of strengthening the organization relies on the competencies, experience and wellbeing of all of our staff. We will continue to pay attention to knowledge transfer within the KNCV Network: project management and reporting, automation and use of digital solutions for optimal implementation and reporting, and maintaining our staff’s work-life balance. We are also ready for another significant change! From 12 March 2023, KNCV Tuberculosis Foundation becomes KNCV TB Plus. Why did we feel this change was necessary? Because TB does not exist in isolation. Persons with TB are vulnerable to a range of infectious diseases and are affected by socio-economic determinants of health. Together we can end TB. The goal of KNCV TB Plus is to use all our comprehensive expertise, our best practices, and drive health care innovations to work towards global health for all in a world free of TB and other related infectious diseases. KNCV will continue to ensure synergy with all global and national TB stakeholders in accelerating the recovery efforts for all TB activities. KNCV will support the uptake and optimization of innovations (including approaches) and new tools and medicines while generating and documenting additional evidence and best practices.

I wish to thank all of our donors and partners for their confidence, trust, and financial contribution to the effort of ending TB. I extend my sincere appreciation to all front-line healthcare workers, community volunteers, and projects staff for the effort and dedication to our collective dream of “ending TB”. We are looking forward to global solidarity and appropriate investment in TB services and together we can reduce the suffering and deaths related to tuberculosis.

## 1.2 Primary information, objectives, mission, and vision

**KNCV TB Plus** (KNCV) is a global non-profit organization. Since its establishment in 1903, KNCV's mission has been to save lives and end human suffering through the promotion of health and the global elimination of tuberculosis (TB) and other related diseases.

**Our vision** is healthy people in a world free of TB and other related diseases.

**Our vision** is to save lives and end human suffering through the promotion of health and the global elimination of tuberculosis and other related diseases.

### Primary information and objectives

The 'Koninklijke Nederlandse Centrale Vereniging tot bestrijding der Tuberculose' with Chamber of commerce number 40408837 (using the name KNCV TB Plus) resides at Maanweg 174 in The Hague, the Netherlands. Under its Articles of Association, the objects of the KNCV are to promote the fight against tuberculosis, nationally and internationally, by, *inter alia*:

- a. creating and maintaining ties between the different institutions and persons in the Netherlands and elsewhere in the world, that are working towards the prevention and control tuberculosis;
- b. raising awareness for the prevention and control of tuberculosis and keeping the awareness alive through the dissemination of written and oral information, by causing courses to be held and by promoting scientific research relating to tuberculosis and its control;
- c. conducting research concerning the fight against tuberculosis;
- d. giving advice about ways to prevent and control tuberculosis, as well as
- e. by undertaking any and all other activities which may be conducive to these objects.

KNCV may, as a side activity, develop and support similar work in other areas of public health.

### Country offices

KNCV is active throughout the world via various KNCV country offices. These country offices monitor and/or implement TB prevention and care programs, epidemiological studies, and (clinical) research in different thematic areas in the Netherlands, and in high burden countries. At the end of the financial year 2022 KNCV had the following country offices:

- KNCV Tuberculosis Foundation in Ethiopia, Bole subcity, Woreda 03 House Number 4-048, Behind tele medhaniale branch, Addis Ababa, Ethiopia.
- KNCV Tuberculosis Foundation in Nigeria, Block B 4th Floor, Plot 564-565, Independence Avenue, Central Business District, Abuja, Nigeria.
- KNCV Tuberculosis Foundation in the Republic of Tajikistan, 37/1, Bokhtar Street, Office 604, 734025, Dushanbe, Tajikistan.
- KNCV Tuberculosis Foundation in Tanzania, Plot 8 & 10, Off-Haille Selassie Road, Oysterbay, Dar es Salaam, Tanzania.
- KNCV Tuberculosis Foundation in Vietnam, 130 Mai Anh Tuan Str., DongDa Dist. Hanoi, Vietnam.
- KNCV Tuberculosis Foundation Representative Office in Central Asia, 62/2 Bogenbay batyr street (corner Zverev str), 050010, Almaty, Kazakhstan.
- KNCV Philippines, Unit 211 Cityland 10, Tower 2, 154 HV dela Costa Street, Salcedo Village, Makati City 1227, Philippines.
- KNCV Tuberculosis Foundation, Maanweg 174 in The Hague, The Netherlands.

The KNCV country office in Malawi was closed in 2022. The KNCV country office in Tajikistan will be closed in 2023.

## 1.3 Outlook

2022 has demonstrated that success is feasible amidst challenges: KNCV adapted its strategic approaches, structures, and processes, and its' use of digital technology in technical assistance and project implementation. Globally, TB programs are recovering from the impact of the Covid-19 pandemic, but this recovery urgently needs to accelerate to be on track to end TB by 2030. KNCV will work with all of its' global and national TB stakeholders to accelerate these recovery efforts. We will support the uptake and optimization of innovation (including approaches) and new tools and medicines while generating and documenting evidence and best practices.

Internally, KNCV will continue to effect knowledge transfers among KNCV network organizations and support internal professional development and talent acquisition, improve work-life balance, automation and use of digital solutions for optimal implementation and project reports, implementation of quality assurance across the entire KNCV portfolio, and lastly build a sense of urgency within the KNCV Network organizations and among all global stakeholders, to accelerate efforts to ending TB. KNCV remains focused on the direct beneficiaries (persons living with TB and their families) through the health system approach (Ministries of Health (MOH) / National TB Programs (NTPs)), while valuing the significant role of KNCV's employees (at all levels) and our donors and stakeholders.

KNCV will continue to be accountable to all the persons affected by TB, donors, and partners. We will do this by ensuring continuous performance improvement, quality assurance, feedback mechanisms, and the demonstration of the value of supporting and working with KNCV. KNCV key performance indicators include, among others: successful implementation of 95% of all projects, contributing to global initiatives to collect evidence in the fight against TB comorbidities by safeguarding and continuously increasing the quality of KNCV-led research, and KNCV's participation in both global and national policy development, and all while maintaining KNCV's financial viability (through a balanced Income Statement).

## 1.4 Main risks and uncertainties

### 1.4.1 Market risks

#### ***Currency risk***

KNCV operates in the European Union, Africa, and Asia and receives funds from the United States. As such, KNCV works with multiple currencies daily. Income is mostly realized in Euro and US dollars, while our expenditures are largely in Euro and the currencies of various project countries. Balances held in currencies other than the Euro or US dollars are, as much as needed, exchanged into US dollars. Foreign (non-Euro) denominated currency needed KNCV's work in the various project countries is, as much as possible, purchased centrally. Balances of currencies other than the Euro and US dollar, are kept to a minimum. In the current financial year KNCV did not use financial instruments to control currency risk on foreign currencies.

#### ***Price risk***

KNCV invests its temporary cash balances according to a defensive to neutral strategy. This contrasts with a very conservative policy in previous years. Consequently, KNCV faces a limited market risk related to its portfolio of bonds and shares. This portfolio of bonds and shares is valued at market value.

***Interest rate and cash flow risk***

KNCV incurs interest rate risk on interest-bearing deposits, having a rather large amount of available cash held on the bank accounts.

***Credit risk***

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

***Liquidity risk***

KNCV does not have any overdraft facilities and as such no liquidity risk.

**1.4.2 Integrity risk**

KNCV operates in an industry and geographical environment that is associated with increased risk of ethical matters. KNCV is aware of this and has controls in place to mitigate and manage these risks, including code of conduct, a policy on fraud, money laundering and counter terrorism, an external complaints procedure and register, and a whistleblower procedure. Nevertheless, no absolute assurance can be obtained of full compliance. Reference is made to the integrity section in the Annual Report.

**1.4.3 Organizational risk*****Cyber risks***

KNCV's business increasingly relies on technology, both in the office environment and in the field. Failure of our systems as well as cybersecurity incidents could lead to business disruption, loss of confidential information, unauthorized access to our data, and/or a breach of data privacy regulations. All of this might lead to financial or reputational damage.

Cybersecurity remains a top priority within KNCV. We streamline and standardize our IT setup throughout the organization to address cybersecurity threats both our office systems and in the field. KNCV has a 24/7 anti-ransomware system as protection against hackers.

***Covid-19***

The COVID-19 pandemic significantly impacted the implementation of KNCV's project and caused multiple delays. We have, however, adapted and changed our way of working. Three strategic interventions were strengthened to reduce the overall negative impact on the staff, projects, and TB patients. These interventions included: improved IT infrastructure at all levels, mainstreaming of digital solutions in TB programs along the patient cascade of care and at program level, and finally, strengthening the capacity of KNCV's staff in our country offices.

***Ukraine Crisis***

The ongoing war in Ukraine has three major, complex, impacts on KNCV's mission:

- Direct impact on staff and their families.
- Project implementation in the region including within Ukraine.
- The potential for the interruption of TB services in Ukraine and the surrounding countries.

KNCV has staff in Russia, Georgia, and colleagues from both Russia and Ukraine in the central office in The Hague. These colleagues also have families back in their respective home countries. KNCV, working through an implementing partner (PATH), is implementing a project in Ukraine related to digital adherence tools to support patient care and supporting enrolment of patients on a shorter treatment regime for drug resistance TB. KNCV, in collaboration with partners, is currently assessing the impact on the project and patient care. Our aim is to ensure the continuation of care in Ukraine. KNCV is also collaborating and coordinating with the WHO Regional Office for Europe to assess the overall impact of the crisis on TB within the region. An internal crisis management team has been activated to monitor the staff welfare and their families and act as appropriate.

### **Risk management**

KNCV's Management Team monitors operational risks on an ongoing basis. Project managers are also required to identify operational risks and their actions to minimize, or manage, such risks as part of their quarterly project reviews.

The Executive Director reports on risks to the Board of Trustees on a regular basis. A comprehensive risk analysis is performed each year. This analysis assesses KNCV's operational risks, controls, and mitigating actions. The report is compiled and reviewed by the Management Team, and reviewed by the Audit Committee and the full Board of Trustees.

The Audit Committee and the Board of Trustees are also consulted on any significant changes and/or improvements to KNCV's internal controls.

## **1.5 Financial policies and results**

### **1.5.1 Financial figures & ratios for the past 5 years**

#### **Financial figures**

The financial figures for the last 5 years are shown below in table 1.5.1:

*Table 1.5.1: Financial data for the period 2018-2022 (x €1,000)*

<b>FINANCIAL FIGURES IN EUR</b>	<b>Actual 2018</b>	<b>Actual 2019</b>	<b>Actual 2020</b>	<b>Actual 2021</b>	<b>Actual 2022</b>	<b>Budget 2022</b>	<b>Average 2020-2022</b>
<b>Total income</b>	<b>92.918</b>	<b>63.406</b>	<b>15.462</b>	<b>15.910</b>	<b>16.564</b>	<b>18.626</b>	<b>15.978</b>
Expenses - mission related goals	91.132	62.157	15.291	13.468	15.192	16.934	14.650
Expenses - fundraising	961	789	585	810	1.064	1.207	819
Expenses - administration and control	1.164	1.165	1.098	675	541	607	771
<b>Total Expenses</b>	<b>93.257</b>	<b>64.110</b>	<b>16.973</b>	<b>14.953</b>	<b>16.796</b>	<b>18.747</b>	<b>16.241</b>
Balance of income and expenses	-339	-704	-1.512	957	-233	-121	-262
Net investment income	-216	543	199	483	-979	-69	-099
<b>Balance of income and expenses</b>	<b>-555</b>	<b>-161</b>	<b>-1.312</b>	<b>1.440</b>	<b>-1.212</b>	<b>-190</b>	<b>-361</b>

The actual 2022 income is higher than in 2021 and lower than budgeted income of Euro 18.6 million. The income was impacted by two major events:

- 1) There were fewer KNCV staff available to execute projects. This leads to less time charged to projects and, therefore, less income from grants and non-profit organizations.
- 2) The income from fundraising was less than budgeted, in particular income from legacies.

The cost efficiency initiative, driven by better data analysis, resulted in the lower expenses for both administration and control. KNCV's expenses decreased from Euro 0.7 million in 2021, to Euro 0.5 million in 2022. Due to decreasing stock prices and rising interest rates the net investment income was nearly Euro 1.0 million negative, which is over Euro 0.9 million lower than budgeted, and over Euro 1.5 million lower than the net investment income in 2021.

An amount of €450.000 is included in the 2022 expenses for fundraising. This amount reflects income from De Lotto that is passed through on to third parties. Also the amount includes the personnel and material cost for both private fundraising and resource mobilization (institutional fundraising).

The effect overall is a negative deficit of Euro 1.2 million compared to last year's surplus of Euro 1.4 million and against a budgeted deficit of Euro 0.2 million. A proposal for the allocation of the net result for 2022 is presented within the Annual Accounts.

### Financial ratios

In line with the guidelines for annual reporting, the standards issued by the Dutch Accounting Standards Board guideline RJ 650 (for fundraising organizations) and the requirements from the Central Bureau for Fundraising in the Netherlands (CBF) financial monitoring data is shown for the period 2018 to 2022 in Table 1.5.2:

Table 1.5.2: Financial monitoring data compared to internal standards

	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Budget 2022	Average 2020- 2022
<b>FINANCIAL RATIOS IN %</b>							
<b>Ability to spend income on objectives:</b>							
Spent on mission compared to total income <sup>1</sup>	98,1%	98,0%	98,9%	84,7%	91,7%	90,9%	91,7%
<b>Overall efficiency of the organization:</b>							
Spent on the mission compared to total expenses	97,7%	97,0%	90,1%	90,1%	90,4%	90,3%	90,2%
Spent on fundraising compared to total expenses	1,0%	1,2%	3,4%	5,4%	6,3%	6,4%	5,0%
Spent on administration and control compared to total expenses	1,2%	1,8%	6,5%	4,5%	3,2%	3,2%	4,7%
<b>Total</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>
Spent on administration and control compared to total expenses excluding Challenge TB coalition share in activities <sup>2</sup>	2,5%	3,1%	7,1%	4,5%	3,2%	3,2%	4,7%
<b>Efficiency of fundraising:</b>							
Spent on private fundraising compared to total fundraising income	24,3%	21,9%	16,3%	10,2%	22,1%	55,5%	15,9%
Spent on fundraising compared to total fundraising income	1,0%	1,2%	3,8%	5,1%	6,4%	6,5%	5,1%

The Dutch Charities Branch Association (Goede Doelen Nederland) has issued recommendations on the implementation of guidelines to ensure transparency and comparability in our sector. KNCV follows these guidelines.

### Expenses to mission related goals

Spent on mission compared to total expenses is 90.4%. This is comparable to last year's 90.1% and is better than the budgeted 90.3%. Influences on the indicator can be due to (temporary) increases and decreases of expenditures for fundraising and for administration and control compared to the total activity.

### Expenses to fundraising

Spent on fundraising compared to total expenses is 6.3%. This is higher than budget, and higher than last year's 5.4%. This is in line with the strategy of trying to diversify our income. KNCV's internal policy states that, calculated as an average over a 3-year period, the costs cannot be higher than 25% of the income from own fundraising activities (individuals and companies). Over the last 3 years the annual costs compared to income percentage from own fundraising activities (individuals and companies) has been 21.9%, 10.2% and 16.3%, resulting in an average of 15.8% over this period. The underspending compared to budget is a result of not realizing all objectives. This percentage is impacted by the unpredictability of, and annual variations in, legacy income.

### Expenses to administration and control

Spent on administration and control compared to total expenses is 3.2%. This is lower than last year's 4.5% and just on budget. This is due to KNCV's increased focus on efficiency and cost control after experiencing a large income drop following the end of with the funded USAID Challenge TB project.



The allocation of costs to the category 'administration and control' has been made using the guideline and recommendations of Goede Doelen Nederland, published in January 2008. The CBF requirements specify that an organization must have an internal standard for this cost category.

The range was adjusted downwards in 2015 from 5-10% to 2,5-5%, as the volume of KNCV's activities increased due to the five-year Challenge TB award. This increased level of activities enabled an overall percentage reduction. With the end of the Challenge TB project, and due to the decreased volume of activities from 2020 onwards, this range was reconsidered in 2021: with the decision taken to revert back to the previous range of 5-10%. From 2021 onward, KNCV has again applied 5% of the total costs as a minimum and 10% as a maximum. The criteria's considered for this range are:

- Our activities are funded by private, corporate, and public donors, all of whom demand the highest level of transparency and accountability for expenditure on the mission and the allocation to projects.
- We want to spend as much of our resources as possible in an efficient and effective manner to realize our mission. Smooth running of operations and adequate decision-making-, management- and control processes contribute to that.
- The costs for maintaining efficient and effective processes should not take significant resources away from the mission, however, such costs should not be too low, as then the quality of our management could not be guaranteed. We therefore use a minimum and a maximum standard.
- In determining a range between the minimum and maximum, we must also consider the widely fluctuating levels of activities (projects and contracts) funded by institutional donors. The organization also depends on the available resources and implementation pace of third parties to realize its' plans. To account for these variables, we also present the average rate over a period of several years.

## **1.5.2 Internal monitoring data**

In addition to the guidelines issued by the CBF, we also monitor the progress of our activities using other indicators, both for our own internal management and for reporting to institutional donors. These include:

- The number of project days realized (direct days) compared to budgeted direct days:

In 2022, 6,518 (2021:6,541) direct days were realized against a budget of 7,426 direct days. Income related to direct project days remained at the level of 2021.

- The direct days as a percent of total days:

KNCV started to focus on measuring the efficiency with this ratio in 2021. In 2022, the total actual working days were 9,967 (2021: 10,303) against a budget of 11,502. Thus for 2022 KNCV realized a direct days ratio of 65.4% (calculated as  $(6,518/9,967 \times 100\%)$ ). This is an improvement compared to a budget of 64,6% and also an improvement against last years 63.5%. KNCV also analyzes the direct days in percentage of available working days per department. The improved efficiency helps reduce the organizational indirect salaries and optimize the salaries allocated to direct days. Salaries allocated to direct days reflect income generated from projects.

- Indirect costs compared to total direct costs, in compliance with the USAID rules for accounting:

Although the methodology does not differ drastically from our internal methodology, some cost categories and personnel categories included in our internal method must be excluded as indirect costs in the USAID method. According to the USAID calculation the percentage for 2022 is 20.5% (2021: 22,45%; 2020: 30.31%). These ratios show the impact of the organizational

restructuring when the USAID funded Challenge TB project came to an end. Our income dropped quicker than KNCV was able to adjust the organization and the related costs. This was in line with the expectations and 2022 shows that KNCV has been able to bring the ship back on course.

Our long-term aim is to be more cost-effective. Thus, increase the direct days ratio and a decrease the indirect cost ratio by increasing the reporting frequency on timesheets and the reporting to the management team and the Board of Trustees.

### 1.5.3 Budget 2023

The budget for 2023 is shown below in table 1.5.3.

Table 1.5.3: KNCV budget for 2023 as per guideline RJ 650 (x €1,000)

	Actual 2021	Actual 2022	Budget 2023
<b>Income:</b>			
- Income from individuals	778	524	750
- Income from companies	812	856	0
- Income from lotteries	1.646	1.466	1.325
- Income from government subsidies	4.136	2.684	3.500
- Income from allied non-profit organizations	607	499	0
- Income from other non-profit organizations	7.854	10.388	13.600
<b>Total fundraising income</b>	<b>15.833</b>	<b>16.418</b>	<b>19.175</b>
- Income for supply of services	76	145	0
- Other income	0	2	0
<b>Total income</b>	<b>15.910</b>	<b>16.564</b>	<b>19.175</b>
<b>Expenses:</b>			
<b>Expenses to KNCV's mission</b>			
- TB control in low prevalence countries	706	248	260
- TB control in high prevalence countries	11.397	13.710	15.747
- Research	741	720	754
- Communication and advocacy	623	513	639
<b>Expenses to acquisition of funds</b>			
- Costs for own fundraising activities	162	304	453
- Costs for joint fundraising activities	0	0	0
- Costs for activities by third parties	363	454	329
- Costs to acquire subsidies	285	306	373
<b>Management and control</b>			
- Costs for management and control	675	541	644
<b>Total expenses</b>	<b>14.953</b>	<b>16.796</b>	<b>19.199</b>
<b>Result before income from investments</b>	<b>957</b>	<b>-233</b>	<b>-24</b>
- Income from investments	483	-979	24
<b>Net result</b>	<b>1.440</b>	<b>-1.212</b>	<b>0</b>

	Actual 2021	Actual 2022	Budget 2023
Change in expenses to KNCV's mission compared to previous year	88%	92%	128%
Ratio total expenses versus total income	94,0%	101,4%	100,1%
Ratio expenses for fundraising versus fundraising income	5,1%	6,4%	6,0%
Ratio continuity reserve versus organizational expenses	1,22	1,09	0,99
Ratio expenses on mission versus total expenses	90,1%	90,4%	90,6%
Ratio expenses to the mission versus total income	84,7%	91,7%	90,7%
Ratio expenses management and control versus total expenses	4,5%	3,2%	3,4%

## 1.6 Governance

### **KNCV supervisory governance**

KNCV has a two-tiered supervisory governance structure: the KNCV Association of Members (convened annually for the General Assembly) with the overarching supervisory mandate and a Board of Trustees with a delegated supervisory mandate and an advisory role to management. The Board of Trustees meets periodically during the year and joins the extended management retreat for strategic dialogue ahead of the annual planning cycle.

### **Executive Board / Executive Director**

KNCV is led by an Executive Director, M. Gidado PhD, MD, MPH, appointed by the Board of Trustees in August 2020. The Executive Director represents the organization and holds statutory powers pursuant to KNCV's Articles of Association, as registered with the Chamber of Commerce in The Hague. In addition to his primary task as Executive Director, M. Gidado held the following external positions during 2022:

*Table 1.6.1: External positions held by M. Gidado, per 31 December 2022*

<b>Organization</b>	<b>Position</b>	<b>As ED/Personal</b>	<b>Period</b>
Initiative for Prevention and Control of Tuberculosis and Lung Diseases	Member	Personal	Since 2018
Leprosy & Tuberculosis Relief Initiative Nigeria	Chair	Personal	Since 2019
KNCV Nigeria	Member	Rep KNCV global office	Since 2016
Stop TB Partnership	Member of the Coordinating Board	As KNCV Executive Director	Since 2020

### **Executive Committee**

The Executive Director is assisted in executive and statutory decision-making by an Executive Committee. This Executive Committee is comprised of the Director of Finance and Administration and Deputy Director, Mario Willemsen (appointed per February 1, 2023), Director TBE&HSI, Agnes Gebhard, and Director Operations Emmy van der Grinten (appointed per April 1, 2022).

### **Supervisory Governance Report**

KNCV continued to expand its' donor base and complete its' transformation into a flexible and dynamic organization capable of effectively delivering a highly diverse project portfolio, serving end user needs, and meeting donor expectations. The Board of Trustees has supported and guided this transformation and commends management and staff for their flexibility and commitment throughout the process.

KNCV's internal structure was reorganized in early 2022: Establishing cohesive technical teams and separating the finance and operations functions. This reorganization strengthened KNCV's project delivery capacity. The organization also made progress along the innovation pathways set out in the Strategic Plan 2020-2025. Efficiencies of remote working continue to be captured, even as travel gradually resumes post-COVID, with a mix of in-country and remote technical support utilized.

An in-person KNCV Network meeting, the first in over two years, was held in May 2022. The Board of Trustees and management discussed the outcomes this meeting during their annual strategic retreat. The growing strength and awareness of the KNCV brand and an emerging partnership structure, which enhances synergies and complementarities, constitutes a significant strategic step

in organizational development. Looking ahead, KNCV will explore how to better reflect the voices of our KNCV Network partners and the communities we serve in our governance structures.

During its' meeting in September 2022, the Board of Trustees discussed the outcomes of an externally conducted midterm review of the implementation of the KNCV Strategic Plan 2020-2025.

KNCV successfully attracted new contracts during 2022. These contracts included a significant role in a new five-year USAID funded global research program. KNCV's participation in this research program will further enhance its' role as an innovator within the field of TB prevention and care, its' position as a knowledge institute, and KNCV's strong links with implementers and academic institutions. KNCV is impacting global TB prevention and care through its' innovation, the demonstration and scale-up of new approaches to deliver TB care and prevention, and supporting health systems strengthening.

KNCV's operations broke-even in 2022, reflecting strengthened project implementation and operational oversight. The 2022 financial loss is mostly attributable to fluctuations in investment and foreign exchange valuations. These occurred in the wake of the war in Ukraine and globally rising inflation levels. KNCV's continuity reserves ensure KNCV's financial resilience despite these external fluctuations.

### **Board of Trustees oversight 2022**

The Board of Trustees held four meetings in 2022 and participated in the annual strategic retreat with management. The Audit Committee convened twice: meeting to review to the Annual Accounts 2021 ahead of the Board of Trustees meeting in April 2022 and meeting to review the Annual Plan and Budget 2023 ahead of the Board of Trustees meeting in November 2022.

The Board of Trustees oversaw the regular planning and control cycle, and provided strategic guidance on brand development, KNCV's evolution as a knowledge institute, strengthening ties and collaboration with academia, and KNCV's role in TB prevention and care in the Netherlands. The Board of Trustees also provided guidance on the evolution of the KNCV Network organization. The Audit Committee provided hands-on counsel to the Finance Department in a period of capacity constraint.

The annual meeting between representatives of the Board of Trustees and the Works Council was postponed to early 2023. The Board of Trustees looks forward to continuing its highly valued interaction with the Works Council.

The **General Assembly** of Members was convened in May 2022. The members received a briefing on, and held a discussion regarding, the developments in 2021, and approved the Annual Report and Accounts 2021.

### **Board of Trustees developments**

The composition of the Board of Trustees remained unchanged throughout 2022. In February 2022, as part of its' annual self-assessment, the Board of Trustees noted the constructive and open interaction both within the Board of Trustees and with the Executive Director and management. The Board of Trustees assessed the competencies available within the Board of Trustees and determined that these are adequate for fulfilling its supervisory governance task. The next annual self-assessment is planned for April 2023.

The resumption of in-person and hybrid Board of Trustee meetings during 2022 has been welcomed. In-person meetings enhance interaction between Members of the Board of Trustees as well as between the Board of Trustees and management.

Looking ahead to 2023

KNCV set itself ambitious targets in its' Annual Plan 2023. Building on a solid financial and organizational foundation, and a strengthened KNCV Network, KNCV's 2023 objectives include continuing its' work to enhance TB programs and delivering innovations in health systems for effective, integrated, and patient-centered care. The Board of Trustees is confident that KNCV will continue to deliver on these objectives.

The Board of Trustees acknowledges the results KNCV has achieved in a challenging environment. We commend and express our gratitude to all KNCV staff for their work and commitment to KNCV and KNCV's mission to end human suffering due to TB.

### **Composition of the Board of Trustees**

Table 1.6.2 below presents the membership of the Board of Trustees as per May 2022 and an overview of other positions held by the Members. The self-assessment, conducted early February 2022, confirmed that all requisite competencies are available within the current composition of the Board of Trustees. Table 1.6.2 provides a mapping of competencies available within the Board of Trustees.

*Table 1.6.2: Positions held by Members of the KNCV Board of Trustees*

<b>Member</b>	<b>Positions held</b>
Mirella Visser (Chair)	Director Centre for Inclusive Leadership. Vice chair Supervisory Council ING Pensionfund. Vice chair Supervisory Board MPD. Chair Board of Directors Stichting PSI – Europe. Strategic Advisor to Dutch Women's Council (NVR). Member of the Environmental Council Schiphol (ORS). Former member of the European Integration Committee of the Advisory Council on International Affairs (AIV).
Jan Hendrik Richardus (Vice-chair)	Professor Emeritus Infectious Diseases and Public Health at the Department of Public Health of Erasmus MC, University Medical Center Rotterdam. Member of many scientific advisory committees and steering groups in the Netherlands and overseas, including membership of the Technical Advisory Group for Leprosy of the World Health Organization. Primary investigator of several national and international research projects.
Johan van 't Hag (Chair Audit Committee)	Member Executive Committee at Dümmer Orange, responsible for Strategy, Product management and M&A. Until 2019 served as CFO at several participations of private equity fund in health care. Previously employed at Unilever in various senior financial and international management positions in Rotterdam, Stockholm, and Hamburg.
Tjipke Bergsma	Acting CEO of Terre des Hommes Netherlands. Previously, amongst others, CEO of War Child Holland and Deputy CEO of Plan International. Active in various non-executive roles such as Member of the Supervisory Board of the Dutch Review of Books and Member of the Supervisory Board of Refugee FM.

Member	Positions held
Wieneke Meijer	Medical doctor, Consultant Physician in TB-control of the Municipal Public Health Service (GGD) in Amsterdam, Utrecht and Gooi & Vechtstreek. Chair Committee for Practical TB Control Netherlands (CPT).
Rolph van der Hoeven	Professor Emeritus Institute of Social Studies (ISS, Erasmus University, The Hague), and Member of the United Nations Committee for Development Policy (UN-CDP). Earlier functions include Member of the Committee Development Cooperation (COS) of the Dutch Advisory Council for International Affairs (AIV), Chief Economist at the United Nations Children Fund (UNICEF) and Director for Policy Coherence at the International Labour Organisation (ILO), with postings in Lusaka, Addis Ababa, New York and Geneva.
René Stumpel	Director of Public Health Gooi & Vechtstreek, with comprehensive responsibility for public health in this region. Serves in the KNCV Board of Trustees on behalf of the collective Municipal Health Services (GGD) in the Netherlands, reinforcing the operational linkage between KNCV and the Dutch TB control system as embedded in the Municipal Health Services.

Table 1.6.3: Competency mapping Board of Trustees

	Mirella Visser	Jan Hendrik Richardus	Johan van 't Hag	Tjipke Bergsma	Rolph van der Hoeven	Wieneke Meijer	Rene Stumpel
Medical and Public Health (incl TB control)		X				X	X
Academic TB research		X					
IT and innovation	X					X	X
Funding, accountability, and control			X	X	X		
International Development Cooperation				X	X		
Strategy, Organization and Management	X		X	X			X
Fundraising (public and institutional)					X		
Fundraising (corporate and private)	X		X	X			

## 1.7 Communication with stakeholders

KNCV's stakeholders include private and institutional donors, governments, ministries of health, national tuberculosis programs, research institutions, international organizations, national and international non-governmental organizations, community-based organizations, and project implementation partners.

All KNCV's communications are governed by the principles of transparency and accountability. The overall goal of our corporate communication is to support our mission and uphold our guiding principles:

- We are transparent and report on our successes and lessons learned.
- We strive to communicate proactively.
- We aim to communicate through unambiguous and consistent key messages.

- We tailor our communication messages and media to reach our different target groups.

KNCV's staff engages in a variety of stakeholder consultations at the global, regional, and country levels. This includes formalized processes (such as working with the WHO Non-State Actor partner), participating in board level discussions within international non-governmental organizations (such as KNCV's representatives on the boards of the Global Fund and the Stop TB Partnership), high-level meetings with donors, and annual End TB summits with representatives from the TB high burden countries.

Stakeholders have an opportunity to exchange thoughts with the Executive Director, the Management Team, and KNCV staff including during the KNCV's annual General Assembly.

KNCV also uses national and international media such as newspapers, magazines, television coverage, scientific publications, conferences and social media to profile our work fighting TB and to reach the public, professionals, politicians and policymakers.

If we receive complaints relating to communications, GDPR, campaigns, misconduct, fraud, or other issues, these are formally registered and immediately addressed by the departments responsible. We monitor how the complaint is progressing, note all actions and outcomes in an overview available to select colleagues. For confidentiality, no personal details are included in the overview. The complaints are reported to the management team and board of trustees on a quarterly basis, and all complaints are reported in the annual report.

## **1.8 Corporate social Responsibility and Sustainable Development Goals**

KNCV's mission to eliminate TB and our work in TB control contributes to the following United Nations Sustainability Goals:

- Goal 3: Good Health and Well-being. KNCV's work directly contributes to improved health outcomes for persons with, and the elimination of, TB.
- Goal 1: No Poverty. TB can deprive families of income and contribute to poverty. KNCV's work seeks to reduce the burden of TB on society.
- Goal 5: Gender Equality. KNCV works in stigma reduction, including addressing gender bias and discrimination based on sexual orientation.

KNCV aims to minimize the environmental footprint our activities, whilst also our core mission of eliminating TB:

- International flights: As an international organization our experts must travel to our project locations by plane. We seek, however, to minimize flights, where possible, using video conferencing and web-based communication. When KNCV staff must fly to a project or country we seek to combine activities within the country and project. We have decided not to financially compensate for carbon emissions from flights, as this would take funding away from our core objective of fighting TB.
- Transport to and from the KNCV office: We promote the use of public transport to the office in the Netherlands and to external meetings within a reasonable distance.
- Office: We avoid paper wastage by enforcing double-sided black and white printing as much as possible and the use of environmentally friendly printing toner.

As an employer, KNCV promotes equal employment opportunities.

The management of the investments of KNCV's financial reserves is placed under an Environmental, Social, and Governance mandate. This is further elaborated on in the Notes to the Annual Accounts under the section "Accounting policies - assets and liabilities".



## 2. Financial Statements 2022

### 2.1 Balance sheet per 31 December 2022

In euro, after result appropriation

<b>Assets</b>		<b>12/31/2022</b>	<b>12/31/2021</b>
Office construction work		14.889	21.192
Office inventory (including regional office)		39.452	52.078
Computers		29.310	6.724
Tangible fixed assets	B1	83.650	79.994
Accounts Receivable	B2	1.696.132	2.408.537
Investments			
-Shares	B3	1.872.034	2.472.140
-Bonds	B3	3.979.740	3.815.267
-Alternatives	B3	449.452	428.963
Cash and Banks	B4	17.826.088	23.402.314
Current Assets		25.823.446	32.527.221
Total		<u>25.907.096</u>	<u>32.607.215</u>
<b>Liabilities</b>		<b>12/31/2022</b>	<b>12/31/2021</b>
Reserves and funds			
- Reserves	B5		
Continuity reserve		6.951.067	7.706.627
Decentralization reserve		602.147	608.833
Earmarked project reserves		1.850.095	1.916.160
Unrealized exchange differences on investments		0	386.947
Fixed Assets reserve		83.650	79.995
		9.486.959	10.698.562
- Funds			
Earmarked by third parties	B6	953.804	953.804
		953.804	953.804
Reserves and funds		10.440.763	11.652.366
Long term liabilities	B7	7.875.966	8.128.664
Various short-term liabilities	B8		
-Taxes and social premiums		409.841	318.731
-Accounts payable		474.060	312.145
-Other liabilities and accrued expenses		6.706.466	12.195.309
		7.590.367	12.826.185
Total		<u>25.907.096</u>	<u>32.607.215</u>

## 2.2 Statement of Income and expenditures

In euro

		<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>Income</b>				
- Income from individuals	R1	950.000	524.016	777.827
- Income from companies	R2	0	855.937	811.885
- Income from lotteries	R3	1.356.000	1.466.368	1.645.969
- Income from government grants	R4	5.490.574	2.684.237	4.136.451
- Income from allied non-profit organizations	R5	53.256	499.252	607.366
- Income from other non-profit organizations	R6	10.666.777	10.387.929	7.853.914
<b>Total fundraising income</b>		<b>18.516.606</b>	<b>16.417.739</b>	<b>15.833.412</b>
- Income for supply of services	R7	109.808	144.517	76.118
- Other income	R8	0	1.628	-15
<b>Total income</b>		<b>18.626.414</b>	<b>16.563.884</b>	<b>15.909.515</b>
<b>Expenses</b>				
<b>Expenses to mission related goals</b>	R9			
- TB control in low prevalence countries		264.953	248.252	706.097
- TB control in high prevalence countries		15.250.707	13.710.363	11.397.466
- Research		768.027	719.617	741.391
- Education and awareness		649.840	513.382	622.753
		<b>16.933.527</b>	<b>15.191.614</b>	<b>13.467.707</b>
<b>Expenses to fundraising</b>				
- Expenses private fundraising		527.029	304.334	161.794
- Expenses share in fundraising with third parties		324.195	453.603	363.208
- Expenses government grants		356.001	305.718	284.791
		<b>1.207.225</b>	<b>1.063.656</b>	<b>809.793</b>
<b>Administration and control</b>				
- Expenses administration and control		606.701	541.224	675.073
<b>Total Expenses</b>		<b>18.747.452</b>	<b>16.796.495</b>	<b>14.952.573</b>
- Net investment income	R10	-69.125	-978.993	482.661
<b>Surplus / Deficit</b>		<b>-190.164</b>	<b>-1.211.603</b>	<b>1.439.603</b>
Spent on mission compared to total expenses		90,3%	90,4%	90,1%
Spent on mission compared to total income		90,9%	91,7%	84,7%
Spent on private fundraising compared to income		6,5%	6,5%	5,1%
Spent on administration and control compared to total expenses		3,2%	3,2%	4,5%
<b>Result appropriation</b>				
<b>Surplus / Deficit appropriated as follow</b>				
Continuity reserve		0	-755.560	219.823
Decentralization reserve		-23.264	-6.686	0
Earmarked project reserves		-160.600	-66.065	856.112
Unrealized differences on investments		0	-386.947	-172.741
Fixed Assets reserve		0	3.655	-45.684
Earmarked by third parties		-6.300	0	582.093
<b>Total</b>		<b>-190.164</b>	<b>-1.211.603</b>	<b>1.439.603</b>

## 2.3 Expense Allocation 2022

In euro

### Expenses

	Budget 2022	Actual 2022	Actual 2021
Grants and contributions	20.500	14.825	18.256
Contributions to allied organizations	0	0	0
Purchases and acquisitions	3.019.968	2.963.976	1.917.965
Outsourced activities	1.250.000	1.213.608	1.031.718
Publicity and communication	479.100	240.277	301.315
Personnel	10.842.186	10.376.179	9.477.833
Housing	183.500	185.213	180.961
Office and general expenses <sup>1)</sup>	2.909.190	1.769.898	1.978.624
Depreciation and interest	43.008	32.520	45.902
<b>Total</b>	<b>18.747.452</b>	<b>16.796.495</b>	<b>14.952.574</b>

### Allocation to destination

	Related to the mission goals			
	Low prevalence countries	High prevalence countries	Research	Education and Awareness
<b>Actual 2022</b>				
Grants and contributions	0	14.825	0	0
Contributions to allied organizations	0	0	0	0
Purchases and acquisitions	-341	2.498.222	-988	-445
Outsourced activities	0	1.213.608	0	0
Publicity and communication	0	0	0	172.372
Personnel	221.049	8.307.255	640.763	297.495
Housing	7.679	116.666	22.259	10.025
Office and general expenses	18.482	1.538.779	53.574	32.129
Depreciation and interest	1.383	21.009	4.008	1.805
<b>Total allocated</b>	<b>248.252</b>	<b>13.710.363</b>	<b>719.617</b>	<b>513.382</b>

### Allocation to destination

	Income fundraising		Administration & Control
	Private fundraising	Share in third parties activities	Grants
<b>Actual 2022</b>			
Grants and contributions	0	0	0
Contributions to allied organizations	0	0	0
Purchases and acquisitions	-269	449.966	18.429
Outsourced activities	0	0	0
Publicity and communication	67.905	0	0
Personnel	176.496	3.320	253.656
Housing	6.050	88	8.707
Office and general expenses	53.062	213	23.359
Depreciation and interest	1.089	16	1.568
<b>Total allocated</b>	<b>304.334</b>	<b>453.603</b>	<b>305.718</b>

## 2.4 Cash Flow Statement 2022

In euro

		<u>Actual 2022</u>	<u>Actual 2021</u>
Surplus excl. interest		-1.220.223	1,442,316
Interest paid/ received	R10	<u>8.620</u>	<u>-2,713</u>
Total surplus		-1.211.603	1,439,603
Depreciation - Fixed Assets	B1	<u>33.352</u>	<u>46,978</u>
<b>Cash Flow from income and expenditure</b>		<b>-1.178.251</b>	<b>1,486,581</b>
Accounts receivable	B2	712.405	789,524
Funds earmarked by third parties	B6	0	-2,665
Non-current liabilities		-252.698	8,128,664
Current liabilities	B7	<u>-5.235.818</u>	<u>6,010,629</u>
<b>Increase/ (Decrease) net working capital</b>		<b>-4.776.112</b>	<b>14,926,152</b>
<b>Cash flow from operational activities</b>		<b>-5.954.362</b>	<b>16,412,733</b>
Investments	B3	415.144	-488,298
Disinvestments fixed assets	B1	529	0
Investments fixed assets	B1	<u>-37.536</u>	<u>-1,294</u>
<b>Cash flow from investments fixed assets</b>		<b>378.137</b>	<b>-489,592</b>
<b>Net cash flow</b>		<b><u>-5.576.226</u></b>	<b><u>15,923,141</u></b>
Cash and banks as at 1 January	B4	23.402.314	7,479,172
Cash and banks as at 31 December	B4	<u>17.826.088</u>	<u>23,402,314</u>
<b>Increase/ (Decrease) Cash on hand</b>		<b><u>-5.576.226</u></b>	<b><u>15,923,142</u></b>

The decrease in cash and banks in 2022 is caused by:

- A negative cash flow from net working capital of Euro 6.0 million, predominantly caused by a decrease of other liabilities and accrued expenses.
- A negative cash flow resulting from the cash flow from income and expenditures.

## 3. Notes To the Financial Statements

### 3.1 General notes

#### 3.1.1 KNCV organization, legal and governance structure<sup>1</sup>

##### **Organization**

KNCV central office is in The Hague, the Netherlands. KNCV has in-country staff in branch offices. The broader KNCV Network also comprises locally registered affiliates. These entities, legally and financially independent, are governed by a (predominantly or entirely) local management board and include the KNCV affiliation in their name. Operationally, they are linked into the KNCV knowledge base and knowledge sharing processes. Ties with KNCV are expressed and formalized in partnership and branding agreements.

##### **Legal structure**

The 'Koninklijke Nederlandse Centrale Vereniging tot bestrijding der Tuberculose' (using the name KNCV TB Plus) is an Association of Members according to Dutch law. KNCV's members are associations and foundations that have TB control as their mission or area of work. The following professional associations and endowment funds comprise the KNCV Association of Members:

- GGD/GHOR Nederland
- Nederlandse Vereniging van Artsen voor Longziekten en Tuberculose
- Nederlandse Vereniging voor Medische Microbiologie
- Stichting Medisch Comité Nederland-Vietnam
- Vereniging van Artsen werkzaam in de Tbc-bestrijding
- Verpleegkundigen & Verzorgenden Nederland, Platform Verpleegkundigen Openbare Gezondheidszorg
- Dr. C. de Langen Stichting voor Mondiale Tbc-bestrijding
- Mr. Willem Bakhuys Roozeboomstichting
- 's-Gravenhaagse Stichting tot Steun aan de bestrijding van Tuberculose
- Stichting Suppletiefonds Sonnevank

Additionally, KNCV has two honorary members: Dr. H.B. van Wijk and Dr. Wim Waal. Honorary members are individuals who have made a significant contribution to TB control and/or to KNCV as an organization.

### 3.2 Accounting policies

#### 3.2.1 General accounting policies

##### **Guideline RJ 650**

KNCV is subject to guideline RJ 650 for Annual Reporting by Fundraising organizations. The financial statements are drawn up in accordance with the Reporting Guideline for Fundraising Institutions, guideline RJ 650. In the notes the composition of the Balance Sheet is analyzed and commented upon. Furthermore, significant deviations between the 2022 results and budget and between 2022 and 2021, as shown in the Statement of Income and Expenses, are clarified.

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<sup>1</sup> as elaborated in the KNCV Governance and Management Framework, available on the KNCV website

***Changes in accounting principles.***

The valuation principles and method of determining the result are the same as those used in the previous year, with exception of the changes in accounting principles as set out below and in the relevant sections.

***Valuation***

The general principle for the valuation of assets and liabilities, as well as the determination of results, is the historical purchase price. Unless otherwise stated, assets and liabilities are stated at the values at which they were acquired or incurred.

***Estimates***

In applying the principles and policies for drawing up the financial statements, the management of KNCV makes different estimates and judgments. These estimates and judgments may be essential to the amounts disclosed in the financial statements. If necessary, in order to provide the true and fair view of the nature of these estimates and judgments, including related assumptions, the relevant estimates and judgments are disclosed in the notes to the respective financial statement item.

***Translation of foreign currencies***

Items included in the financial statements are measured using the currency of the primary economic environment in which KNCV operates. The financial statements are presented in Euro as KNCV has its base of operations in The Hague, the Netherlands.

Assets and liabilities in foreign currencies are translated at the official rates of exchange ruling at the balance sheet date. Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Transactions in foreign currencies are translated at the applicable exchange rate on the date of the transaction. The resulting exchange differences are accounted for in the profit and loss account.

***Balance sheets of local KNCV representative offices***

The balance sheets of KNCV representative offices are included in KNCV's balance sheet per asset/liability group against the exchange rates as per year-end.

All legal entities that can be controlled, jointly controlled, or significantly influenced are considered to be a related party. Any entities that can control KNCV are also considered to be a related party. In addition, statutory directors, other key management of KNCV and their close relatives are also regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent, and other information related to such transactions, is disclosed if this is necessary to provide the required insight.

**3.2.2 Accounting policies – assets and liabilities*****Tangible fixed assets***

The tangible fixed assets have been valued at historic acquisition prices less cumulative depreciation using the following depreciation rates:

- Office (re)construction 5 years
- Office inventory 5 years
- Computers 3.33 years

Allowance is made for any impairment losses expected at the balance sheet date. An assessment is made annually to see if additional depreciation of fixed assets is deemed necessary based on the actual value of the assets. The impairment analysis for 2022 has been made; there were no losses

or gains. Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

#### ***Receivables concerning projects***

Receivables concerning projects consist of received advances related to KNCV's various international projects. Receivables are recognized initially at fair value and subsequently measured at amortized cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured based on the discounted value of the expected revenues. Interest gains are recognized using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

The actual expenses are deducted from the advances.

#### ***Investments***

KNCV has an investment policy. The policy can be summarized as investing only when there is an excess of liquidities that cannot be used for KNCV's main activities in the short-term. As far as that is the case, the investment objectives are: avoiding high-risk investments and to realize optimum (as possible) stable returns for the duration of the investment. For that reason, KNCV is investing predominantly in bonds: 63% (2021: 52%).

The KNCV's investment policy is also focused on hedging price risks by reserving unrealized exchange differences in the reserve 'unrealized gains/losses on investments'. Any shares held for trading purposes are carried at fair value. Investments in bonds and bond funds are recognized at fair value. Unrealized capital gains will be accounted for in the reserve for 'unrealized gains/losses on investments'.

#### ***Cash and banks***

Cash and bank balances are freely disposable, unless stated otherwise, and are accounted for at nominal value. KNCV does not have any significant concentrations of credit risk. Our goal is to only conduct business with banks and financial institutions with an "A" rating or higher, however this is not always possible, due to local availability. Cash and bank balances in project countries are kept purposely low to limit the credit risk. There is no concentration risk as this is divided over multiple different banks in multiple countries.

#### ***Liabilities concerning projects***

Liabilities concerning projects consist of paid advances on behalf of various international projects. Current liabilities are recognized at fair value as of initial recognition. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received, considering premiums or discounts, less transaction costs. This is usually the nominal value.

### **3.2.3 Accounting policies – statement of income & expenditure**

#### ***Allocation to accounting year***

The result is the difference between the realizable value of the services provided and the costs and other charges during the year. Results on transactions are recognized in the year in which they are realized.

#### ***Income recognition***

Income from individuals is recognized as income in the financial year the income or in-kind contribution is received.

Income from legacies and endowments are accounted for in the year in which the amount can be reliably determined. Provisional payments in the form of advances are accounted for in the year in which they are received.

*Income from lotteries* is included in the financial year in which they are received or committed.

All other income from goods and services is recognized under the percentage-of-completion method based on the services performed to the balance sheet date as a percentage of the total services to be performed and based on actual costs incurred and time spent.

#### ***Other operating expenses***

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

#### ***Employee benefits***

Short-term employee benefits: Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, and whether they are due to employees or the tax authorities.

Pensions: KNCV's pension scheme qualifies as a defined benefit plan. The defined benefits are based on an average pay system. Contributions to the pension scheme are determined by the sector pension fund for health care (PFZW).

Under guideline RJ 271.3 the liability or asset recognized in the balance sheet in respect of defined benefit pension plans represents the actual pension liability or receivable towards the pension fund or third-party pension insurance company. The pension expense in the profit and loss account represents the premiums paid during the year. In addition to the premium payments, there are no other obligations.

The pension funds coverage rate in December 2022 was 109.2% (Dec. 2021: 106.6%, Dec. 2020: 92.6%).

Prepaid contributions are recognized as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities. In the event that foreign pension schemes differ significantly from the design and operation of the Dutch pension system, a best estimate is made of the obligation as at the balance sheet date, and the monthly contributions are paid to the employees. These employees should then transfer these to contributions to their respective pension schemes.

#### ***Operational lease***

The organization may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of, nor incurred by, the organization. The lease contracts are recognized as operational leasing. Lease payments are recorded on a straight-line basis, considering reimbursements received from the lessor, in the income statement for the duration of the contract.

#### ***Depreciation tangible fixed assets***

Tangible fixed assets are carried at cost less straight-line depreciation over their estimated useful lives. 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 tangible fixed assets are included in the depreciation.

#### ***Financial income and expenses***

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate.

### **3.2.4 Accounting policies – Cash Flow Statement**



The cash flow statement is determined using the indirect method, presenting the cash flow separately as the sum of the shortage or surplus and the costs for depreciation. Cash flows in foreign currencies are included using an average exchange rate. Currency fluctuations and income and expenses from interest are added to the cash flow from operational activities. Interest paid and received, dividends received, and income taxes are included in cash from operating activities. Under investments (in property, plant, and equipment) only investments which were paid for during the year are included.

### 3.3 Allocation expenditure – Guideline 650

All expenditure is allocated to three main categories 'objectives (main activities)', 'raising income' and 'administration and control'. Furthermore, expenditure is allocated to organizational units, with activities matched to the three main categories. When units are active or supportive for other units the expenses will be internally charged based on internal keys. The table below shows which category fits with the specific organizational unit and the key for the internal charge. The percentages of staff expenses are estimations based on experience or based on actual time writing.

Table 3.3.1: Allocation arguments

Organizational unit	Charge argument
Netherlands, low prevalence	All expenses charged on 'TB control in low prevalence countries'
Other countries, high prevalence	3% of staff expenses charged on 'Expenses government grants'
	All other expenses charged on 'TB control in high prevalence countries'
Project management	3% of staff expenses charged on 'Expenses government grants'
	All other expenses charged on 'TB control in high prevalence countries'
Research	3% of staff expenses charged on 'Expenses government grants'
	All other expenses charged on 'Research'
Communication	All expenses charged on 'Information, education and awareness'
Fundraising	Actual expenses charged on 'Expenses actions from third parties'
	Staff expenses charged on 'Information, education and awareness' and 'Expenses private fundraising' based on time writing.
	40% of all other expenses charged on 'Information, education and awareness'
	60% of all other expenses charged on 'Expenses private fundraising'
Directors' office	Grants to third parties for scientific research charged on 'Research'
	Expenses for public affairs charged on 'Information, education and awareness'
	2% of staff expenses charged on 'Expenses fundraising third parties'
	3% of staff expenses charged on 'Expenses government grants'
	3% of staff expenses charged on 'Expenses financial assets'
	All other expenses charged on 'Expenses administration and control'

<b>Organizational unit</b>	<b>Charge argument</b>
Human resource management	Based on amount of FTE of units charged on four objective-categories, expenses private fundraising and expenses administration and control
Facility management	Based on amount of FTE of units charged on four objective-categories, expenses private fundraising and expenses administration and control
Finance, Planning & Control	Staff exclusively working for project finance is charged to the objective-categories
	All other expenses charged on 'Expenses administration and control'

Materials used for supporting the fundraising message (for examples letters to donors, and newsletters) also contain information about the disease tuberculosis and tuberculosis control. The percentage of expenses from fundraising charged on 'Information, education and awareness' is determined by a prudent estimate of the amount of information supplied in all materials.

### 3.4 Notes to the assets

All figures in Euro

#### ***Tangible Fixed Assets (B1)***

Movements in the tangible fixed assets are as follows:

	Office reconstruc- tion work	Office inventory (including regional office)	Computers	Total
<u>as at 1 January, 2022</u>				
Cost	31.536	267.761	800.879	1.100.176
Accumulated depreciation	-10.344	-215.683	-794.155	-1.020.181
Book value	<u>21.192</u>	<u>52.078</u>	<u>6.724</u>	<u>79.995</u>
<u>Increase / (Decrease) 2022</u>				
Investments	0	0	37.536	37.536
Disinvestments	0	-529	0	-529
Depreciation	-6.304	-12.098	-14.951	-33.352
Depreciation on disinvestments	0	0	0	0
	<u>-6.304</u>	<u>-12.627</u>	<u>22.586</u>	<u>3.655</u>
<u>as at 31 December, 2022</u>				
Cost	31.536	267.232	838.415	1.137.183
Accumulated depreciation	-16.647	-227.780	-809.105	-1.053.533
Book value	<u>14.889</u>	<u>39.452</u>	<u>29.310</u>	<u>83.650</u>

All fixed assets are used for operational management of the organization, such as office inventory, office reconstructions and ICT equipment. Investments in new fixed assets for 2022 are ICT related.

Assets that are no longer in use have been disinvested. The part of their book value that was not depreciated yet is included in the depreciation for 2022. Tangible fixed assets are those assets needed to operationally manage the business. Assets directly used in the scope of the main activities have not been included in the tangible fixed assets figures.

### **Accounts Receivable (B2)**

All receivables have an expected remaining maturity of less than one year. The fair value approximates the book value.

	<u>31/12/2022</u>	<u>31/12/2021</u>
<b>B2 Accounts Receivable</b>		
Interest (on bonds)	20.221	5.227
Lotteries	1.072.826	1.041.833
Debtors	255.464	176.253
Payments in advance general	165.090	159.310
Payments in advance projects	35.814	36.040
Legacies in process	35.098	44.119
Other receivables	647	9.662
Current account subawardees	0	184.843
Accounts receivable USAID based on agreement	0	560.280
Receivables other donors	110.972	190.970
	<u>1.696.132</u>	<u>2.408.537</u>

Accounts Receivable are Euro 1,7 million compared to Euro 2.4 million in 2021. Accounts Receivables consist of current account balances with projects and accounts receivables from donors.

Contracts with donors lead to a receivable if costs incurred are higher than advances received from the donor. The annual level of activities executed influences this balance significantly. Acquiring grants from institutional donors can lead to a structural and significant decrease or increase of Accounts Receivables. The receivable from USAID for the Challenge TB project has been set at zero as it has been concluded that there are no work plans to be executed. This amount is also directly related to the work still to be performed for the Challenge TB project amounts under liabilities (B8). This is also set at zero. There is no impact from the USAID Challenge TB project on the financial result in 2022.

### **Investments (B3)**

The current portfolio investments can be specified as follows:

<b>B3 Investments</b>	<u>Shares</u>	<u>Bonds</u>	<u>Alternatives</u>	<u>Total</u>
Balance as at 1 January, 2022	2.472.140	3.815.267	428.963	6.716.370
Purchases	553.499	4.083.935	0	4.637.434
Sales	-716.216	-3.332.327	0	-4.048.543
Redemption of bonds	0	0	0	0
Realized stock exchange result	-31.515	-222.626	0	-254.141
Unrealized stock exchange result	-405.874	-364.509	20.489	-749.894
Amortization	0	0	0	0
	<u>1.872.034</u>	<u>3.979.740</u>	<u>449.452</u>	<u>6.301.226</u>
Balance as at 31 December, 2022	<u>1.872.034</u>	<u>3.979.740</u>	<u>449.452</u>	<u>6.301.226</u>

The portfolio is carried at fair value based on the known market prices for the specific bonds, shares and funds in the portfolio. The fair value of the portfolio decreased by Euro 0.4 million to Euro 6.3 million.

Management of the portfolio is outsourced to ABN AMRO. The performance of ABN AMRO as an administrator of the portfolio is assessed by the Audit Committee of the Board of Trustees annually and on a more frequent basis by the Executive Director and the Director Finance. The bank is instructed to take decisions for selling and buying within the limits of KNCV's investment and treasury policy. Reference is made KNCV's Investment Policy, which is published on the KNCV website.

For investments in government bonds, KNCV will only invest in bonds issued by governments that have an above-average sustainability score. KNCV will not invest in government bonds of countries that seriously curb press freedom, infringe on civil liberties, practice the death penalty, possess, and have the discretion to use nuclear weapons, generate an above-average percentage of electricity

with nuclear power or have not signed or ratified major international treaties (for instance to ban controversial weapons, to ban nuclear testing or to counter climate change).

To determine the maximum level of investments, the level of the existing reserves and funds is used as a guiding target. In principle, 10% of total reserves are kept as liquidity, resulting in a maximum available level for investments of 90%. Calculations based on this principle show that as per 31 December 2022, Euro 9.5 million was available (As per 31 December 2021: Euro 10.5 million). The market value (Euro 6.3 million) of the investments is below the maximum. Naturally, apart from this mathematical approach, an assessment of the situation on the market is also considered when transactions take place.

In 2022, all asset categories stayed within the range allowed in the investment policy (see below). The table sets out the allocation of assets according to the reports from ABN AMRO. Part of the bank balance is attached to the investment portfolio and is kept as revolving fund for transactions in investments. This amount is therefore considered in the table for analysis, however reported under cash. All investments are at the company's free disposal.

*Table 3.4.1: Asset allocation ultimo 2022 compared to the policy*

Type of investment	Investment policy		31.12.2021		31.12.2022	
	Range	Target	In million euro	As percentage	In million euro	As percentage
Bonds	40-70%	60%	3,8	52%	4,0	63%
Shares and alternatives	0-50%	35%	2,9	39%	2,3	37%
Liquidities (on investment account)	0-50%	5%	0,7	9%	0,0	0%
<b>Total</b>		<b>100%</b>	<b>7,4</b>	<b>100%</b>	<b>6,3</b>	<b>100%</b>

### **Cash and banks (B4)**

#### **B4 Cash and banks**

*Immediately available*

	<u>31/12/2022</u>	<u>31/12/2021</u>
Petty cash	2.025	1.797
ING	1.441.277	920.802
ABN AMRO bank	6.072.416	10.839.040
ABN AMRO (USD account)	9.136.062	10.191.014
ABN AMRO investment account	96.686	663.867
ABN AMRO Challenge TB	0	66.183
Bank accounts country offices	1.077.622	719.611
	<u>17.826.088</u>	<u>23.402.314</u>

The balance of cash and banks decreased compared to 2021, from Euro 23.4 million to a level of Euro 17.8 million. Part of the bank balance is still available for mid-term or long-term investment in shares or bonds, once there are more positive developments in the global financial markets.

## **3.5 Notes to the reserves and funds**

### **Result appropriation**

KNCV's Executive Board prepares the annual accounts and the annual report. The annual accounts and the annual report are then adopted by the General Assembly.

The Board of Trustees and the General Assembly, in their respective meetings of 17 April 2023 and 17 May 2023, propose to allocate the deficit of 2022 according to the following division:

	In Euro
<b>Surplus / Deficit appropriated as follows</b>	
Continuity reserve	-755.560
Decentralization reserve	-6.686
Earmarked project reserves	-66.065
Unrealized differences on investments	-386.947
Fixed assets reserve	3.655
Earmarked by third parties	0
<b>Total</b>	<b>-1.211.603</b>

KNCV's policy towards reserves and funds is clarified in Chapter 3.2 "accounting policies".

### **Reserves (B5)**

	<b>31/12/2022</b>	<b>31/12/2021</b>
<b>B5 Reserves and funds</b>		
- Reserves		
Continuity reserve	6.951.067	7.706.627
Decentralization reserve	602.147	608.833
Earmarked project reserves	1.850.095	1.916.160
Unrealized exchange differences in investments	0	386.947
Fixed Assets reserve	83.650	79.995
- Funds		
Earmarked by third parties	953.804	953.804
<b>Total reserves and funds</b>	<b>10.440.763</b>	<b>11.652.366</b>

#### Continuity reserve:

The continuity reserve serves as a buffer for unexpected reversals in fortune, both in expenditures and in income. The objective of the reserve is to guarantee the continuity of the activities, while having enough time to take measures to adjust the organizational structure, and size, to reflect fluctuations in the volume of mission related activities. For this continuity demand, the Executive Board has not earmarked the reserve with a specific spending destination.

We use 1 to 1.5 times the estimated and budgeted expenditures for the organization for one year as a reasonable maximum level of the reserve. Mission related activity expenditures are excluded of the calculation.

	<b>Balance as at</b>		<b>Profit &amp; loss</b>	<b>Balance as at</b>
	<b>1/1/2022</b>	<b>Additions</b>	<b>Withdrawals</b>	<b>31/12/2022</b>
Continuity reserve	7.706.627		-	6.951.067
			-755.560	

The continuity reserve at year-end 2022 was Euro 6.9 million (1.09 times the budget for organizational costs in 2022). This remains well within the maximum of Euro 9.4 million (1.5 times the budget for organizational costs in 2022). The underlying risks covered by the continuity reserve are analyzed each year during the annual planning and budgeting process. During this process, possible risks are identified and, if possible, quantified to calculate the maximum amount needed in the continuity reserve.

#### Decentralization reserve

The Decentralization Reserve is the portion of reserves which is dedicated by the Board of Trustees to serve as a buffer for expenses related to decentralization of organizational tasks, focusing on decentralized resource mobilization through the implementation of pilot projects.

In 2022 a small amount was withdrawn from this reserve.

	Balance as at			Profit & loss	Balance as at
	1/1/2022	Additions	Withdrawals	appropriation	31/12/2022
Decentralization reserve	608,833	-	-	-6,686	602,147

#### Earmarked project reserves

The Executive Board has, with approval of the Board of Trustees, earmarked some parts of our equity for several specific objectives. This gives the organization the possibility to either prepare for new (unexpected) opportunities or to give extra focus to strategic areas. In the coming years, part of the reserves will be used for extra research activities in Nigeria and Ethiopia.

Funds have been withdrawn from the earmarked project reserves in 2022 for the activities in the Human Resources, and the Resource Mobilization Units. These activities were approved in the 2022 budget. The Human Resources activities related to the implementation of recommendations developed following the organizational assessment. The Resource Mobilization activities related to the engagement of a consultant to support the development of KNCV branding, communication, and promotion strategy with an emphasis on private fundraising.

	Balance as at			Profit & loss	Balance as at
	1/1/2022	Additions	Withdrawals	appropriation	31/12/2022
Reserve national policy planning	50.542	0	0	0	50.542
Reserve international policy planning	77.579	0	0	0	77.579
Reserve research policy planning	84.239	0	0	0	84.239
Reserve capacity building	470.312	0	0	0	470.312
Reserve special needs	173.953	0	0	0	173.953
Reserve childhood TB	42.876	0	0	0	42.876
Reserve monitoring tools	144.990	0	0	0	144.990
Reserve advocacy	47.233	0	0	0	47.233
Reserve education center	824.436	0	0	-66.065	758.371
Total earmarked by the board	1.916.160	0	0	-66.065	1.850.095

The reserves for policy planning and capacity building are intended for international projects that have policy development and research components. The special needs reserve is intended for patient support. The reserve for monitoring tools is intended for investment in improving monitoring tools. The advocacy reserve is allocated for advocacy and awareness creation. The reserve for an educational center is allocated for activities related to setting up KNCV educational activities.

#### Unrealized exchange difference on investments

This reserve serves as a revolving fund for unrealized exchange results on investments, which are not available for mission related activities until they are realized. In compliance with guideline RJ 650, unrealized exchange results are accounted for in the Statement of Income and Expenditure and are therefore part of the surplus or deficit in the annual accounts.

As at year-end 2022 the reserve for unrealized exchange differences on investments was depleted due to the negative net income on investments. The movement in the reserve is as follows:

Balance as at	Profit & loss	Balance as at
------------------	---------------	------------------

	<b>1/1/2022</b>	<b>Additions</b>	<b>Withdrawals</b>	<b>appropriation</b>	<b>31/12/2022</b>
Total revaluation reserve	386,947			-386,947	0

#### Fixed Assets reserve

KNCV separates equity, needed to finance the remaining value of fixed assets, which is allowed by guideline RJ 650. In 2022, the reserve increased to an amount of Euro 83.650.

	Balance as at			Profit & loss	Balance as at
	1/1/2022	Additions	Withdrawals	appropriation	31/12/2022
Total fixed asset reserve	79,995			3,655	83,650

#### **Funds (B6)**

In the past, some resources received from third parties have not been used in full and are still earmarked for a specific purpose. In the coming years, part of these funds will be used for international and research activities. Most of the funds do not have spending deadlines. Use of the funds is budgeted according to the activity plans. In 2022, the total funds are Euro 953.804.

	Balance as at			Profit & loss	Balance as at
	1/1/2022	Additions	Withdrawals	appropriation	31/12/2022
Fund TSRU	90,389				90,389
Fund Special Needs	255,610				255,610
Jacob and Carolina fund	6,373				6,373
SVOP	582,093				582,093
Fund Wessel	19,339				19,339
	953,804	0	0	0	953,804

#### Fund Tuberculosis Surveillance and Research Unit (TSRU)

The financial management of the TSRU was transferred to KNCV, as one of the members of the TSRU, in 1993. Since 1993, KNCV has been responsible for the TSRU funds held by KNCV, the financial management of these funds, and reporting on the management of the funds to TSRU's steering committee. The utilization of TSRU's funds has no time limit.

#### Fund special needs

This fund was established from the funds arising out of the "De Bredeweg" foundation, dissolved in 1979. All rights and responsibilities to these funds were given to KNCV. These funds may only be utilized for the continuation of the De Bredeweg foundation's work. The utilization of these funds has no time limit. Should the KNCV reserve earmarked for special needs or earmarked project reserves run out of funds, this Fund can be utilized to fund these activities.



#### Jacob and Carolina Fund

By way of farewell gift, the departing Board of Trustees' chair, Dina Boonstra, created a fund, the Jakob & Carolina Fund, under the umbrella of KNCV. This fund was announced during the General Assembly in 2017. The fund will support the training of people who give support to TB patients during their lengthy and difficult treatment. No withdrawals were made in 2022.

#### SVOP

This fund relates to commitments taken over from "Stichting Voorzieningenfonds Oud Personeelsleden K.N.C.V.", liquidated in 2021. All rights and responsibilities to these funds were given to KNCV to be utilized for the continuation of the Stichting Voorzieningenfonds Oud Personeelsleden K.N.C.V.'s work. No withdrawals were made in 2022.

#### Wessel

This fund relates to commitments taken over from "Wessel Foundation", dissolved in 2019. All rights and responsibilities to these funds were given to KNCV to be utilized for the continuation of the Wessel Foundation's work. No withdrawals were made in 2022.

### **3.6 Notes to the long-term and short-term liabilities**

#### ***Long-term liabilities (B7)***

All long-term liabilities are not expected to fall due until after a period of more than one year. From the originally awarded Euro 11.1 million from the Dutch Postcode lottery (Nationale Postcode Loterij) for the Dream Fund (Droomfonds) 7.9 million is entered under long-term liabilities. This is the remaining expected expenditure on the project from 2024 onwards. The expected expenditure for 2023 (2.1 million euro) is included under other liabilities and accrues expenses.

#### **B7 Long-term liabilities**

	<u>31/12/2022</u>	<u>31/12/2021</u>
Current account NPL	7,875,966	8,128,664
	<u>7,875,966</u>	<u>8,128,664</u>

	<b>Balance as at 01/01/2022</b>	<b>Additions</b>	<b>Withdrawals</b>	<b>Balance as at 31/12/2022</b>
Total long term liability	10.827.826	0	-812.313	10.015.513
Short term part	-2.699.162	0	559.615	-2.139.547
Current account NPL	8.128.664	0	-252.698	7.875.966

#### ***Short term liabilities (B8)***

All current liabilities are expected to fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

Short term liabilities have decreased from Euro 12.8 million in 2021 to Euro 7.0 million in 2022. As clarified in the Accounts receivable note, the level of projects and activities agreed in grants is the main cause for fluctuation in the liabilities. In general, the liability will be paid out based on implemented activities. The liability to other donors is related to advances received during 2022 for activities to be implemented in 2023.

A large part of Other Liabilities and Accrued Expenses relates to provision for leave hours, which are yet to be used by employees. The amount of this provision at year-end 2022 is Euro 194,643. This provision is at the same level as year-end 2021.

**B8 Various short-term liabilities**

	<b>31/12/2022</b>	<b>31/12/2021</b>
<u>Taxes and social premiums</u>		
Income tax country offices and VAT	280.532	296.103
Social premiums	20.881	22.628
Pension premiums	108.428	0
	<u>409.841</u>	<u>318.731</u>
 <u>Accounts payable</u>	 <u>474.060</u>	 <u>312.145</u>
<u>Other liabilities and accrued expenses</u>		
Provision for holiday pay	163.995	153.919
Provision for annual leave	234.448	232.863
Declarations from staff	0	23.321
Audit fees	66.354	62.700
Accruals project countries	118.918	159.782
Current accounts sub awardees	188.530	0
Current account - Dutch Ministries	28.956	0
Other donors	5.138.732	10.208.843
Other liabilities	151.327	158.534
Project payables KNCV country offices	418.138	349.938
Payable USAID Challenge TB	0	10.333
Endowment funds	196.872	271.099
Other	165	3.697
Projects to be executed under Challenge TB	0	560.280
Accounts payable TBCTA coalition partners	32	0
	<u>6.706.466</u>	<u>12.195.309</u>
	<u>7.590.367</u>	<u>12.826.185</u>

The projects to be executed under Challenge TB has been set at zero as it has been concluded that there are no work plans to be executed. The amount is also directly related to the accounts receivable USAID based on agreement (B2). This is also set at zero. There is no impact from the USAID Challenge TB project on the financial result in 2022.

**B9 - Commitments (Liabilities not included in the balance sheet)**Office rental contract:

A rental contract was entered into with a third-party lessor in 2019 for offices located at Maanweg 174 in The Hague. The rental contract commenced on 1 June 2020, with a term of 6 years, ending on 31 May 2026. The annual rent for 2023 is Euro 154.791 including maintenance fee and VAT. A Euro 17,519 bank guarantee has been issued in favor of the lessor. There is also a printer lease contract that runs through to April 2026. The obligations from operational leases at the end of the reporting period can be stated as follows:

Obligations to pay:	
No later than 1 year	169,573
Later than 1 year and no later than 5 years	408,571
Beyond 5 years	0

During the reporting period the following amounts are included as costs in the income statement with respect to leases:

Minimum lease payments	165,075
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## Conditional rights

### Multi-year contracts

We have entered into a multi-year contract (grant agreements) with the following institutional donor:

In 2021: National Postcode Lottery, Euro 11,100,000, from March 2021 till March 2026.

This commitment is conditional on (annual) approval of workplans.

## 3.7 Notes to the Statement of Income and Expenditure

In the following sections, the actual results are compared with the budget and with the previous year's actual results.

### Income

		<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>Income</b>				
- Income from individuals	R1	950.000	524.016	777.827
- Income from companies	R2	0	855.937	811.885
- Income from lotteries	R3	1.356.000	1.466.368	1.645.969
- Income from government grants	R4	5.490.574	2.684.237	4.136.451
- Income from allied non-profit organizations	R5	53.256	499.252	607.366
- Income from other non-profit organizations	R6	10.666.777	10.387.929	7.853.914
<b>Total fundraising income</b>		18.516.606	16.417.739	15.833.412
- Income for supply of services	R7	109.808	144.517	76.118
- Other income	R8	0	1.628	-15
<b>Total income</b>		18.626.414	16.563.884	15.909.515

In total KNCV generated slightly more income in 2022 (Euro 16.6 million), compared to 2021 (Euro 15.9 million). The largest part of the income is from other non-profit organizations (62.7%) followed by income from government grants (16.3%) and then income from lotteries (8.8%).

	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>R1 Income from individuals</b>			
<b>Donations and gifts</b>			
Direct marketing activities	325.000	209.782	459.364
Gifts- other	225.000	211.849	2.640
Total donations and gifts	550.000	421.631	462.004
<b>Legacies and endowments</b>			
	400.000	102.385	315.823
<b>Total income from individuals</b>	950.000	524.016	777.827

R1: Income from individuals was 45% lower than planned and 33% lower than last year, mostly due to reduced income from direct marketing activities and reduced income from legacies.

	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>R2 Income from companies</b>			
Various companies through fundraising campaigns	0	0	128,782
Cepheid	0	855,937	683,103
<b>Total income from companies</b>	<b>0</b>	<b>855,937</b>	<b>811,885</b>

R2: Income from companies increased compared to 2021 due to increased activities of the Cepheid project in Nigeria and increased income from fundraising campaigns.

	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>R3 Income from lotteries</b>			
Settlement previous years	0	0	15,253
Vriendenloterij (earmarked lottery tickets)	100,000	65,697	60,742
Nationale Postcode Loterij	900,000	900,000	900,000
Nationale Postcode Loterij (Dreamfund project)	0	0	272,174
De Lotto	356,000	500,671	397,800
<b>Total from fundraising third parties</b>	<b>1,356,000</b>	<b>1,466,368</b>	<b>1,645,969</b>

R3: The actual income from lotteries decreased from Euro 1.6 million last year to Euro 1.5 million in 2022. In the budget a larger decrease was anticipated.

The income from third party campaigns consists of contributions from three Dutch lottery organizations: The Nationale Postcode Loterij, VriendenLoterij and De Lotto. The amount consists of general participation in the lotteries and the sale of lottery tickets. Income from the lotteries is recognized at the time of the allocation. The proceeds from the lotteries are based on multi-year contracts. 90% of the contribution from De Lotto is paid to Samenwerkende Gezondheidsfondsen for project "Gezonde Generatie" as part of a three-year agreement.

Income from De Lotto is not announced until after the year-end and is therefore based on an estimate. Deviations from this estimate are accounted for as settlements from previous years.

This year the project income from Nationale Postcode Loterij (Dreamfund project) has been added. This is creating an additional variance. Excluding the income from this project, the income from lotteries would have been Euro 1.37 million. This amount is in line with last year.

	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>R4 Government grants</b>			
Center for disease control	134.735	100.523	386.194
DGIS	0	0	5
USAID	1.388.047	1.137.486	1.935.983
WHO	0	18.642	661.921
Global Fund/GFATM	843.615	846.756	627.242
Other Donors	3.124.177	580.829	525.106
<b>Total government grants</b>	<b>5.490.574</b>	<b>2.684.237</b>	<b>4.136.451</b>

R4: In general, the income from USAID and for WHO, Global Fund/GFATM and other donors underperformed compared to budget. In line with budget, there was no income realized from the USAID coalition partners program or from DGIS.

Government grants represented 15% of KNCV's budget in 2022. KNCV realized Euro 2.3 million, Euro 1.1 million less than budgeted.

	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>R5 Income from allied non-profit organizations</b>			
Sonnevanck Foundation	0	0	22.807
Mr. Willem Bakhuijs Roozeboom Foundation	0	8.737	1.210
Dr. C. de Langen Foundation for global Tuberculosis	53.256	444.151	547.086
's-Gravenhaagse stichting tot steun aan de bestrijding der tuberculose	0	46.338	36.263
Other income from allied non-profit organizations	0	26	0
<b>Total income from allied non-profit organizations</b>	<b>53.256</b>	<b>499.252</b>	<b>607.366</b>

R5: Income from allied non-profit organizations includes the annual contribution to KNCV's activities. The income in 2022 was lower than in the previous year but higher than budgeted.

	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>R6 Income other non-profit organizations</b>			
Bill and Melinda Gates Foundation	1.340.599	1.030.238	662.131
Unitaid	6.194.810	7.372.948	5.200.234
TB Alliance	853.365	821.391	654.207
SVOP	0	0	582.093
Other	2.278.002	1.163.352	755.249
<b>Total income other non-profit organizations</b>	<b>10.666.777</b>	<b>10.387.929</b>	<b>7.853.914</b>

R6: Income from other non-profit organizations increased compared to 2022 and includes contributions from the Bill and Melinda Gates Foundation, Unitaid and the TB Alliance. The income for 2022 was, however, lower than initially budgeted. Income from other non-profit organizations was not realized in line with budget, mainly due less staff for executing the projects. Going forward, income from other non-profit organizations is expected to become a more important part of KNCV's funding base and an important key to achieve our long-term goal of diversification of funding sources.

	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>R7 Income for supply of services</b>			
Endowment funds fee on administration & control costs	5.250	5.370	8.636
Trainings	104.558	139.147	67.482
<b>Total income for supply of services</b>	<b>109.808</b>	<b>144.517</b>	<b>76.118</b>

R7: Income for supply of services increased as we arranged more courses and received more participants in the popular KNCV training courses.

	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>R8 Other Income</b>			
Miscellaneous	0	1.628	-15
<b>Total Other Income</b>	<u>0</u>	<u>1.628</u>	<u>-15</u>
<b>Expenses</b>			
	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>R 9 Expenses to mission related goals</b>			
- TB control in low prevalence countries	264.953	248.252	706.097
- TB control in high prevalence countries	15.250.707	13.710.363	11.397.466
- Research	768.027	719.617	741.391
- Education and awareness	649.840	513.382	622.753
<b>Total expenses to the mission</b>	<u>16.933.527</u>	<u>15.191.614</u>	<u>13.467.707</u>
<b>Expenses to fundraising</b>			
- Expenses private fundraising	527.029	304.334	161.794
- Expenses share in fundraising with third parties	324.195	453.603	363.208
- Expenses government grants	356.001	305.718	284.791
	<u>1.207.225</u>	<u>1.063.656</u>	<u>809.793</u>
<b>Administration and control</b>			
- Expenses administration and control	606.701	541.224	675.073
<b>Total Expenses</b>	<u>18.747.452</u>	<u>16.796.495</u>	<u>14.952.573</u>

Total expenditures in 2022 were Euro 16.8 million. This is Euro 2.0 million lower than budgeted and higher than last year's Euro 15.0 million. This decrease against budget is mainly caused by lower mission expenses in the category "TB control in high prevalence countries" due to delays in the implementation of some projects.

**Specification - per country, independent  
from nature of the project**

	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>Netherlands</b>	250,000	225,843	304,877
<b>Africa</b>			
- Ethiopia	3,500,000	2,803,566	2,455,242
- Kenya	0	3,223	0
- Madagascar	0	22,511	0
- Malawi	600,000	541,035	490,967
- Nigeria	1,425,000	1,271,590	1,337,797
- Rwanda	0	2,793	0
- South Africa	550,000	544,571	446,467
- Tanzania	700,000	669,765	629,996
- Zambia	90,000	85,033	0
Subtotal Africa	6,865,000	5,944,087	5,360,469
<b>Asia</b>			
- India	90,000	86,526	57,970
- Indonesia	800,000	703,252	368,979
- Myanmar		38,587	12,376
- Philippines	800,000	759,033	365,917
- Vietnam	400,000	393,710	182,835
Subtotal Asia	2,090,000	1,981,108	988,077
<b>Eastern Europe</b>			
- Kazakhstan	175,000	83,986	176,983
- Kyrgyzstan	150,000	323,837	146,306
- Ukraine	400,000	367,639	396,601
- Uzbekistan	100,000	104,690	86,957
- Tajikistan	115,000	31,896	118,704
Subtotal Eastern Europe	940,000	912,048	925,551
Country related - from above	10.145.000	9.063.086	7.578.974
Non-country or region related projects	3.750.000	3.668.183	3.491.767
Expenses charged to other expenditure categories 3 <sup>1</sup>	3.038.527	2.460.345	2.396.966
<b>Total expenses to the mission</b>	<b>16.933.527</b>	<b>15.191.614</b>	<b>13.467.707</b>

Spent on mission compared to total expenses is 90.1%. This is in line with last year.

Expenses to fundraising:

As mentioned in the section "Financial figures & ratios for the last 5 years" expenses spent on fundraising compared to total expenses is 5.4%. This is in line with budget, and higher than last year's 3.4%. This is in line with the strategy to diversify KNCV's income.



Personnel Expenses:

	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>Personnel expenses</b>			
Salaries	4.469.800	3.651.359	3.834.203
Accrued annual leave	0	39.805	80.422
Social security premiums	477.400	486.725	452.993
Pension premiums	404.300	330.826	350.532
External staff/temporary staff	0	656.719	166.564
Reorganization costs	0	375	-5.863
Sub total	5.351.500	5.165.809	4.878.851
Salaries KNCV country offices	5.000.000	4.882.948	4.325.666
Sub total	10.351.500	10.048.757	9.204.517
<u>Additional staff expenses</u>			
Commuting allowances	61.300	35.373	28.633
Representation	2.170	2.858	909
Social event	2.700	200	2.057
Congresses and conferences	11.500	10.825	1.346
International contacts	32.000	12.084	8.174
Training & Education	89.400	40.529	19.272
Recruitment	50.000	44.615	68.586
Insurance personnel	50.000	37.464	40.233
Catering	10.000	2.537	1.763
Works council	13.000	18.211	19.160
Other personnel expenses	128.750	66.992	64.797
Allocated to investment income	-8.134	-7.843	0
Sub total	442.686	263.844	254.930
<u>Other human resource management costs</u>			
Development of tools	6.000	37.699	1.311
Safety training	42.000	25.878	27.682
Sub total	48.000	63.577	28.993
<b>Total personnel expenses</b>	<b>10.842.186</b>	<b>10.376.179</b>	<b>9.488.440</b>

Table 3.7.1: Headcount per country

Total headcount	Q4-2020	Q4-2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022
Nigeria	19	19	22	13	13	12
Ethiopia	33	45	68	70	58	57
Malawi	10	12	13	13	4	4
Tajikistan	2	1	1	1	1	1
Tanzania	12	9	11	11	11	9
Philippines	5	5	11	11	11	11
Kyrgyzstan	1	0	1	1	1	1
Kazakhstan	2	2	2	2	2	2
Vietnam	2	2	2	2	3	6
<b>Country offices in total</b>	<b>86</b>	<b>95</b>	<b>131</b>	<b>124</b>	<b>104</b>	<b>103</b>
The Netherlands	57	53	48	49	50	53
<b>Total</b>	<b>143</b>	<b>148</b>	<b>179</b>	<b>173</b>	<b>154</b>	<b>156</b>

Other expenses:

	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>Housing expenses</b>			
Rent	152.000	152.650	152.601
Repairs and maintenance	1.500	1.040	1.328
Cleaning expenses	22.000	21.175	19.420
Insurance and taxes	5.000	7.891	4.561
Plants and decorations	3.000	2.456	3.050
Housing expenses regional offices	0	0	0
<b>Total housing expenses</b>	<b>183.500</b>	<b>185.213</b>	<b>180.960</b>
<b>Office and general expenses</b>			
General office supplies	3.500	676	638
Telephone	17.700	2.468	15.668
Postage	4.000	2.686	3.556
Copying expenses	17.500	15.322	14.667
Professional documentation	500	0	324
IT costs	266.500	192.579	500.857
Audit fees	100.000	119.821	98.335
Board of Trustees	2.500	9.699	4.542
Consultancy	267.000	118.327	105.427
Bank charges	20.000	21.869	24.403
Other office and general expenses	32.458	27.739	32.193
Office and general expenses regional and country offices	2.177.532	1.258.712	1.178.014
<b>Total office and general expenses</b>	<b>2.909.190</b>	<b>1.769.898</b>	<b>1.978.624</b>

**Depreciation and interest**

Office reconstruction work	6.500	6.304	6.304
Office inventory	12.500	12.098	14.156
Computers	25.000	14.951	26.518
Allocated to investment income	-992	-833	-11.682

**Total depreciation and interest**

<b>43.008</b>	<b>32.520</b>	<b>35.296</b>
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Housing expenses are in line with budget. Office and general expenses (the main underspending in 2022) were less than budget due to a reduction in the office and general expenses of the regional and country offices.

The audit expenses charged by PricewaterhouseCoopers Accountants N.V. can be broken down into two categories:

	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>Audit expenses</b>			
Audit of the Annual Accounts	100.000	92.081	92.263
Project audits PWC*	0	27.740	30.490
<b>Total</b>	<b>100.000</b>	<b>119.821</b>	<b>122.753</b>

\*This includes the CIB audit. Audit costs are charged to the year to which they relate. Project audit costs, when allowable under donor conditions, are reported under expenses to mission related goals.

Currency exchange effects

We realized Euro 19,176 in 2022 as loss on exchange rate gains (in 2021: Euro 21,591 was realized in exchange rate gain).

**Net investment income**

	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
<b>R10 Investment income</b>			
Dividends	21.000	41.704	24.277
Bond earnings	31.000	23.111	27.836
Bond earnings on behalf of Fund Special Needs	18.000	0	0
Realized exchange gains	0	-254.141	735.507
Unrealized exchange results	0	-749.893	-252.763
Interest on cash on hand and deposits	-100.000	8.620	-2.713
<b>Total from investments</b>	<b>-30.000</b>	<b>-930.600</b>	<b>532.144</b>
Total out of pocket costs investments	30.000	39.727	37.800
Allocated costs	9.125	8.596	11.683
<b>Net investment income</b>	<b>-69.125</b>	<b>-978.923</b>	<b>482.661</b>

In line with the guideline RJ 650 investment income is presented after deduction of investment costs.

Table 3.7.2, sets out the investment results over a 5-year period as required by the sector organization for charities, Goede Doelen Nederland. The table also shows the average result over this 5-year period.

*Table 3.7.2: Investment results 2018-2022*

<b>Description</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>5 year average</b>
Bond income	55	50	29	28	23	37
Dividend	32	22	17	24	42	27
Realized exchange results	112	189	119	736	-254	180
Unrealized exchange results	-372	326	83	-253	-750	-193
Interest on cash on hand and deposits	8	23	0	-3	9	8
<b>Gross investment income</b>	<b>-165</b>	<b>611</b>	<b>248</b>	<b>532</b>	<b>-931</b>	<b>59</b>
Investment expenses	33	31	49	49	48	42
<b>Net investment income</b>	<b>-198</b>	<b>580</b>	<b>199</b>	<b>483</b>	<b>-979</b>	<b>17</b>

Note: Investment expenses include allocated organizational expenses.

The Executive Director confirms that all transactions in 2022 have been executed in compliance with the Investment Policy. This has been monitored by analyzing the monthly and quarterly reports of the investment bank and by discussing the results during periodical meetings.

Transaction costs are expensed in the income statement if these are related to financial assets carried at fair value through profit or loss. The equity instruments are quoted in an open market.

### ***Remuneration of the management***

The Board of Trustees has, upon the recommendation of the Remuneration Committee, determined the amount of the management remuneration and additional benefits to be paid to management. The remuneration policy is regularly reviewed. The most recent review was carried out in April 2020, with the handover of leadership to the new Executive Director.

In determining the remuneration policy and remuneration, KNCV adheres to Goede Doelen Nederland's ([www.goededoelennederland.nl](http://www.goededoelennederland.nl)) advisory scheme for the remuneration of the management of charitable organizations ("Adviesregeling Beloning Directeuren van Goede Doelen").

In accordance with Goede Doelen Nederland's advisory scheme for remuneration of directors, a maximum annual remuneration is determined based on weighted criteria. At KNCV, this weighting was performed by the Remuneration Committee. This resulted in a so-called basic score for management positions ("Basis Score voor Directiefuncties" - BSD) of 475 points and a maximum annual remuneration of 100% of Euro 148,215 for 1 FTE over a period of 12 months for the Executive Director.

**Executive remuneration***In compliance with standard reporting form of GDN*

Name	M. Gidado		
Position in the board	Executive Director		
<hr/>			
Contract			
Legal status	Indefinite		
Number of hours	40		
FTE	100%		
Period for reporting year	1/1 - 31/12		
Remuneration			
Annual income			
Gross salary	125,135		
Holiday allowance	10,845		
Extra month	10,428		
Variable/performance allowance	0		
Subtotal			146,408
Taxable allowances	1,606		
Pension premium, employers contribution	11,533		
Pension compensation	0		
Other allowance, long-term	33,277		
Payment in relation to beginning of end of contract	0		
			46,416
Total remuneration 2022			192,823
Total remuneration 2021 (excluding social security)			181,162

In 2022, the actual income for management for the purposes of assessment of compliance with Goede Doelen Nederland's maximum annual remuneration was as follows:

- The gross annual salary of the Executive Director, M. Gidado, was Euro 146,408 in 2022.
- The Executive Director is employed by KNCV for 40 hours per week.

The annual income for the Executive Director is within the limit of Euro 148,215 for 1 FTE over a period of 12 months according to the "Regeling beloning directeuren van goede doelen ten behoeve van besturen en raden van toezicht". The total remuneration 2022 (gross income, taxable allowances, employer's contribution to pension premiums and pension compensation, and other allowances) is below the maximum.

The size and composition of the management remuneration is reported in the notes to the Statement of Income and Expenditure. Besides the annual income, management remuneration also includes the national insurance and pension contributions and, if applicable, any severance payments upon termination of employment.

No loans, advances nor guarantees are issued to members of the Executive Board or members of the Board of Trustees. The members of the latter receive a fixed compensation of Euro 100 for each Board of Trustees meeting attended.

#### **4. Events Occurring After the Balance Date**

There have been no material post balance sheet events that would require adjustments to KNCV's Financial Statements per 31 December 2022.

The Hague, 17 May 2023

Mirella Visser  
Chair of the Board of Trustees

Jan Hendrik Richardus  
Vice chair of the Board of Trustees

Mustapha Gidado  
Executive Director

#### **5. Other Information**

**Provision in the Articles of Association governing the approval of the annual accounts, annual report, and the result appropriation.**

Article 17 of KNCV's Articles of Association specifies that the approval of the annual accounts and the annual report, including the allocation of the result, shall take place during the general members meeting.



## *Independent auditor's report*

To: the General Assembly and the board of trustees of Koninklijke Nederlandse Centrale Vereniging tot Bestrijding der Tuberculose (KNCV)

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### *Report on the financial statements 2022*

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#### *Our opinion*

In our opinion, the financial statements of Koninklijke Nederlandse Centrale Vereniging tot Bestrijding der Tuberculose (KNCV) ('the Foundation') give a true and fair view of the financial position of the Foundation as at 31 December 2022, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board.

#### *What we have audited*

We have audited the accompanying financial statements 2022 of Koninklijke Nederlandse Centrale Vereniging tot Bestrijding der Tuberculose (KNCV), Den Haag.

The financial statements comprise:

- the balance sheet as at 31 December 2022;
- the statement of income and expenditure for the year then ended; and
- the notes to the financial statements, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board.

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#### *The basis for our opinion*

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

MPAVZYNRWKDC-607737958-50

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### *Independence*

We are independent of Koninklijke Nederlandse Centrale Vereniging tot Bestrijding der Tuberculose (KNCV) in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (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).

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## ***Report on the other information included in the financial accounts***

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The financial accounts contains other information. This includes all information in the financial accounts in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the director's report that is required by the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of the Dutch Standard 720.

The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The executive director (hereafter: director) is responsible for the preparation of the other information, including the director's report pursuant to the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board.

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## ***Responsibilities for the financial statements and the audit***

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### ***Responsibilities of the director and board of trustees for the financial statements***

The director is responsible for:

- the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 'Charity organisations' of the Dutch Accounting Standards Board; and for
- such internal control as the director 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 director is responsible for assessing the Foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the director should prepare the financial statements using the going-concern basis of accounting unless the director either intends to liquidate the Foundation or to cease operations or has no realistic alternative but to do so. The director should disclose in the financial statements any event and circumstances that may cast significant doubt on the Foundation's ability to continue as a going concern.





The board of trustees is responsible for overseeing the Foundation's financial reporting process.

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### ***Our responsibilities for the audit of the financial statements***

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 17 May 2023  
PricewaterhouseCoopers Accountants N.V.

Original has been signed by I.S.P. Brouwer-Papathanasiou MSc RA

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## ***Appendix to our auditor's report on the financial statements 2022 of Koninklijke Nederlandse Centrale Vereniging tot Bestrijding der Tuberculose (KNCV)***

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In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### ***The auditor's responsibilities for the audit of the financial statements***

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 consisted, among other things of the following:

- 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 intentional 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 Foundation's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Concluding on the appropriateness of the director's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Foundation'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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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