

DORCAS

annual report

ANNUAL REPORT 2017 - WWW.DORCAS.ORG

2017:
Anchoring
Change



'How can I be happy?'

Kawree (57) from Iraq

I've had an amazing life. Our family was big, just like our farming business. I worked on the farm from an early age. My friend Buhar was the same age as me. When we didn't have to work, we would build tiny houses from mud and dig out little swimming pools around them. I was 15 when I learned about sorrow. My brother died in the war between Iraq and Iran. When I heard the news, I went crazy. I lost control. He was young, he was supposed to go out into the world.

Buhar came to my house and together we cried. But we moved on with our lives. Buhar married my brother. I got married and had children. The houses and gold that my parents owned became our inheritance. Three years ago terrorists ransacked our village. I fled with Buhar and our families, deeper into Iraq. I left everything behind. Remember those houses we used to build out of mud? That's what we live in now. And my kids work on someone else's land in order to make a living.

I am devastated and I don't have faith that I will find happiness again. It will only happen if it is God's will. I can't give you a single example of something that gives me joy anymore. Not even Buhar. How can I be happy when everything that gave value to life has been taken away? And yet I get out of bed every morning. I'm in the kitchen, I take care of my family. That's what I can still do and I will continue to do it.

Kawree and her family received support from Dorcas via the Northern Iraq Joint Response, which was part of the Dutch Relief Alliance (DRA). The DRA is a cooperation of 16 Dutch NGO's, in partnership with the Dutch Ministry of Foreign Affairs. It responds to major international crises in a timely and effective manner. In Iraq the emergency aid is provided by Dorcas, ICCO / Kerk in Actie, Oxfam Novib, Tear, Terre des Hommes, World Vision and ZOA. Together we supported 170,000 highly vulnerable Iraqi citizens with shelter, health care, clean water and sanitation. Kawree was included in our 2017 Portraits of Power campaign, which we will expand in 2018.

www.dutchrelief.org
www.portraitsofpower.org/kawree



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*'I can't give
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Publishing Information

Annual Report 2017
This is the annual report of Dorcas Aid International. The report has been compiled in accordance with Title 9 Book 2 of the Civil Code of the Netherlands and complies with guideline RJ 650 for fundraising organisations. The financial year corresponds to the calendar year. A full copy of this report can be found on our website: www.dorcas.org.
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Summary 2017

Sudan

3,480 beneficiaries

Intervention area



Egypt

2,126 beneficiaries






Intervention area



South Sudan

119,332 beneficiaries

Intervention areas



Albania

783 beneficiaries

Intervention area



Uganda

145 beneficiaries

Intervention area



Lesotho

400 beneficiaries




Intervention area



Mozambique

118,88 beneficiaries

Intervention areas



Moldova

1,599 beneficiaries

Intervention area



Ukraine

17,676 beneficiaries





Intervention areas



Tanzania

18,216 beneficiaries



Intervention areas



Russia

852 beneficiaries


Intervention area



Lebanon

8,476 beneficiaries





Intervention areas



Kenya

64,639 beneficiaries



Intervention areas



Somalia

56,370 beneficiaries

Intervention area



Iraq

153,081 beneficiaries

Intervention area



Ethiopia

44,411 beneficiaries

Intervention areas



Syria

123,024 beneficiaries

Intervention area



Intervention areas

- Relief
- Early Recovery and Resilient Livelihoods
- Enterprising People
- Community Based Care and Protection



Anchoring Change

Change is our world, and it is our work.

- ▶ Sua is a Syrian refugee. Overcome by grief about her missing family members, she does not know how to make ends meet in the future.
- ▶ Svetlana fled with her family from war in Eastern Ukraine. She lives in a tiny room away from the front lines. She dreams of going home someday.
- ▶ Samuel, Leah, and their children are from Ethiopia. Time and again recurring droughts pushed them back into poverty. But how many times can that happen before you lose hope?

This is real life, and it is a double-edged sword for each of them. They barely have certainty about here and now, and tomorrow is full of uncertainty and fear. What they long for is a safe and secure tomorrow. They want change for the good.

Our mission at Dorcas is positive, lasting change for those who live in poverty, are excluded, or are caught in a crisis. We seek to improve the lives of people just like Sua, Svetlana, and Samuel. We want long-term, lasting change – after disaster strikes, when war invades a community, when extreme poverty is inescapable, and when vicious cycles rob ordinary people of their hope.

Our work is not easy. Losing hope rarely happens without a loss of trust in others as well. There is no common ground when we begin to build a relationship. That's why seeking change for the good is such hard work. This is what our staff and partners sign up for, often in the most extreme contexts. And this is what makes our work more valuable than any other work we could do. It's a struggle that is worth the effort.

Dorcas is impacted by change as well, because change seems to be happening at the speed of light. This is true in places we serve, but also in political environments, due to higher expectations by donors,

lower priority for humanitarian aid, and due to the many security issues in our world. All of this creates tremendous pressure for organisations such as Dorcas.

We need to be flexible and able to adapt to change. Thus, we started a process of thorough organisational transformation some time ago. First, we adopted a new Theory of Change. Next, we clarified our strategy and focus – what we would do, where we would serve. We developed new implementation plans. Our programmes will now focus on cash and protection, food and water, resilient livelihoods, inclusive market access, and local safety networks. Each context will have its own specific objectives.

Finally, we made the difficult and painful decision to phase out a few programmes because of our new strategic focus. The heart of our transformation has been to decentralise in order to empower those closest to the actual work – i.e. our local staff and partners. We determined how the International Office could add value to this empowerment process. As you can imagine, the entire Dorcas-organisation was impacted by this process which was necessitated by the challenges of our work – present and future.

We are thankful for the enormous support of private individuals, businesses, churches, and other institutions who share our mission to make lasting change in the lives of vulnerable people. Dorcas has a unique way of working: Our committed staff and countless volunteers work to bring hope and to express the love of Jesus Christ. Their dedication touches my heart and humbles me. They represent the very essence of Dorcas.

Leo Visser

Chief Executive Officer Dorcas Aid International



From the Supervisory Board

Anchoring Change: This year's theme seems to be a contradiction in terms. After all, 'change' cannot be anchored. It will always happen, whether we as Dorcas like it or not - and never the same way twice.

However, we can be responsive to change in many ways, although we do not normally like to move very much. I was once told that something needs to happen before people react: Change comes from either pain or vision. It is quite clear that we at Dorcas are motivated by our mission to help and empower the poorest of the poor and the most vulnerable, as described in Matthew 25.

Dorcas has worked hard to create the Theory of Change (ToC): a new chapter in its history. The beneficiaries have not changed, the approach of Dorcas has. We aim for integral development of communities rather than geographically spread out projects. This has implications for all levels of the organisation: from fundraising to programmes. Our country directors have more responsibility and are more selective as to which programmes will be chosen and which ones will phase out over time.

Leo Visser was appointed CEO as of 1 January 2017. Leo has extensive experience with organisations similar to Dorcas. He has gotten to know Dorcas quickly, and with his enthusiasm and knowledge the organisation has transformed in line with the Theory of Change. The Dorcas Way of Working is focused on change at three levels (individual, community and society) which leads to flourishing people and communities.

Recently the Supervisory Board and the Management Team visited Egypt. Hosted by our country director we visited many projects. Despite the poverty and the military tension in the country, it was encouraging to see how our projects are bringing hope. And

development. The farmer field schools and the farmer business schools are attended by many women. We witnessed the energy between the women and the fantastic growth of garlic and grain production: a tremendous example of how a vulnerable group can be empowered within a community!

The work of Dorcas never ends: In Egypt, we change the way of working. Actually, change is not the right word: We grow and grow and learn how to optimise our approach to help and empower the most vulnerable individuals, communities, and societies.

It is difficult work because governments and individuals are suspicious and often afraid of change altogether. We have the greatest respect and admiration for the staff and volunteers of Dorcas in the Netherlands and abroad who, by perseverance and faith, contribute to a better future for so many. May God bless you and give you all that you need to build the 'Dorcas dream' with great fulfillment and satisfaction,

Klaas Kloosterboer

Member Supervisory Board



Chapter 1

Purpose



We desire justice, both for people and their communities, so that they flourish. We strive for lasting change for those who live in poverty, are excluded, or are caught in a crisis. This is how we follow Jesus Christ.

1.1 Who

We are Dorcas. We stand for justice and peace. We are inspired by the potential that lies within every human being. When we look at the world we see unique people everywhere, in all kinds of circumstances. Vulnerable, yet strong. We know that every man and woman has not had the same opportunities in life.

That is why we go where the going is tough. Striving for deliverance where lives are threatened. Creating opportunities where hope seems lost. Offering new vision for the future where there is only the ever-suffocating present. Lifting up those who have stumbled. Giving hope to the poorest of the poor. We see those who have not been seen.

Our work extends far beyond the borders of our base in the Netherlands. We are present wherever we are needed. Wherever there is need. Never fleetingly, always with an aim towards lasting change. As a powerful force to touch the lives that touch us. Our work is as simple and profound as a hand on a shoulder, as eye-to-eye contact.

We are Dorcas. A powerful and effective combination of staff and volunteers in the Netherlands and abroad. Employing our talents with passion, in a spirit of equality. From the volunteers in our shops to our bookkeepers and from our workers in Eastern Europe to those in Africa and the Middle East. Together we make Dorcas work.

Together is a key word for us. Our many colleagues and international, national, and local partners are vital to our work. The same goes for everyone who supports us. Dorcas simply would not exist

without their prayers, donations and efforts. The work could not be done.

We connect people to those in need, offering help daily. Consequently, Dorcas is a fundamental part of something far greater. Something that strives to break the chain of poverty and inequality. The chain of chaos and injustice. As long as this chain exists, Dorcas will work to break it.

We are Dorcas. We believe in God. We believe in the people God has made.

1.2 Why

Dorcas is a Christian organisation and is committed to biblical values. When we look at the world we see many things that are difficult to accept. We do not accept that people live with injustice and in poverty. We believe in a different kind of world. That's what we aim for.

What we believe (our convictions)

We believe in God. We believe that each human being is valuable and has been endowed with potential. We have love and hope for everyone who lives in poverty, is excluded, or is caught in a crisis.

What we see (our vision)

In this world, we observe poverty, exclusion and crisis, including the resulting lack of dignity. We do



not give in to this. Instead, we desire justice, both for people and their communities, so that they flourish. This is how we follow Jesus Christ.

Dorcas' history and identity

Founded by Dirk-Jan Groot in 1986, Dorcas Aid International came out of a foundation that supported Eastern Europeans persecuted for their religious beliefs during the Cold War. In the 1990s, the organisation expanded its activities to the Middle East and Africa. One key characteristic of Dorcas is the commitment of thousands of volunteers who contribute in many ways, e.g. by running our thrift shops. Another key to Dorcas is its Christian identity; we have connections with many churches from various backgrounds and denominations. Inspired by their faith, many of our supporters consider their contributions to Dorcas' mission an expression of the love of Jesus Christ.

The name Dorcas

Dorcas Aid International is named after Dorcas (Tabitha) in the Bible. Dorcas made a great impact in the lives of widows by providing clothes and other materials for them (Acts 9:36).

Everyone in need

Our Christian faith compels us to support anyone in need, regardless of race, ethnicity, religious belief, sexual orientation, political view or any other distinction.

What we do (our strategy)

We strive for lasting change for people who live in poverty, are excluded, or are caught in a crisis.

Commitment to the people we support

Where there is poverty, exclusion or crisis, we empower people to flourish – with access to basic services, restored dignity and resilience, in strong communities, with an eye for the marginalised, without showing favouritism.

Commitment to stakeholders we work with

We proactively seek to partner with others to increase the long-term impact of our mutual efforts. We are a committed partner who delivers quality and shares expertise.

Commitment to those who support our work

We see everyone who contributes to our work – through prayer, time, money or other means – as a most valuable partner. We involve them in our work and its outcomes and impact through transparent reporting and sharing stories of change.

What we are good at (unique strengths)

Personal attention

We look people in the eye and help them gain confidence.

Decisive

We stand against injustice and we persevere.

Trustworthy

We do what we say, work deliberately and are good stewards of resources.

Local presence

We are present on site and work with local people who are able to contextualise for their specific context.

How we work (core values)

Christ like

We are a Christian organisation and we work prayerfully.

Commitment to integrity

We are committed to protect vulnerable people from sexual exploitation and abuse of power. We are committed to financial integrity and high ethical standards.

Courageous

We value entrepreneurship and are ready to go off the beaten track.

Collaborative

We desire to partner with everyone who shares our mission.

solution can only be found in a multi-dimensional approach to ensure lasting change. Our programmes work simultaneously on individual, community and societal levels and integrate different sectors according to the needs and opportunities identified by the communities. The relationship between programmes is of particular importance. For example, we link relief and rehabilitation to development - the so-called humanitarian aid and development nexus. In order to understand specific contexts we work in, we find it important to work with local partner organisations, community-based organisations, governments and other local structures. They know the context the best. We were empowering these organisations already long before the international community prioritised localised development efforts.

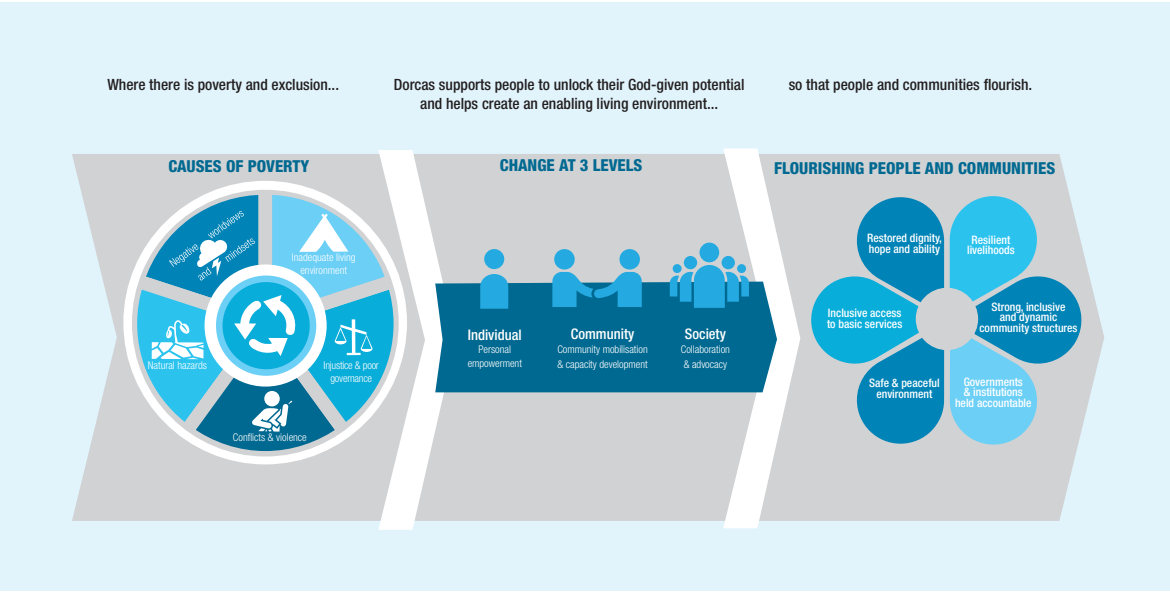
Our goal of flourishing people and communities can be reached in various ways, provided that our approach is coherent and specifically targeting the issues at hand.

We have described the lasting change we strive for in our document Theory of Change.

1.3 How

Theory of Change (ToC)

We strive for long-term change for those who live in poverty, are excluded or caught in a crisis. Exclusion frequently leads to poverty as does an unattended crisis. Poverty is multi-dimensional. Therefore the



Dorcas Theory of Change

Approach

Everyone has a unique way of understanding the world around us. These perspectives are grounded in our deeper beliefs and inner convictions. Being aware of this, we attempt to describe the lenses through which we see the places where we work.

In addition to the Theory of Change we also use our 'Dorcas lens'. This figure places our beliefs, assumptions and programme choices in light of our

desire to make a difference in the lives of the most vulnerable and poorest individuals. It also states the key programme areas Dorcas is involved in. Our approaches are coherent, but our entry point may vary depending on the specific contexts.

Sustainable Development Goals

Dorcas' focus on the most vulnerable and its approaches link to the Sustainable Development Goals in the following ways:

All Dorcas activities contribute to alleviate (extreme) poverty and food insecurity, and to building resilient livelihoods. Inclusion and (access to) protecting marginalised groups is key to what we do – both in our *development work* and in our *relief* activities.

1 NO POVERTY

2 ZERO HUNGER

10 REDUCED INEQUALITIES

Through our *Community Based Care and Protection* approach, we develop and strengthen safety nets and social protection for improved health and wellbeing of vulnerable elderly people and families. We offer disadvantaged children access to education and relevant skills training. In this approach, we promote gender equality and inclusive, accountable government institutions, and we fight abuse, exploitation and trafficking.

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

In our *Early Recovery and Resilient Livelihoods* approach we give special attention to improved food security and nutrition, in ways that allow for production systems to become more sustainable and adapted to climate change. WASH interventions are community based and promote entrepreneurial solutions.

6 CLEAN WATER AND SANITATION

15 LIFE ON LAND

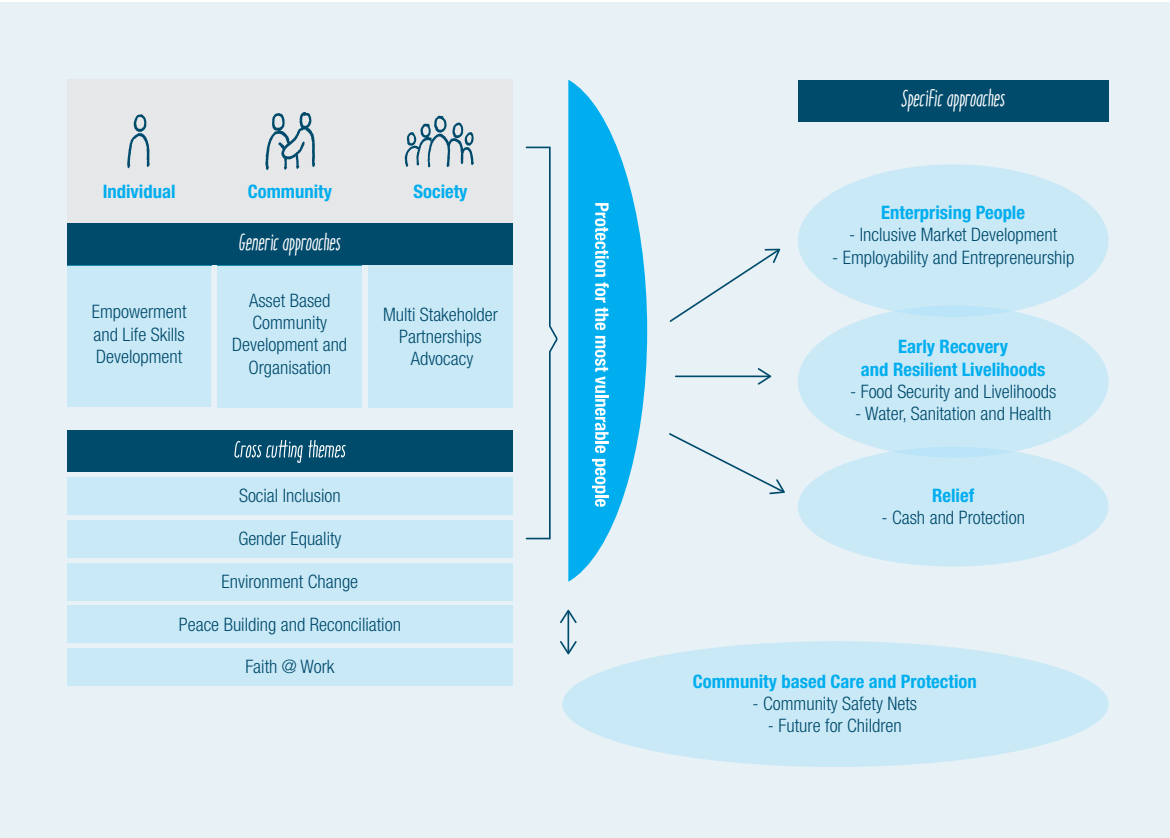
13 CLIMATE ACTION

Our approach *Enterprising People and Communities* supports productive (self)employment and work for all women and men, and in particular for disadvantaged groups. We also promote access to labour rights and other productive resources. Wherever relevant, we build and participate in multi-stakeholder and public-private partnerships.

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS



Dorcas Lens

Quality and Added Value

We measure success based on quality and innovation. Combined with our passion for working in the most difficult locations, we want to be a valued coalition partner with other agencies as we add value to the programme. Therefore we must continuously build quality by developing and fine-tuning our programmes and methods. We invest in networks where we add value and where it is promoted by partners. We take a systematic approach to anchor our programmes, emphasising high quality projects in specific areas, thereby creating value for our network. The Core Humanitarian Standards are applied as a framework to continually improve the quality of our policies and implementation.

Dorcas' organisation has adapted to work in strategic partnerships. We are now active in, e.g., the following networks: Dutch Relief Alliance

(focusing on joint humanitarian responses in select countries), PerspActive (employment programmes in development), Start Network (first responses for smaller humanitarian crises), EU-Cord (for cooperative learning and building coalitions for humanitarian aid and development). Quality and added value are the key performance indicators in these networks.

1.4 Opportunities and Risks

In 2017, Dorcas completed an in-depth analysis of the risks and opportunities for the organisation. This analysis was necessary for strategic decisions to be made regarding programme focus, opportunities and challenges. The following opportunities and risks have been identified as most important.

Type of Opportunity	Prospect	Enabling Policies
1. Programmes		
Developing specific expertise	Sharing knowledge Increased quality /profile	Sharp focus Learning agenda
2. Fundraising		
Additional income	Boost high value and high quality programmes	Build track record Market propositions
3. Staff and International Organisation		
Develop teams with expertise More in-country responsibility and mandate	Create added value More ownership, focus and in-country funding	Focussed learning agenda Decentralise
4. Various		
Flexible work environment, multi-disciplinary teams	Greater ownership Better results	Abolish departments and silo thinking Reorganise primary and support processes

Type of Risk	Consequences	Mitigation Policies
1. Programmes		
Misuse of funds	Repayment of grant Damaged reputation	Clear protocols Regular audits Monitoring systems
2. Fundraising		
Sudden drop in income	Stop funding programmes Cuts in organisation	Rebuilding reserves Flexible funding mechanism Continuous adaption of marketing
3. Staff and International Organisation		
Unacceptable actions and behaviour	Damaged reputation	Effective leadership Caution with selection Codes of conduct Early warning systems
Security incidents	Personal consequences Organisational discontinuity Liability, damaged reputation Organisational discontinuity	Security policy/training Crisis Team training Insurance policies Good governance policies Develop management
Other breaking away of branches Country Offices, Fundraising entities, etc.	Sudden drop in income or capacity Damaged reputation	Maintaining relations
4. Various		
IT	Damaged reputation Interrupted work implementation	IT crisis plan Backups/External support
Negative publicity	Damaged reputation Loss of income, staff	Crisis Communication Crisis Team

For the impact of risks and uncertainties and which consequence they should have for the level of our continuity reserve, we refer to page 63, left column, where an explanation and quantification is given for the desired reserves.

1.5 Preview of 2018 and Beyond

In light of the programme decisions made in 2016 and 2017, we have begun to organise for implementation of several new policies. These include:

- ▶ Redistributing programme responsibilities from International Office to Country Offices ;
- ▶ Reorganising our funding allocation to service our new programme priorities;
- ▶ Reconfiguring our processes for resource mobilisation and programme implementation.

The goal of the reorganisation is to achieve greater flexibility and agility to respond more rapidly to changing circumstances.

Highlights of the 2018 Annual Plan include:

- ▶ Implementing an organisational model addressing resource mobilisation, programme and knowledge support and programme implementation and support functions leading to a more coherent organisation-wide strategy;
- ▶ Greater focus on country programmes based on our new policies;

- ▶ Creating a learning environment in line with our strategy;
- ▶ Developing a clear international profile based on our track record and pilot projects;
- ▶ Less organisational hierarchy and more focus on competencies;
- ▶ Introduction of project-oriented work and functioning in multi-disciplinary teams;
- ▶ Investing in our Country Office staff, empowering them to address Dorcas’ decentralisation;
- ▶ Implementing a new funding allocation system to serve our strategic initiatives;
- ▶ Implementing a global agenda for humanitarian aid;
- ▶ Introducing a staff leadership programme based on the new organisational structure;
- ▶ Improved cost controls to ensure that organisational restructuring leads to cost savings;
- ▶ Expanding the Dorcas Communities model with our supporters to safeguard organisational development;
- ▶ Strengthening our financial reserves in relation to our risk analysis to be more resilient in times of crisis and funding fluctuations;
- ▶ Strengthening our IT capacity;
- ▶ Where in 2017 no major changes in our risk management were implemented, for 2018 we will strengthen our security and staffing policies due to increasingly fragile work contexts;
- ▶ In 2018 we will execute a major re-assessment of our risk analysis.

Chapter 2

Work



Dorcas works in 13 countries in Eastern Europe, the Middle East and Africa. Our programmes can be subdivided into four intervention areas and focus on several levels according to our Theory of Change.

The programmes are implemented by local partner organisations.

2.1 Eastern Europe Region

Dorcas served in five countries in Eastern Europe in 2017: Albania, Moldova, Romania, Russia, and Ukraine. The region continues to experience pockets of extreme poverty, especially among the elderly populations in rural and urban centres.

After 25 years of serving in Russia, we decided to phase out our projects in 2018 and turn them over to strategic partners we have worked with for many years. This was a difficult decision for us; however, based on criteria such as levels of poverty, institutional networks, funding opportunities and the need for Dorcas to focus on the poorest of the poor, we believe this is the correct strategy.

The 2017-2021 strategic plan for Eastern Europe focuses on three core approaches:

- ▶ Community-based care and protection for the elderly;
- ▶ Improved income for the most vulnerable;
- ▶ Protection of children.

These three components are characterised by a focus on empowering communities, building capacity of local organisations and developing alliances with other partners. These groups complement one another, and are equipped to lobby to governments and to advocate for improved rights of and protection for vulnerable groups. As part of the community-based care and protection approach, Dorcas staff have developed contextualised approaches to mobilise communities to improve safety nets for the elderly. In each country positive examples of safety nets have been identified and

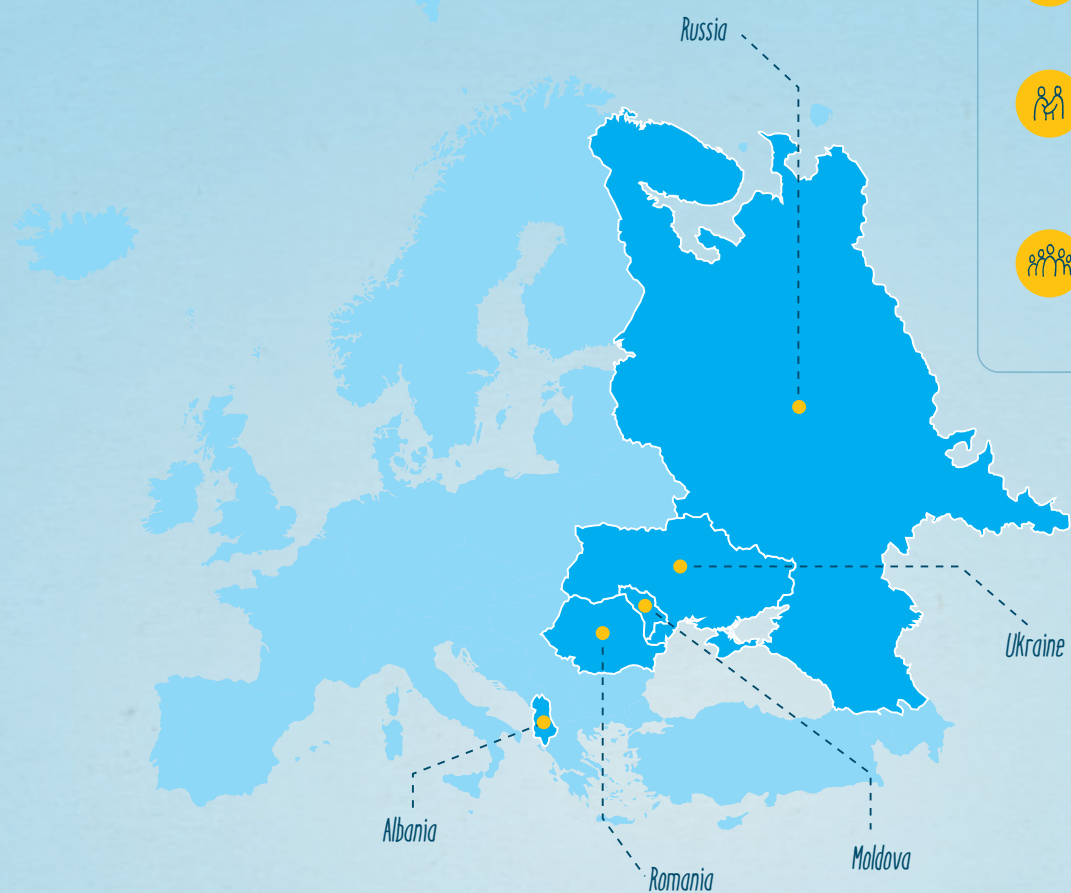
these are being tested in 2018 in our Adopt a Granny programmes.

In addition, Dorcas and partner organisations are being trained in this new approach. To improve income for the vulnerable, Dorcas started pilot programmes in Albania, Ukraine and Moldova with coaching and training of families to improve agricultural skills and to support job searches matched to their skills. These pilot programmes have been successful, although beneficiaries require much support in the process.

As a result of our increased programme focus, we phased out our material aid programme. Tens of thousands of people and hundreds of organisations and churches have been provided goods to support



Eastern-Europe



Levels Theory of Change

- Individual**
Empowerment and Life Skills Development
- Community**
Asset Based Community Development and Organisation
- Society**
Multi Stakeholder Partnerships Advocacy

Relief

16,210
beneficiaries

2,116,624
budget spent

Level of TOC

Community Based Care and Protection

Elderly Care and Safety Nets	Future for Children
4,448 beneficiaries	1,624 beneficiaries
1,265,195 budget spent	341,045 budget spent
Levels of TOC	Levels of TOC

their diaconal or social care programmes in Ukraine, Albania, Romania and Moldova over the last 25 years. We now believe it is time to focus on developing local resources and local ownership while developing community safety nets to provide the best help for disadvantaged and marginalised people. We will continue to support our network of churches and community-based organisations with food parcels at Christmas time.

For our programmes in Eastern Europe we are also developing context-specific fundraising strategies through alliance building and mobilising of local resources. Specifically, in Romania we are developing a social enterprise to generate additional funding for our programmes.

Romania
We continued our Adopt a Granny programme (900 elderly are being assisted), while making a shift towards a more community-based and

locally-supported programme. The major part of the transition is still ahead, but there are already promising results. We continued programmes for marginalised Roma people (more than 300 families assisted in three communities) and ex-prisoners (more than 300 ex-prisoners assisted to reintegrate into society). To increase our impact, we are also developing large scale partnerships with like-minded organisations with programmes addressing similar issues.

Albania
In 2017 Dorcas Albania partnered with the NGO Swiss Contact in a new Family Development Programme. Swiss Contact provided expertise and funding for employment opportunities for beneficiaries and trained staff of Dorcas and Emmanuel Mission. We also partnered with the Dutch Embassy on the MATRA programme to improve the rights of employees. The project runs through August, 2018.





With funding through the Start network, Dorcas Albania assisted families affected by floods which hit Albania in December 2017. Approximately £30,000 (€34,000) was provided to support 1,500 individuals affected by the floods.

In an attempt to increase our impact and to mobilise local resources, Dorcas Albania is developing its network of stakeholders, resulting in our membership in the ‘Albanian Network for Rural Development’, which is the only official network dedicated to rural development in the country.

Ukraine

In 2017 Dorcas continued its support of socially disadvantaged families with two new family development projects (Transcarpathia and Volyn regions) that were built on the foundation of family care and child care. Beneficiaries received support and knowledge in income-generating activities to strengthen their livelihoods and to improve their well-being. The projects also provide training, for both adults and children in self-esteem, financial

management and life skills. The results thus far are promising: (1) self-motivated families generating more income; (2) improved lifestyle and (3) the creation of sustainable livelihoods. In the long-term, the project has the potential to reduce unemployment in these regions. In addition, we continue to support partners in their programmes focused on the most vulnerable elderly. In Eastern Ukraine Dorcas continued to implement a large-scale humanitarian programme funded by the Dutch government for those affected by ongoing conflict.

Moldova

In 2017 Dorcas Moldova impacted the lives of many people through the variety of our programme emphases. We supported 70 communities in caring for the most vulnerable and trained partner organisation staff to develop programmes for children and the elderly. Our new family development programme supports 600 families by providing knowledge and tools for them to work on improving their living conditions, including business

training sessions in collaboration with NGO Dinar. Families are coached by mentors whom we train in cooperation with Divitia Gratiae University. Dorcas continued to partner with APSCF to advocate for the rights and protection of children. Dorcas is also a member of a network that reviews and updates laws regarding philanthropy in the country.

Russia

In 2017 our Russia work focused on two large Adopt a Granny programmes. We have also supported programmes to improve inclusion of vulnerable groups such as disadvantaged children, the chronically ill, ex-prisoners and poor families in locations in the Caucasus region.

Highlight: Adopt a Granny Moldova

More than 1,100 elderly people in 57 communities were supported in 2017. Dorcas staff worked with multiple partner organisations to develop the Adopt a Granny programme with a focus on long-term sustainability. Our Community Safety Nets approach was introduced and began to be implemented. For example, Dorcas hosted roundtable discussions with government authorities that resulted in local support (e.g. transportation) for the elderly. Authorities also contributed to raise awareness for the rights of the elderly as well as for their practical, material needs in communities. Committees of older people took on the responsibility to visit some bedridden elderly and provided practical support. As a result of awareness campaigns, more community members visited vulnerable elderly more frequently and offered assistance with household duties, errands, etc. To enhance the capacity of partner organisations, Dorcas focused its Annual Assembly of Volunteers and Partner Staff (attended by 90 people) on building Community Safety Nets and raising awareness on the needs of vulnerable communities.

Highlight: Relief Efforts in Eastern Ukraine

Ukraine entered its fourth year of conflict in

2017. Millions of people continue to suffer the consequences of the protracted violence in the eastern region of the country. Each day fighting between parties continues to claim civilian lives. As the conflict drags on, the humanitarian needs continue as well. Dorcas Ukraine is providing assistance for the most needy in Eastern Ukraine.

We implemented the following programmes:

Protection Meetings

We helped 1,446 adults and children in the Donetsk buffer zone through our protection and psycho-social programmes. Professional psychologists facilitated sessions on stress and other related issues relevant to people in the conflict zone. Representatives of the local government also invited Dorcas to host these programmes because they have a positive impact both on adults and children.

Multi-Purpose Cash (MPC)

In Kharkov, Zaporozhye, Luhansk, and Donetsk, 4,738 of the most vulnerable people received MPC, based on guidelines from the UN Cash Working Group. Beneficiaries were able to purchase food and pay rent and utilities.

Non Food Items (NFI) Solid Fuel

166 households received wood for the winter.

Capacity Building

We provided training on Psychological First Aid (PFA), Acute Stress and Post Traumatic Stress Disorder (PTSD), grief, depression, psychosis, and abuse of alcohol and drugs. This was facilitated by the War Trauma Foundation. The training was designed to equip psychologists and community workers of the NGO consortium (Dorcas Ukraine, Save the Children, Caritas Ukraine and Terre des Hommes) to recognise mental health issues and to provide tools to care for individuals and communities.



An Open Door to a Better Life

Alex From Romania

Alex, an 8-year-old Roma boy, is part of one of the poorest ethnic groups in Eastern Europe. When Alex was younger, his family moved to France from Romania in search of a job and a more secure life.

Alex never attended school in France and when the family returned to Romania he was far behind his peers in education.

Many Roma children are unable to attend school in Romania, because they are discriminated against and thus have very limited opportunities. Over time, Alex' parents met the Dorcas staff who facilitate an education project in town. Alex was enrolled in school, now receives high quality tutoring,

and is rapidly catching up on his education. In addition, Alex gets a warm meal every day at school and his nutrition and health has increased dramatically. Alex is doing well in school and in his family. He is flourishing!

Dorcas' hope is for more and more Roma children to enroll in school and to discover their talents and abilities. Good education opens many doors for a better life for these children and their families.

2.2 Africa Region

Ethiopia, South Sudan, Kenya, Tanzania and Mozambique face similar challenges: drought, food insecurity, low income, limited access to clean water and hygiene, and vulnerable marginalised groups - particularly women, children and the elderly. Dorcas mobilises communities around these challenges to provide local and comprehensive support. Protection of vulnerable women and girls, changing harmful cultural and gender attitudes and behaviour, and improving access to sexual and reproductive health services have been key in a number of Dorcas programmes in the region.

Dorcas has developed and supported various programmes for climate change mitigation, disaster preparedness, climate-smart agriculture and diverse livelihoods. Dorcas responded to recurrent droughts in Ethiopia, Kenya and in partnership with Medair in Somalia, and to conflict and crisis in South Sudan. Lack of access to clean water and sanitation is still rampant in the region, which directly impacts health and well-being. Sustainable WASH solutions, including the establishment of local water, sanitation and waste management businesses, improved access to water, sanitation and hygiene and at the same time provides income to people. Vocational training empowers people to get jobs and encourages entrepreneurship. Income generating activities focus especially on women - who are particularly vulnerable - as well as youth, who lack hope and vision for their future.

Dorcas has a long history in Africa. Our national offices with local staff, an extensive network of local partner organisations, good relationships with local governments and other stakeholders are key to our work.

Ethiopia

Dorcas programmes include work in the areas of humanitarian support, livelihoods, WASH, sexual and reproductive health. We supported close to 45,000 people in 2017.

- ▶ Youth were trained, and coached in business ventures and as they seek employment.

- ▶ In rural areas, communities developed and maintain water programmes. They improved their sanitation and hygiene. In urban areas, youth and women were mobilised to set up local water, sanitation and hygiene businesses through which communities have greater access to WASH. In southern Ethiopia, Dorcas has built large water basins for rainwater collection. Self Help Groups have used money they saved in previous years to be better prepared for drought.
- ▶ Vulnerable youth and women learned about their Sexual and Reproductive Health and Risks (SRHR) through awareness-raising and behaviour change and better access to SRHR services. This reduces their risk for contracting HIV, unintended pregnancies and sexual and gender-based violence.

The poverty rate in Ethiopia has decreased significantly over the last 10 years. However, certain vulnerable groups both in urban and rural areas have not benefitted from this change. These groups are most likely to suffer the consequences of drought, food insecurity, poor health, unstable income, loss of future perspective and increased migration of young people from the country. Dorcas and its partners implement a variety of employment programmes to enable people to have access to food (via agricultural projects) and to increase their income through employment and business development. Dorcas and its major partner Selam-Hawassa are part of a consortium programme to improve youth employment along the so-called southern corridor, stretching from the Borena region to Hawassa and eventually to Addis Ababa. The consortium collaborates with local governments, technical vocational schools and the private sector to train youth in skills to start their own micro-enterprise and/or to gain employment.

South Sudan

The year 2017 was very difficult for South Sudan. Continued violence and fighting resulted in widespread displacement, political instability and a deepening economic crisis. In the beginning of 2017 famine was declared in parts of South Sudan and more than 5 million people - half the population -



were in need of humanitarian assistance. In response to this, Dorcas' programmes have had a two-fold focus: 1) basic humanitarian aid; and 2) livelihood development and employment for youth.

- ▶ With the support of the Dutch Government and other donors, Dorcas implemented an integrated programme, combining food security (agriculture), WASH (water and sanitation) and nutrition (screening and treatment of malnourishment) in three areas. Dorcas assisted more than 1,200 people with seeds and tools to empower them to grow crops. In addition, food was distributed to a group of vulnerable leprosy patients who were trapped in the conflict.
- ▶ Dorcas' Vocational Training Centre (VTC) in Wau and other VTCs in the area offer quality, relevant skills training to unemployed youth, which is supported by the EU and other partners. VTC teachers are trained in collaboration with Edukans and Light for the World. Young people are helped via micro-credit programmes and self-help groups to start businesses and provide access to capital to expand businesses.

Kenya

In Kenya, we focused on three programmes in 2017:

community development, child development and protection, and humanitarian aid. We supported close to 65,000 people through these programmes.

- ▶ More than 50,000 people and their families were helped by the Dorcas supported Community development programme - a combination of mobilisation and empowerment of community members, setting up community structures, agriculture, food security and income generation, access to water and sanitation and improved health and hygiene behaviour.
- ▶ Dorcas supported disadvantaged children and their families to foster their development through our Child Sponsorship and SRHR programmes. We provided support in their local contexts through local government, schools, community organisations, etc. Children and youth - girls in particular - were empowered to understand and advocate for their rights. Disadvantaged families were trained to provide better access to education, food and other necessities.
- ▶ Dorcas transported water to northern areas struck by drought and victims received cash donations via a mobile phone app to help them survive. Communities also increased their capacity to collect and store rainwater to be better prepared for drought.

Our local partner North Gem, the local government of Siaya County and water company Maji Milele, launched a 6-year strategic partnership. These four parties form a public private partnership (PPP). This PPP is partly being funded by the Netherlands Enterprise Agency (RVO). The partners work to provide clean drinking water to over 100,000 residents in Siaya County. The commitment and involvement of local partners ensures that even after completion of the project, residents will continue the work.

Currently, many residents in Siaya County do not have access to clean drinking water and current water services are not sustainable. The partners will rehabilitate water infrastructure and install prepaid metres for easy and fair collection of water fees. Residents will also be trained on the importance of clean toilet facilities and the use of sanitary products. Women will be supported to start their own business to produce sanitary products.

Tanzania

We supported close to 20,000 people in 2017.

- ▶ In the villages of Terrat, Nadasoito and Mkonoo, which suffered longer periods of drought followed



by floods, Dorcas supported farmers to mitigate environmental change, improve their land and water management, collect rainwater and obtain alternative income. Youth and women have been trained in Farmer Field Schools and via vocational training (e.g. tailoring), organised by a community resource centre. The programme helps launch Village Cooperative Banks and to obtain access to financing. Participants not only increased their yields and their resilience, but also their self-confidence.

- ▶ Together with local partners, Dorcas increased awareness about healthy SRHR behaviour, achieved access to local services and mobilised communities to support girls in menstrual hygiene management.
- ▶ Through Dorcas’ prison care, prisoners and parolees have learned skills that help them reintegrate into society upon release.
- ▶ We also run a safety net programme for elderly people and family development programmes for vulnerable children.

Mozambique

The programme in Mozambique centred around WASH, health and empowerment and protection of vulnerable children, girls and young women. More than 10,000 people were supported in 2017.

- ▶ We trained water well drillers and welders in the production of drilling tools. Students have been allowed to gain experience in these technologies and are developing themselves into entrepreneurs.
- ▶ Gardens have been established at water points providing people with vegetables to improve their diets and to provide opportunities to obtain an income.
- ▶ Several empowerment programmes, e.g. ‘Girls Stand Up for your Health and Rights’ project, were implemented to help adolescents, women and heads of households to access health services, start vocational training and other income generating activities. Women and girls are more confident and able to share their views, since harmful (gender) norms were also addressed in the communities.



Africa



Relief



201,985
beneficiaries



2,019,959
budget spent

Level of TOC



Community Based Care and Protection

Safety nets



1,522
beneficiaries



264,465
budget spent

Level of TOC



Future for Children



18,476
beneficiaries



647,074
budget spent

Level of TOC



General



13,370
beneficiaries



223,613
budget spent

Level of TOC



South Sudan

Somalia

Ethiopia

Kenya

Tanzania

Mozambique

Lesotho



Enterprising People

Employability



1,525
beneficiaries



332,051
budget spent

Level of TOC



Early Recovery and Resilient Livelihoods

WASH



29,345
beneficiaries



265,530
budget spent

Level of TOC



Resilient Livelihoods



49,178
beneficiaries



530,298
budget spent

Level of TOC



Levels Theory of Change



Individual
Empowerment
and Life Skills
Development



Community
Asset Based
Community
Development and
Organisation



Society
Multi Stakeholder
Partnerships
Advocacy



Growing Business

Emameye From Ethiopia

A few years ago, 35-year-old Emameye and her four children were overwhelmed by life's challenges. Her husband did not earn enough money to pay for basic household expenses.

She began collecting fuel wood (an intense and very difficult job) and sold it in the nearby market. Eventually she moved to Saudi Arabia to get a job as a maid. Once she began working in Saudi, Emameye sent money back to Ethiopia for her children. They started to eat well, to purchase clothes, and they stopped worrying about paying their school expenses. Emameye also sent money on a regular basis to be put into a savings account for the children, but this money was used for food and other daily expenses instead.

After living in Saudi Arabia for two years, the government expelled undocumented immigrants. Emameye was among them. When she arrived back in Ethiopia, she learned that life was not good there. The money she had sent to be

saved was spent by her family on daily expenses. She did not have a penny in her bank account and so her suffering continued. She knew she had to make money to care for her family but she did not know how, until she became part of a Self Help Group (SHG) facilitated by a Dorcas project.

As part of the SHG, Emameye was trained in the skills of business development, money saving and credit management. In time the local government provided her with a location to open a small shop, using the savings and credit she had obtained. The project staff provided technical assistance regularly. Now Emameye is dreaming of growing her small business into a more profitable venture and she is working toward making her dream come true.

2.3 Middle East Region

The conflict in Syria has been ongoing for more than 7 years, with devastating consequences. Half of the Syrian population have been forced to flee their homes, of which 4.8 million people have fled to neighbouring countries such as Lebanon and Iraq. In 2017, 13.5 million people were in need of humanitarian assistance. With the continued fighting and no expected end to hostilities, the scale, severity and complexity of this crisis remains beyond words.

Lebanon, which borders Syria to the west, has been on the forefront of one of the worst humanitarian crises of our time. In 2017, Lebanon hosted more than 1.5 million Syrian refugees (Lebanon's normal population is 3 million). This influx and the continued conflict in Syria brings economic, social, ecological and political challenges, resulting in increased poverty and vast humanitarian needs for Syrian refugees and vulnerable Lebanese host communities.

The rise of Islamic State (ISIS) in Iraq has had a devastating impact on the well-being of the Iraqi population. ISIS-occupied territory saw brutal treatment of those who could not or did not flee. Mass destruction took place by ISIS during their occupation and by allied forces during the fight to retake occupied areas. Prolonged displacement of people disrupted the livelihoods of individuals and turned them into people heavily dependent on aid for survival. In 2017, 11 million people inside Iraq were in need of humanitarian assistance.

The Middle Eastern countries where Dorcas is actively at work are Syria, Lebanon, Iraq and Egypt. We have been serving the region since 2012 with relief, early recovery and resilient livelihood programmes. Our specialisations include rapid emergency response, integrated health care and community-based protection. We put a special emphasis on multisector programming through cash-based assistance. We believe that giving cash support is a dignified and appropriate way to effectively address the needs of affected populations and to simultaneously strengthen the local economy. We integrate protection with our cash assistance to ensure that support is accessible for all people.

Syria

- ▶ We provided emergency support to populations in East Aleppo and Der ez Zour, both of which were under siege or severely affected by the conflict.
- ▶ We developed and implemented an integrated approach linking health, community-based protection and food security in Aleppo with a special focus on women. This has proven to be successful and is currently being implemented in Homs as well.
- ▶ We started a community centre in Homs at which community-based protection services are provided.
- ▶ Dorcas' legal registration as an international NGO inside Syria is now complete and we are focusing on expanding our operation in Syria.
- ▶ An external evaluation showed that Dorcas is strong in capacity building of local partners, especially on protection and identification of Sexual and Gender-based Violence.
- ▶ Continued fighting posed serious security risks on staff and operations and made it difficult to implement programmes at times.

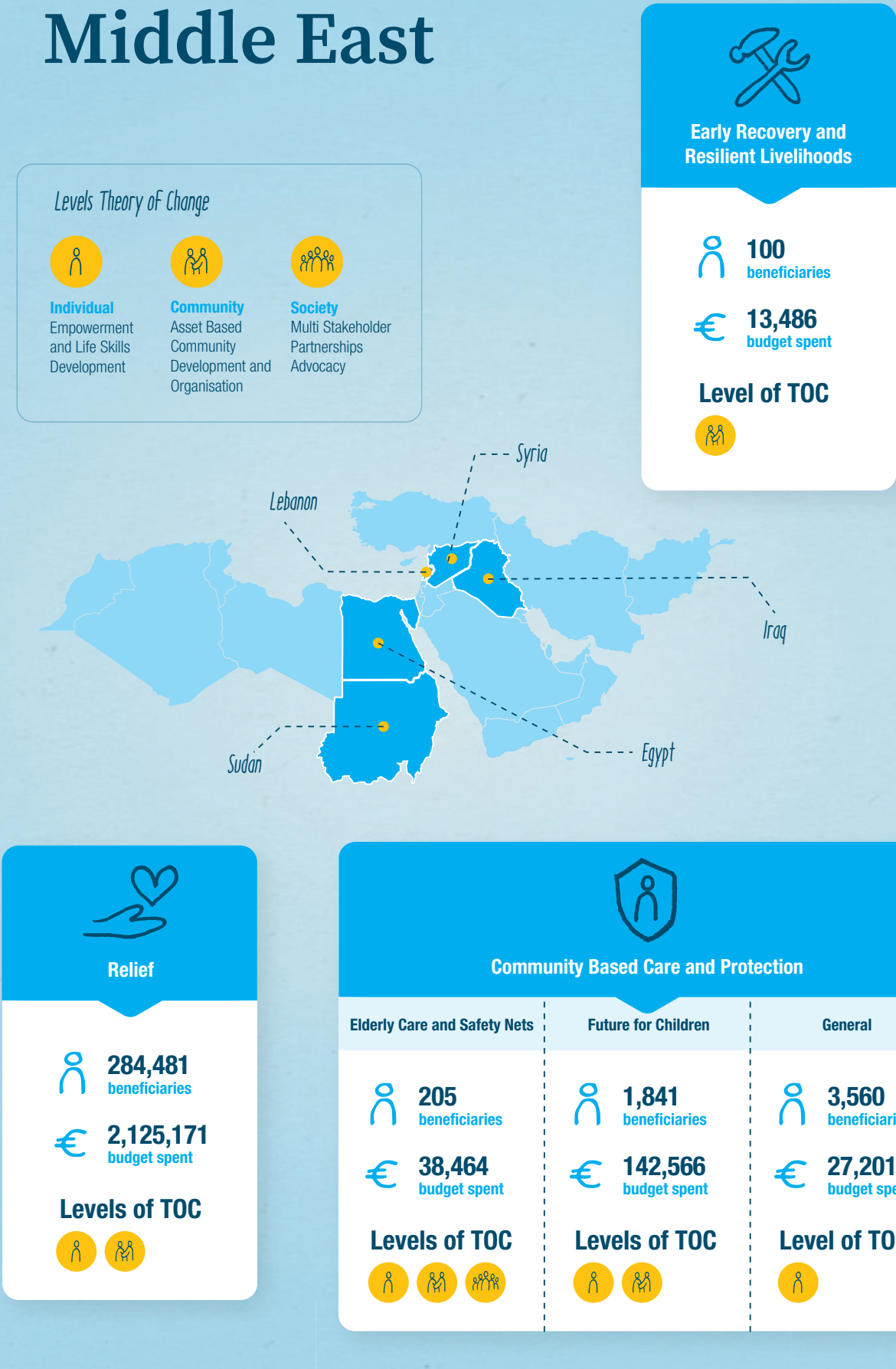
Lebanon

- ▶ We continued community-based protection activities in our centre in Aley near Beirut, promoting social cohesion between the Lebanese host community and Syrian refugees.
- ▶ We attracted new Institutional Donors, especially the United Nations Population Fund (UNFPA).
- ▶ We launched a successful school feeding programme for Syrian and Palestinian refugee children with community centres as central hubs.

Iraq

- ▶ The Dorcas eye vision screening for children in camps was a major success, approximately 14,000 children ages 6 to 12 years were screened and 1,630 children received eyeglasses. This contributed to their well-being and school performance.
- ▶ We provided emergency aid for newly liberated people in and around Mosul.
- ▶ We started programmes in Sinjar, specifically serving Yezidi families.
- ▶ Our Portraits of Power stories from Iraq (also available in English) were published in the Metro newspaper.

Middle East



- Tensions between the central Iraqi government and the Kurdish region made it difficult to operate at times.
- We started the NGO registration with the Iraqi government in 2017 and this was finalised in early 2018.

Highlight: Syria

Dorcas has been active in Syria since 2012, working with displaced populations and local host communities. We focus on food security, health and protection in various provinces, primarily in and around Aleppo and Homs. Currently we are expanding to other areas in the suburbs of Damascus.

Integrated Health and Protection Programmes

We have provided health support via mobile hospitals (called Hospitainers) and support to permanent primary health care facilities in Homs and Aleppo provinces since 2013. The mobile health facilities provide secondary medical care – basic surgical procedures and Caesarian Sections. Dorcas also supports a rehabilitation centre, providing physical therapy and mobility aids. We have partnered with a local NGO to create an online reporting system for victims of sexual and gender-based violence. A mobile app provides refugees and internally displaced people safety to report violations and to receive personalised assistance. We also train health staff to identify, refer and counsel individuals - primarily women and children – to receive health services when they face protection issues. Dorcas also provides community-based protection through community centres. Currently we operate two community centres in Aleppo and Homs providing child protection, psycho-social support, referrals, awareness and after-school programming for vulnerable individuals.

Food Security

One of the greatest problems in Syria has been food insecurity. Dorcas regularly provides food parcels and cash vouchers to various populations. In addition, we provide meals in local schools for children so they are motivated to attend school

and have access to healthy food. This benefits their development and well-being.

Highlight: Egypt

In 2017 Dorcas in Egypt continued to empower the marginalised and oppressed on the fringes of society, promoting self-reliance, affirming structured community transformation and sponsoring participatory approaches in partnership with government institutions, grass-roots community organisations and local volunteers towards more (sustainable) change.

With the objective of creating sustainable, prosperous livelihoods for impoverished women in rural Egypt, the Farmer Field Schools programme has empowered female farmers by giving hands-on experiential training to increase their economic viability. Through direct work with family and community stakeholders, the project succeeded in providing beneficiaries greater latitude and access to resources, moving towards independence in managing their own finances. The programme created an enabling and inclusive environment conducive to women's economic empowerment and well-being while improving accessibility to quality basic services. Our pioneer girls and child development programmes equipped underprivileged girls and children who suffer under the most dire and vulnerable living conditions - in both urban and rural settings - to escape the vicious cycle of abuse and trauma, to discover their value in God's eyes and to realise their potential. The programme equipped them to express themselves, to have a positive attitude toward life and to pursue leading roles in their communities, becoming role models to inspire and encourage others towards safe and flourishing communities.

2.4 Capacity Building

Using the Theory of Change as our basis, Dorcas invested significant time and effort in 2017 to investigate how to translate this document into daily practise. This process culminated in a concise paper called, 'The Dorcas Way of Working' (WoW) which

shows how the organisation will work and in which areas. A number of approaches were identified in which Dorcas will develop expertise and which will characterise our programmes. It is vital that Dorcas staff and our partner organisations are thoroughly familiar with the Dorcas Way of Working. Throughout 2017 Dorcas programme staff from the Netherlands conducted 'WoW workshops' to introduce local staff to this new approach. In 2018 there will continue to be a strong focus on capacity-building activities related to the approaches outlined in the WoW. First, Dorcas country staff will be trained in the approaches so that expertise is anchored in the organisation. Second, Dorcas staff will train partner organisations so that we can implement programmes that contribute to our vision.

2.5 Monitoring and Evaluation

In our Theory of Change, we have drawn 'road maps' to illustrate how we believe change happens in a specific setting and how our programmes contribute to our long-term objectives. These road maps are models and, therefore, do not fully represent the actual situation, but we strive to come as close as possible to reality. In order to do this, we test and

refine our theories on the basis of our experience and ongoing research. This means looking critically at relationships between steps in the process and at specific assumptions that we make about people's behaviour and their environment. The Monitoring Evaluation Accountability and Learning (MEAL) department in Dorcas plays an important role in facilitating this process by establishing a learning agenda with our Programme staff. This forms the basis for research, evaluation and impact studies.

In 2017 we identified the specific approaches that form the foundation of our programmes and that characterise Dorcas' Way of Working. For each of these approaches a road map (theory of change) has been developed that describes how the desired change will occur. These road maps will be tested, refined and adjusted where needed and will form the basis for our learning in 2018. We also designed a Results Framework that complements our new Way of Working. This framework provides insight into our planned objectives, results and outcomes. We are increasingly using precisely planned pilots and impact studies in order to innovate our approaches and contribute to a continuous cycle of improvement.





Safe Haven

Nouna From Syria

Nouna* is 14 years old and has four brothers and a younger sister. She was born in Der Hafer near Aleppo.

Nouna has been displaced more than ten times during the six-year civil war. A year ago her family finally settled in Masaken-Hanano. She has not been able to attend school until this year, when she entered the sixth grade. Her parents are unable to help her with schoolwork because her mother is illiterate and her father works long hours. She must depend on herself for her education. Nouna loves and cares about her family, especially her 10-year-old brother who was injured and has shrapnel lodged in his head. She fears for his health and for his life.

Nouna says, 'the Dorcas community centre represents the safe haven for

me and all the children, the safe place that I haven't had for six years. I feel the love and care of the teachers. I like studying Arabic and mathematics, and I have become much better in English so I'm able to read it now.' Nouna's dream is to become a teacher someday to help children who cannot read or don't have anyone to help them study. Nouna is a remarkable presence at the centre; she attended the child protection training in Aleppo and was very involved. She also encouraged her friends to attend the training because all Syrian children are at risk.

** The name Nouna and the photo are fictionalised for reasons of safety.*

Chapter 3

Working Together

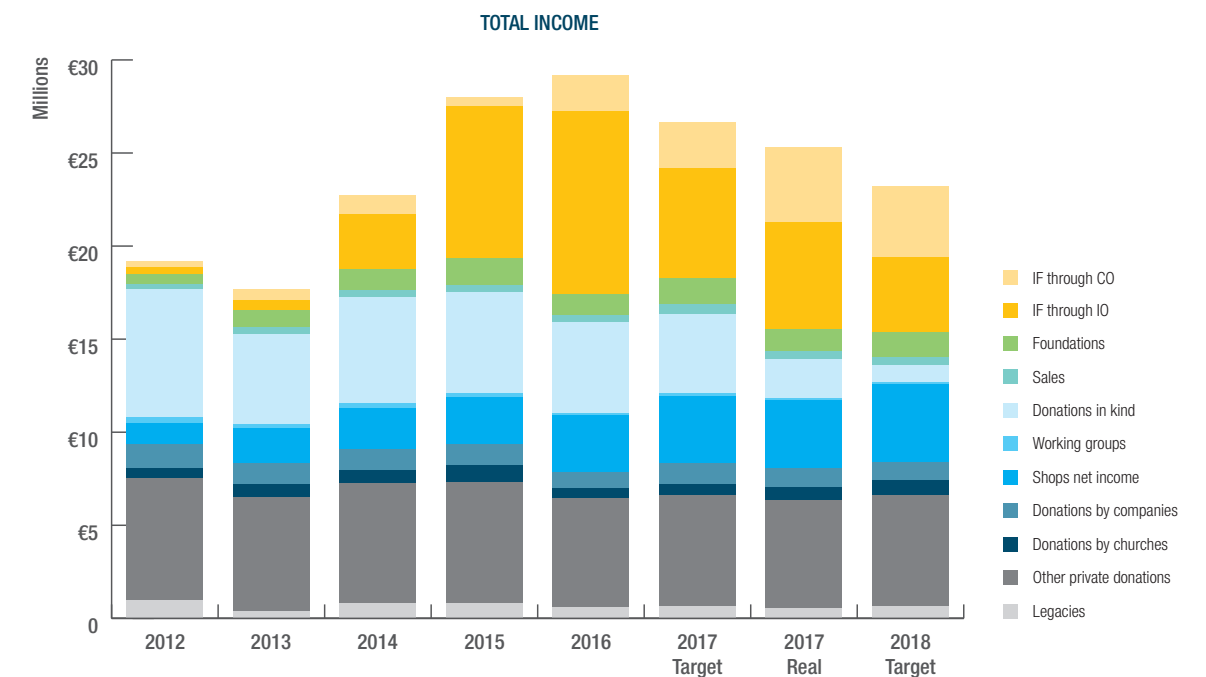
We increasingly realise that fundraising is not primarily about receiving money, but about relationships. In 2017, we expanded this idea, using the phrase 'Community and Resources' instead of 'Fundraising and Communication'.

At the end of 2017, we weighed the consequence of this decision in the context of the organisation. We dismantled the department of Fundraising and Communication and replaced it with the Community and Resources Mobilisation area of attention. In this way we hope to strengthen our relationships in the Netherlands and abroad and to engage constituents to commit to our mission in a variety of ways: from investing time to donating money, from praying to partnering, from sharing to inheriting.

In this chapter, we present the fruit of Community and Resources. We also provide historical analysis from 2012 through 2017. This longitudinal view helps us to reflect on 2017 results and provides insights for future policy.

3.1 Overview

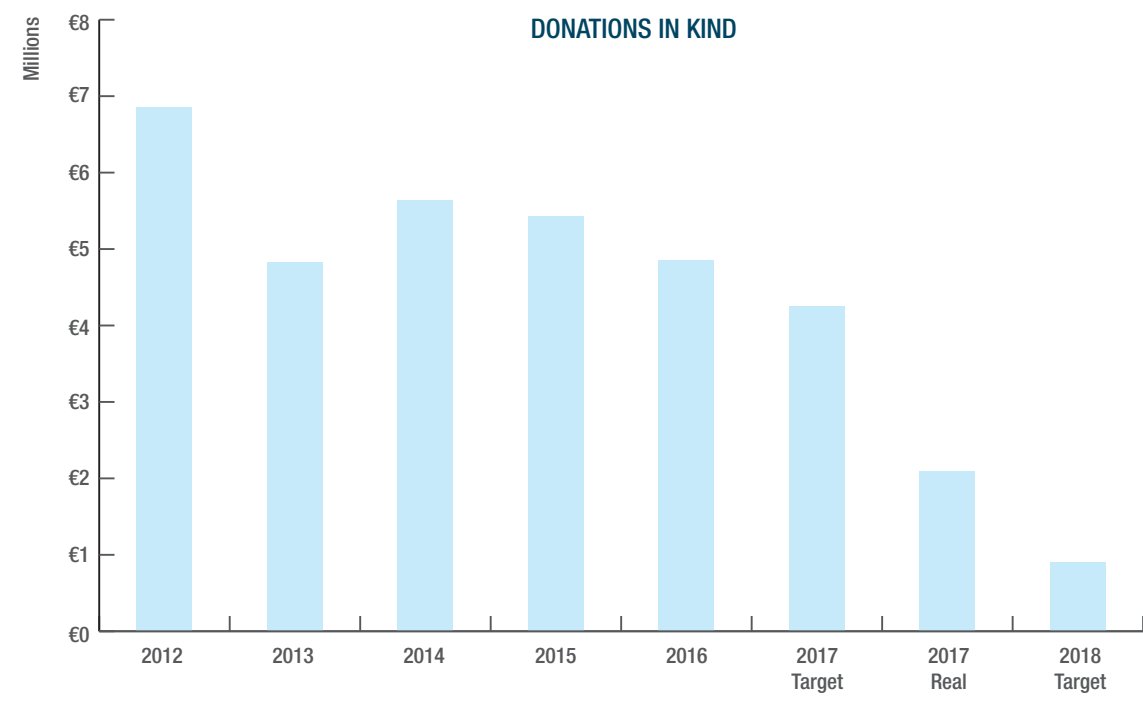
The total income for the past six years is presented here 'CO = Country Offices', 'IO = International Office', 'IF = Institutional Funding':



Total income varies from year to year. Two main factors explain this variation:

- ▶ The income from donations in kind;
- ▶ The income from institutional funding (IF).

Regarding the donations in kind, we see this evolution:



This considerable decrease is the result of our strategic decision to phase out our material support shipments. In 2016, we made 88 shipments, in 2017 we made only 58.

In 2017, about 50% of our donations in kind were the result of our Dorcas Food Campaign. We held this campaign at about 700 grocery stores, churches and other locations, resulting in 33,000 food parcels at a €30 value per parcel. We received an additional €225,000 in cash donations. The campaign changed in three important ways:

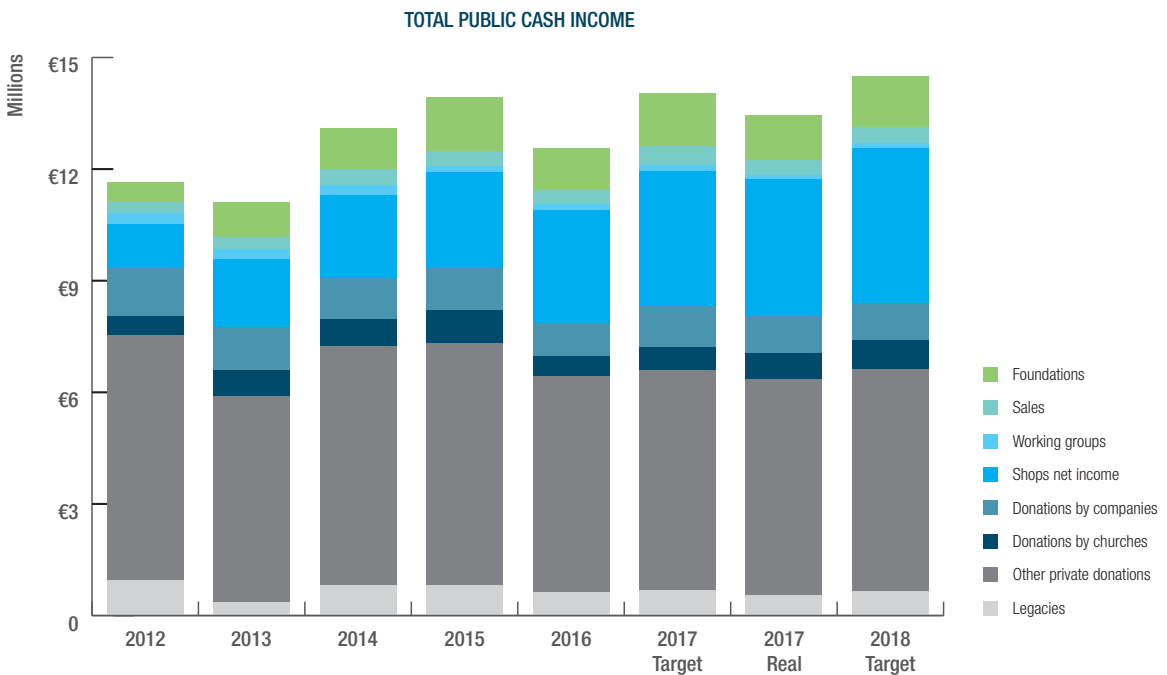
- ▶ We developed a new slogan expressing the ‘why’ of the campaign: ‘Because we care’;
- ▶ We explained that the parcels are part of a larger community-based care programme;
- ▶ The parcels were sent to only four countries: Albania, Moldova, Romania and Ukraine, to

support vulnerable elderly people in our Adopt a Granny projects.

In the future, the one and only resource for donations in kind for our projects will be this Dorcas Food Campaign. It is an important opportunity to mobilise our community in the Netherlands, including about 8,000 volunteers. It is also an attractive opportunity to enrich our community-based care programmes in four countries with specific material support. And we are able to implement this campaign at almost no net cost to Dorcas, thanks to several donations.

The second factor that explains the variation in total income is the donations we received from institutional funds (IF). In section 4.4, we will elaborate on that in more detail.

Excluding donations in kind and institutional funds, total public cash income looks as follows:

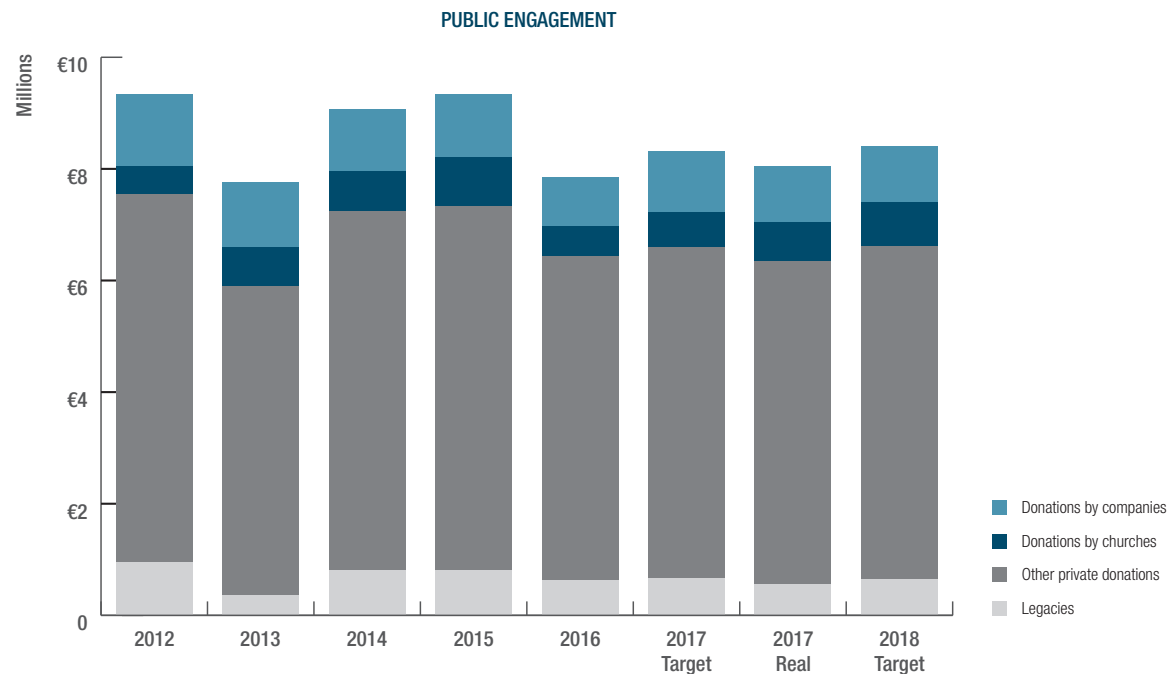


Despite the fact that total public cash income in 2017 was slightly below target, we can see it exceeded that of 2016. Moreover, there is a slight positive trend in total public cash income over the years – a trend we hope to see continuing in the near future.

3.2 Public Engagement

Traditionally, fundraising is understood as the task of engaging a constituency to donate money for the

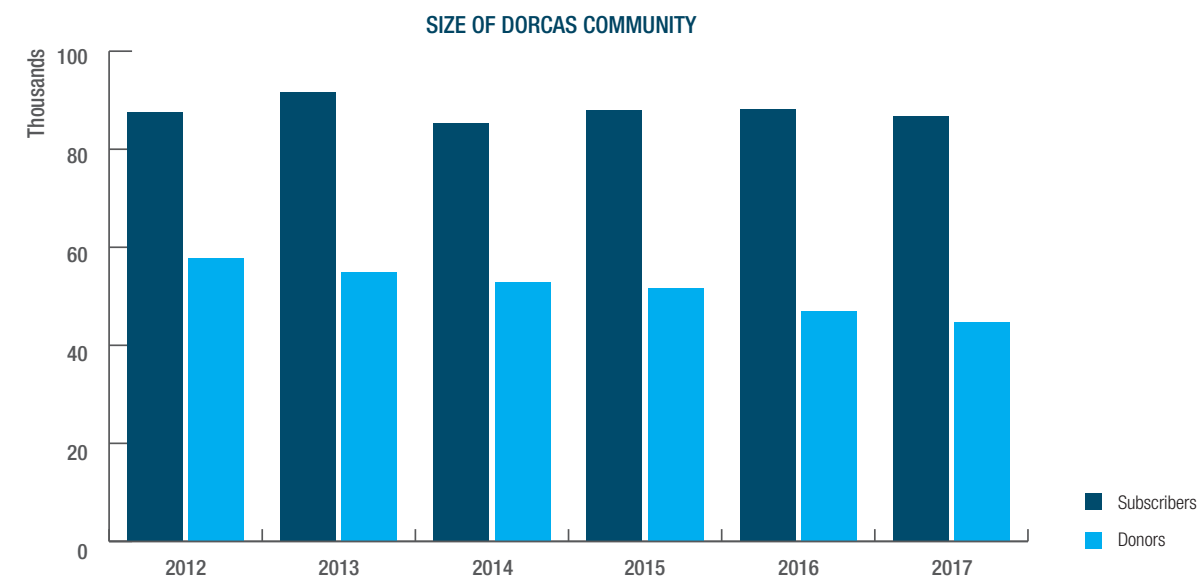
cause and mission of the organisation. At Dorcas, we now embrace a broader vision for fundraising. On the one hand, we believe that more than money is needed: prayer, volunteer time, partnerships, etc. On the other hand, donations are not our only source of income. We also use a social business model. Section 3.3 will go into this social enterprise; for now we will concentrate on how we engage the public, resulting in sponsorships and other monthly donations, major donations, and legacies. We call this *Public Engagement*.



In 2017, the fruit of our public engagement was below target but exceeded that of 2016. In a time when many charity organisations have seen a general decline in donations, this makes us grateful. We also see a decrease after 2015, which was a year of extraordinary relief income.

The number of donors in relation to the total of the Dorcas Community (measured by the number of

subscribers to any Dorcas magazine), shows that its size is stable but that the number of donors has decreased quite dramatically: from 57,818 at the end of 2012 to 44,768 at the end of 2017. However, the average donation amount grew during the same period. In 2018, we will analyse these trends further and seek innovative ways to engage existing and potential new donors. In 2017, we already implemented the following improvements:



► We shared news extensively on social media. The number of followers on the Dorcas Facebook page grew from 2,988 at the beginning of the year to 3,860 at the end of the year. This number needs to multiply. Our news updates were written in a more goal oriented, coherent and varied style. In 2018, we will also use Instagram to connect with younger generations.

► We improved the design of public campaigns and made them more content driven. The 'Because we care' slogan of the Dorcas Food Campaign is one example of this. The variety in terms of stories, photographs and videos has been expanded. Content is used across several types of media. In 2018, we will expand further on this.

► Our magazine *Dorcas Journaal* for the Dutch public has been upgraded and renamed *Hartslag* – a professional magazine that engages a wide variety of individuals, presented in a more attractive manner with higher quality, larger illustrations and heart-stirring stories of change. *Hartslag* will come out three times a year, whereas *Dorcas Journaal* had eight issues annually.

► We also published our business magazine, *Dorcas Connect*, a new magazine for churches *Dorcas Diaconaal*, and one for our sponsors called *Oog in Oog*. These periodicals provide perspectives on our work in Eastern Europe, the Middle East and Africa and relate stories of lasting change. But they also present engaging articles on donors and inspiring individuals, entrepreneurs and churches in our Dorcas Community. In 2018, we will evaluate this spectrum of these magazines.

► A new campaign was launched called *Portraits of Power*. It celebrates women all over the world who are powerful, fearless, and inspirational. Portraits of Power seeks out and celebrates 'ordinary' women and girls who display power in caring for their families, dignity in living in a foreign country, or commitment to reconciling communities after conflict. Portraits of Power is not about circumstances but about people. Through Portraits

of Power we connect women all over the world. In 2017, we began with portraits of women in Iraq and Ukraine, in 2018 Syrian women will be portrayed. This campaign connects us to new groups in Dutch society.

► A number of new websites were launched in 2017: the Dorcas web shop, where constituents can donate by 'purchasing' parts of our projects, e.g., a training or a lavatory; the Adopt a Granny website, to inform and inspire our community to get involved in this powerful programme; the Portraits of Power website, which is the core of the campaign mentioned above; and a website that enables staff of business partners to initiate peer-to-peer fundraising activities in their network. In 2018, the *dorcas.nl* and *dorcas.org* websites will be upgraded – not only visually and with higher-quality content, but with a whole new concept. The .org website will focus on corporate relationships, whereas the .nl website will engage a wide community of individuals, churches, and entrepreneurs in the Netherlands.

In 2018, we will continue to invest in innovative ways to generate new leads of people who are interested in partnering with us. This will include investments in high-quality storytelling, engaging online presentations, and developing thoughtful donor journeys.

3.3 Volunteer Enterprise

Donations are not our only source of income. We also run 'social enterprises'. Dorcas Shops throughout the Netherlands sell second-hand goods. The profits support our development work. Every shop is run by a local board and many committed volunteers. Therefore, we call it a Volunteer Enterprise.

Both the number of volunteers and companies partnering with these shops are on the rise. In 2017, two new shops were launched, in Winsum and Hoorn – which means that more than 100 new volunteers were added to the Dorcas Community.

We now have 31 shops with about 2,500 volunteers involved on a monthly and often weekly basis. Our goal now is to launch five shops each year and recruit about 50 volunteers per shop. We place special emphasis on the importance of these volunteers not just running the shops

and contributing to local publicity, but also forming a strong community in their own right and contributing to the social cohesion of their towns. Moreover, the shops contribute positively to the ‘circular economy’ and to the reduction of waste.



The chart above presents the growing number of Dorcas Shops. We estimate that the shops had 950,000 customers in total and sold about 3,000,000 items. The average purchase consisted of three items with a sum value of €6.40.

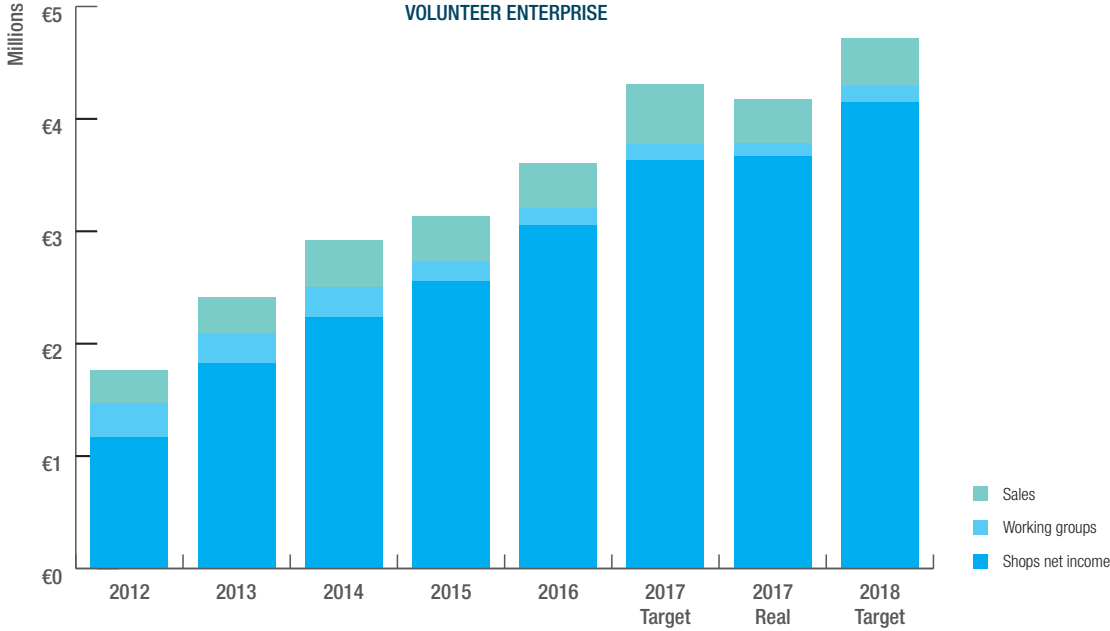
In addition to people serving in Dorcas Shops, another 1,000 volunteers all over the country collect and sort second-hand clothes and organise activities, e.g., local door-to-door collections. We rediscovered the potential of these faithful volunteers and re-emphasized their contribution to our mission. Many of them have a strong ‘Dorcas feeling’, embracing and supporting the mission of Dorcas which makes them important ambassadors.

In 2017 we faced the question, ‘How do we continue collecting second-hand goods while intentionally reducing our shipments from the Netherlands to countries where we work?’ In September,

we organised a national gathering for volunteers involved in these collections, in order to inform them about our strategy and to address their questions. The conclusion was: ‘We will sell these goods instead of handing them out to beneficiaries – so we can invest the proceeds for our development programmes, and be able to support our beneficiaries even better than we already do.’

In 2018, we will develop a business plan to ship second-hand clothes to Romania, where we have a retail partner and venues to sell these clothes. In 2017, we made 17 shipments of second-hand goods to Romania to be sold there.

In order to engage our volunteers, we published a magazine called *Hart en Handen*. We also helped some of our constituents who could not find reasonable outlets for their handcrafted products, with a studio where these can be sold.



We feel that the contribution to our mission through our volunteers in shops, workinggroups and sales activities is very promising – again, not only because of its financial fruit, but also in terms of value added to communities, social cohesion and the circular economy.

3.4 Partnerships

We partner with several Dutch foundations, including Dioraphte and De Hofsteestichting. Income through foundations has been stable over the years, and we believe there are new opportunities. In 2018, we will invest more to explore these. Another important partner is the broadcasting Foundation EO Metterdaad. We received €387,000 from EO Metterdaad and €827,000 from other foundations for a total of €1.2 million. 79% of this amount was designated for development work, 21% for relief.

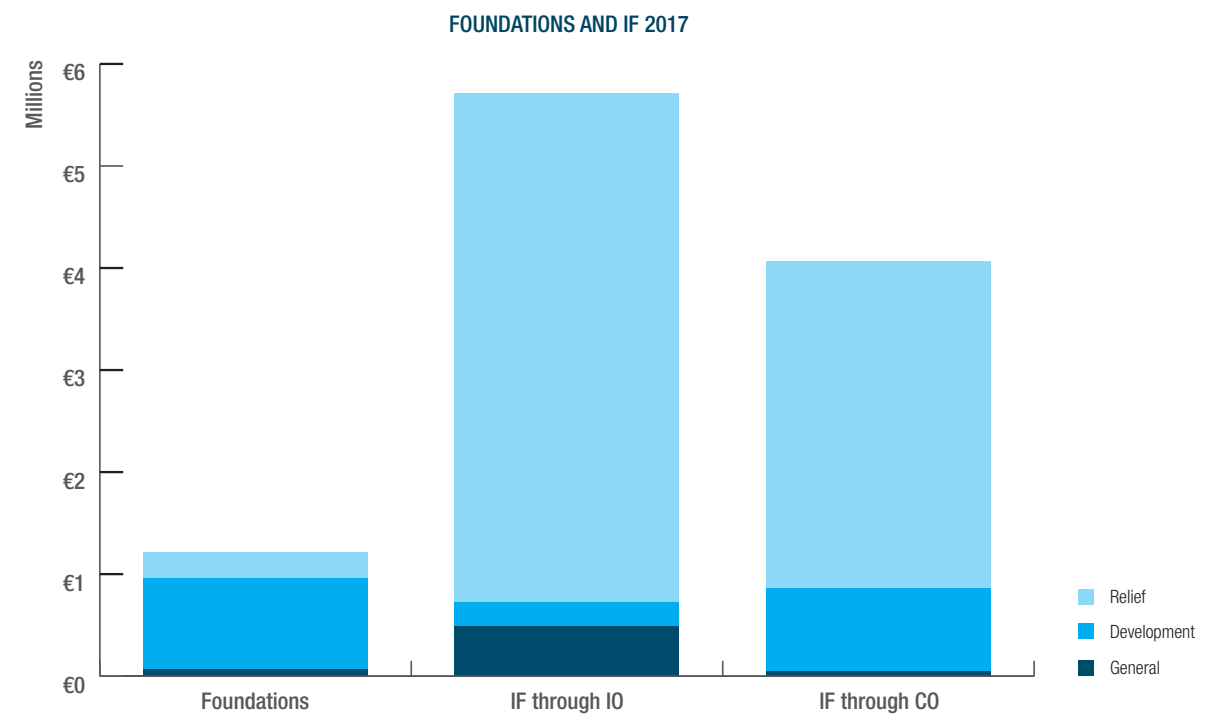
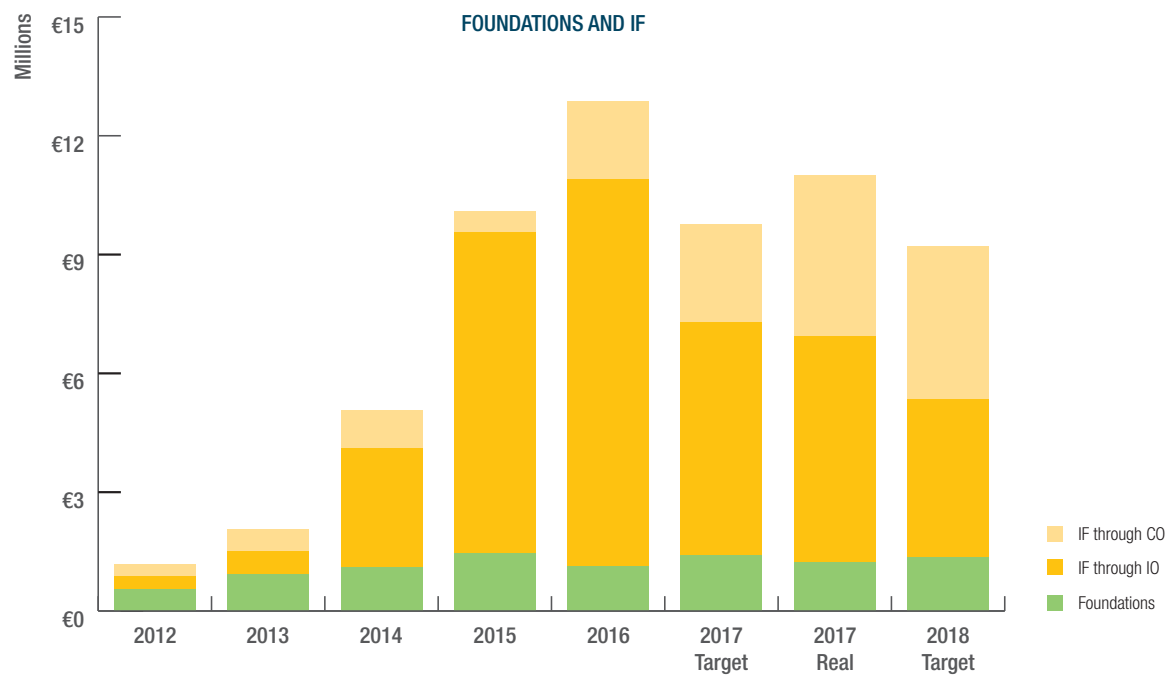
Our most important partner in humanitarian aid is the Dutch Ministry of Foreign Affairs (MOFA). As a member of the Dutch Relief Alliance (DRA), we received €5.8 million for Joint Response relief

programmes in Ukraine, South Sudan, Syria, Iraq and Somalia (in Somalia, we implemented the Joint Response through Medair). The Ministry also pledged €1.9 million over five years to address causes of migration in Ethiopia to a consortium, led by Woord en Daad Foundation, where Dorcas is one of the partners. We also signed a contract for €1.5 million over five years with RVO (Rijksdienst voor Ondernemend Nederland) for an FDW (Fonds Duurzaam Water) Public Private Partnership in Kenya.

We are committed to the highest operational and ethical standards in our use of funds, as we are in our programmes. We invest in developing sustainable projects in partnership with the business community and government – which is an important solution for achieving our Sustainable Development Goals.

A new opportunity for businesses, foundations and individuals to partner with us is the Dorcas Shops Investment Fund, which are fixed-term, fixed-interest contractual loans to finance rapid growth of the number of Dorcas Shops.

The following chart illustrates income from foundations and institutional relations from 2012 to 2017.



The total IF income via the International Office in 2017 was significantly lower than in 2016 due to smaller grants from MOFA for DRA Joint Responses and the end of the MOFA-funding for the Protracted Crisis in the Horn of Africa. However, the 2017 income generated by the Country Offices exceeded €4.5 million; significantly more than in 2016 and also above what was budgeted. Our Country Offices have shown increasing success in obtaining funding from institutional partners such as the EU, WFP and the UN and also incidentally from a foundation (which is in the figure included in 'IF through CO'). We expect to see more growth from this source and slower growth in funding by institutional relations through

the International Office because donors are shifting priorities to work with local partners and local calls for proposals.

For 2018, DRA income is again expected to be lower, at €3 million. We expect development income from institutional relations to be slightly higher as some of the anticipated new contracts will be confirmed.

The division of foundations and IF income 2017 across development, relief and general income (including overhead allowances on grants) is as follows:

Our primary institutional partners have been MOFA and the EU. We have been actively looking at diversifying this donor base and have received income from the United Nations and other donors in 2017. We also have a first approved concept note for BPRM (US State Department) for Iraq. In development we hope to diversify by focusing on DFID and other European donors. There are promising signs that funding will be obtained from DFID in 2018.

As part of our efforts to collaborate we have joined PerspActive and we see opportunities for funding in places such as Iraq, Ethiopia and elsewhere. We also expect more opportunities for partnership with the Start Network. In 2017 we received Start funding for rapid response interventions in Albania and Ethiopia and for a crisis anticipated in Kenya. We also piloted Blockchain, which contributed to the Start focus on innovation in Humanitarian Aid.

3.5 Evaluation

In 2017 we expanded our donor-related fundraising. We transformed our terminology to Community and Resource Mobilisation, concentrating not so much on the fruit of the relationships, but on the relationships themselves. Moreover, we have innovated: from new shops and new magazines to new websites and a business model for donations in kind. The fruits of collaboration by being active in networks and by joining new networks, are clear. With respect to institutional funding, we see a shift from the International Office to Country Offices.

Lessons learned from 2017 and which have priority in 2018 include the following: ways to generate leads of people and organisations interested in our cause and mission; facilitate a clear, strong and positive external presentation; and develop a stable, inspiring and well-organised structure.



Chapter 4

Organisation

We highlight the internal and external aspects of the organisation in this chapter. We discuss our corporate values, model of governance, staff and human resources policies, and organisational developments. We also comment on our external relationships with stakeholders and network involvement.

4.1 Organisational Development

An internal organisational change process was initiated in 2017. We concluded that our current organisational model was reaching the end of its life span. The present operating environment requires that we react quickly to developments in countries of operations. The ever-changing, competitive funding situation demands quick and precise reactions as well. This means that more empowerment, mandate and responsibility need to be allocated to staff facing these challenges. Therefore, we decided to move away from the hierarchal task-oriented model towards a more competence-based and result-oriented model. The newly adopted policies focus on empowering our beneficiaries while calling for more staff empowerment in the organisation. The Country Offices are becoming the frontline of Dorcas operations. The International Office in the Netherlands is primarily focused on support, providing added value and generating income.

This shift will result in further empowerment of our Country Offices, where decisions are made on the front line and as close to implementation as possible. It also means that the organisation must react quickly to requests for support from Country Offices. Therefore, we are moving from departments with rigid boundaries to areas of attention with more fluid boundaries. Multi-disciplinary teams for designated assignments have a mandate based on clearly defined objectives.

Country Offices are the front offices of our organisation. They are the programme

implementers, either through self-implementation or with partners. Depending on the context, we partner with others, we self-implement, or, especially in fragile contexts, we use a hybrid model. Our Country Offices are focused extensively on capacity building, empowerment and positioning.

4.2 Management and Governance

Dorcas is an officially recognised relief and development agency by the Central Bureau for Fundraising (CBF) in the Netherlands. CBF has specific requirements about how agency supervision should be organized. The CBF reviews Dorcas each year in regards to fulfilling CBF regulations. Every third year the CBF does an in-depth review of Dorcas before issuing an extension of the certificate. Dorcas opted for the model in which internal supervision, executive responsibilities and implementation are clearly discerned and separate.

Responsibilities	Who is Responsible
Supervision	Supervisory Board
Executive mandate	Executive Board
Implementation	Country directors, managers and staff

Management Team

In 2017 the Supervisory Board amended the constitution in regards to the Executive Board's mandate. The Chief Executive Officer (CEO) now has final responsibility and other executive

directors have statutory roles. The Supervisory Board, at the request of the executive directors, approved the rules and regulations as outlined in the document 'Management Team decision making in the organisation', including an escalation procedure. This ensures a transparent, healthy and effective decision making process. The Management Team consists of the CEO, the Chief Financial Officer (CFO), the Programs and Knowledge Support Manager, the Community and Resources Mobilisation Manager, and the Human Resources Manager. Mr. Leo Visser, CEO and Mr. Nico Hoogeraad, CFO hold statutory positions in Dorcas Aid International. For decisions with international repercussions we extend the Management Team to an International Management Team. Each region has appointed one country director representing its region (Africa, Middle East, Eastern Europe) in the

International Management Team. The Chief Program Officer (CPO) resigned from his position at the end of 2017. The responsibilities were primarily taken over by an interim Programs and Knowledge Support Manager and partially reassigned to other members of the Management Team. The Management Team meets every two weeks. The International Council, finally, meets with the Management Team twice annually to discuss overall policy.

Supervisory Board

The Supervisory Board has four governance meetings and two additional in-depth policy meetings per year.

Subjects discussed during 2017 were the 2017 Annual Report, the 2018 Annual Plan and Budget, the performance of the CEO, CFO and CPO, the Auditor's Report, Compliance, the organisational development

process and agenda for organisational change (MT Action Plan 2017), Programme policy (Dorcas Way of Working and Approaches), Fundraising, expansion of the number of thrift shops and starting other new social enterprises to generate funds. Every year the Supervisory Board has at least one meeting with the Workers Council. Once per year the Supervisory Board discusses their own way of working and functioning in order to ensure that the organisation is fulfilling its mission and vision. This discussion involves three areas:

- ▶ The effectiveness of their own supervisory responsibilities based on the rules of the external CBF agency;
- ▶ Optimal use of financial and other means to fulfil the mission of the organisation;
- ▶ The relationship of the organisation to its stakeholders (external and internal).

Composition of the Supervisory Board

The 2017 Supervisory Board was comprised of five members:

- ▶ Mrs. Dr. C.A. Voorham, Chair, Member Remuneration & Appointment Committee (entered second term in 2017);
- ▶ Mr. J.C. van der Linden, Chair Audit Committee;
- ▶ Mr. K. Kloosterboer Member Audit Committee, Member Remuneration & Appointment; Committee (left the Board in March 2018 because of his term limit);
- ▶ Mr. C. N. de Kat has been appointed in the vacancy left by Mr. Kloosterboer;
- ▶ Mrs. A. Westerduin-de Jong, Member;
- ▶ Mr. J.O. Verboom, Member (resigned in mid-2017 because of accepting other duties) ;
- ▶ Mr. Dr. H.F. Massink was appointed in the vacancy left by Mr. Verboom in March 2018.

Audit Committee

Two members of the Supervisory Board also serve as members of the Audit Committee. This committee discusses financial and legal issues and makes recommendations to the full Supervisory Board. The Committee meets as necessary, usually two times per year.

Auditors

The Supervisory Board appoints the external Auditors. WITH Auditors completed the audit in 2017. The Auditors review the financial administration and issue an Auditors Report and Accounts for the Annual Report. The Auditors also issue a Management Letter, which is discussed with the Supervisory Board. Each year the Auditors meet with the Supervisory Board about the Annual Accounts and their management.

Remuneration and Nomination Committee

Two members of the Supervisory Board also serve on the Remuneration and Nomination Committee. They discuss the evaluations and appraisals with the statutory directors. They also recommend the remuneration of directors to the Board. The Committee usually meets twice per year or as often as necessary.

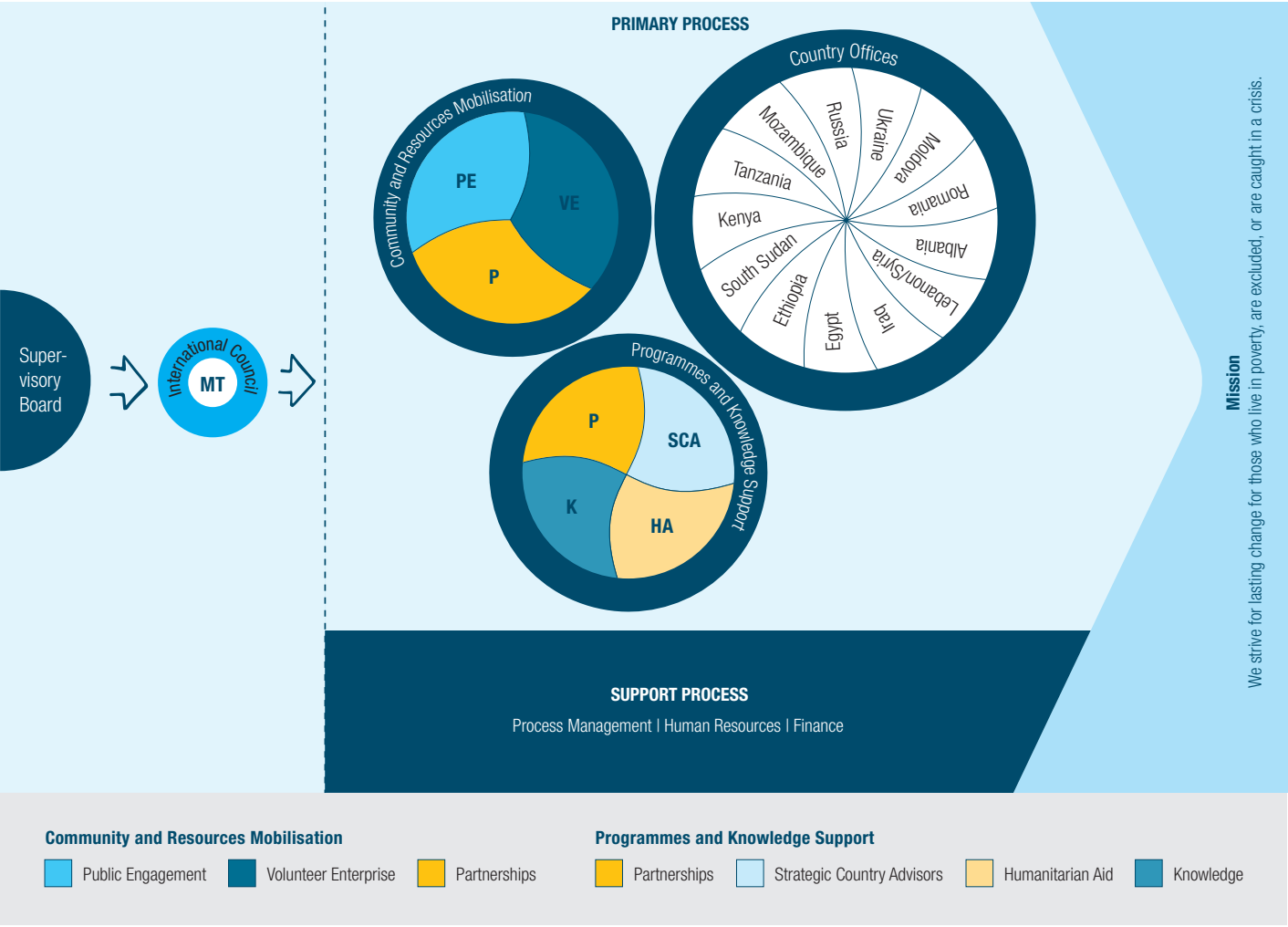
4.3 Staff and Human Resource Policies

Dorcas is a learning organisation. Staff and volunteers are of utmost importance to our work. This includes the following key regulations:

- ▶ Dorcas Labour Conditions;
- ▶ Dorcas Volunteer policies;
- ▶ Dorcas Code of Conduct and Protection Protocols.

Safety and Security

The safety and security policies are regularly updated. Our Workers Council in the Netherlands as well as Country Directors are important stakeholders in keeping our policies updated. We regularly review benchmarks with other like-minded organisations. With regard to salaries and conditions and given the nature and identity of our organisation, we normally position ourselves on or just below the average of like-minded organisations.



Other Developments in 2017:

Dorcas Academy

As a learning organisation we invest in the knowledge, skills and competence of our staff. Throughout 2017 special effort was made to invest in non-programme staff and our volunteers in the issues we face in our programmes and the choices we make.

Appraisals

We decided to introduce a 360-degree review system in the Dutch organisation in 2018. We are still deciding how this system will be extended to the international parts of the organisation.

New Functionality and Salary Structure

In 2017 we organised sessions about the required direction and contents of future organisational development. The organisation

is changing rapidly from a more hierarchal and task-oriented organisation to a competence and results-oriented organisation. As a result of this process, job descriptions will change. We have also started a process of competence mapping. We expect the outcome of these processes to lead to new functionalities and salary structures in 2018.

Leadership

The organisational changes require a new approach to leadership. Leadership qualities that are required are being identified in the Dorcas leadership compass. These qualities emphasise coaching employees to be entrepreneurial, innovative and to work with a clear mandate, focused on results. The leadership compass will be finalised in 2018 and will become the basis of a leadership development programme in the organisation. This programme will be launched in 2018.

	2016 Dorcas NL	2016 Country Offices	Total 2016	2017 Dorcas NL	2017 Country Offices	Total 2017
New employees	12	77	89	14	54	68
Employees out of service	16	51	67	17	107	124
Number of employees	82	308	390	79	255	334
Number of FTEs	67,90	308	375,90	66,0	253,8	319,8
Part time	63%	0%	31,5%	63%	0,5%	31,8%
Female employees	53%	31%	42%	49%	36%	43%
Male employees	47%	69%	58%	51%	64%	57%
Average age	44	35	40	45	38	42

Employee overview (excl. interns), polling data 31-12-2016 and 31-12-2017

	Country Office	Number of employees	Comments
1	Albania	9	
2	Romania	8	
3	Russia	3	
4	Ukraine	14	
5	Kenya	4	
6	Mozambique	5	
7	Tanzania	5	
8	Egypt	10	
9	Moldava	5	
10	Ethiopia	75	
11	South Sudan	78	Excl. Dutch employees
12	Lebanon	20	
14	Iraq	19	Excl. Dutch employees
Total		255	

Number of employees per Country Office (31-12-2017)

Integrity

Dorcas is a values-based organisation. Values must be cultivated all the time. This is a high priority for us. Our standards must be fully in line with the Core Humanitarian Standards as well as our own requirements about ethical behaviour. In view of the recent disclosures of unacceptable behaviour and/or attitudes of NGO-staff, we must prevent this from happening in Dorcas. Therefore, we have started a process of re-examining our internal policies, protocols, and whistle blowing procedures, as well as a process of gaining awareness of our own vulnerabilities in various isolated, complex and stressful environments. Proper training and coaching of staff in high risks areas is a high priority.

4.4 Stakeholders

Dorcas has many and divers stakeholders. In our vision they are an important part of our interdependent network; our relationship with them influences the entire organisation. It is our policy that we maintain strong and fruitful relations with all our stakeholders. In a globalised environment with instant connections, this network is increasingly replacing the traditional institutional approach.

Support Base

Our constituency gives us legitimacy. Within a constituency of 85,000 people, about 45,000 regular donors support our mission. We would not exist without them. Approximately 10,000 people donate

their time and talents as volunteers. This provides a solid support base in the Netherlands. We include our support base in policy making by visiting their groups, hosting volunteer days and having focus groups on special policy issues. We also promote Dorcas by stimulating local community groups to expand volunteer recruitment in their own communities.

Target Communities

Our aim is to partner with our target communities for lasting change in people's lives. This is the rationale for our organisation – it is why we exist. Empowering people and communities is one of the main strategies we use to achieve lasting change in people's lives. Therefore, they are included in the design, implementation, monitoring and evaluation of programmes. Downward accountability is a very important aspect of this. Staff, partners organisations and community-based groups are also trained in downward accountability.

Governments

Strong relationships with governments and their officials is key to our success. We focus on respecting each other's roles and responsibilities. Dorcas Country Offices ensure that the liaison function with the government is strong. In our International Office we have ongoing relationships with government and other donor agencies and networks.

Donors

Dorcas has many donors: private individuals, churches, corporations, foundations and trust funds, international funds, governments, the European Union and the United Nations. Donors are partners with whom we share common goals. We maintain a close relationship with our donors in various ways, personally as well as in groups. Our private donors form our primary support base, which also plays an important role in defining our mission and maintaining our identity and mandate. Major donors and institutional partners provide scale and help us improve our quality. Multiple types of donors keep us relevant. Our aim is to maintain this diversified funding base because that safeguards our mandate.

Networks

Dorcas is an active member in a number of networks in the Netherlands and in the countries where we operate. The primary networks are as follows:

Dutch Relief Alliance

This platform consists of 16 Dutch organisations serving in international humanitarian aid and is the primary channel for Dutch government funds for aid through NGOs. It is focused on providing assistance in acute and protracted crises in various parts of the world. A new multi-year strategic plan was adopted in 2017 focusing on more effective and accountable cooperation to enhance the objectives as agreed upon by donors and NGOs.

PerspActive

This Cooperative of 10 Dutch NGOs focuses on employment, income and fair economic development with an emphasis on the next generation. Country proposals are developed for donors interested in this area of development. Dorcas' main connection is joint proposals for Africa and the Middle East as well as migration-related programmes.

Start Network

Start is an international network of 42 members focusing on renewal of the international aid system, e.g. by reducing the impact and cost of potential disasters and crises by providing pre-approved funding at a very early stage. Dorcas has implemented programmes in crises with Start Fund funding, e.g. in regards to the 'army worm' threat to crops in Ethiopia and flood relief in Albania.

EU-Cord

This Association of 21 Christian Europe-based NGOs is focused on alliance building for joint programme initiatives, fundraising, learning, innovation and lobbying EU agencies. Dorcas participates in several of these initiatives. The Dorcas CEO is member of the Administrative Council.

Partos

This umbrella organisation represents the Dutch humanitarian and development sector to

governments and other institutions, and participates in policy debates with these institutions relevant to sector regulations and other matters about the sector. Partos also negotiates on behalf of the sector with corporations on joint purchasing activities. The Dorcas CFO is Treasurer of the Partos Board.

Prisma

Prisma is a network of approximately 20 Christian organisations working across the world for poverty reduction and in diaconal programmes. Together they fight poverty and injustice.

4.5 Corporate Social Responsibility Priorities

Dorcas takes Corporate Social Responsibility (CSR) very seriously. We understand our Corporate Social Responsibility widely, from fundraising to programmes, from relationship with our constituency and partners to our staff and volunteers, from recycling to our ecological footprint. We review our policies regularly and with thoroughness.

Compliance with Integrity Standards

In 2018 we will reassess our compliance and integrity policies, including our protocols and activities regarding prevention of sexual exploitation and abuse. Because of the recent reports of improper behaviour in the aid sector, NGO integrity is now a subject of public debate. We want to ensure we are doing everything in our power to prevent these incidents from happening in our organisation and programmes. Protecting beneficiaries - especially children and vulnerable women - is of utmost importance and highest priority to us.

Core Humanitarian Standards

Dorcas has adopted the Core Humanitarian Standards (CHS) as the leading norm for our work. Compliance with CHS is one of our core concerns. One of the required steps is a thorough self-assessment, which we have begun. We also started CHS training in a number of our Country Offices in 2017. In 2018 we will complete the self-assessment and expand CHS training to additional Country Offices.

Volunteer Policy

Dorcas is grateful for the many volunteers who contribute to our mission. While staff and volunteers have different legal responsibilities, Dorcas seeks to maintain the same standards across the organisation in regards to following our code of conduct. This requires ongoing effort on our part to create awareness about the importance of adhering to the Code of Conduct as volunteers.

Complaints

Our complaint system is an important instrument for improving quality. We have complaint mechanisms in place both nationally and internationally. In 2017 we received 67 complaints, which represents a significant drop as compared to the 106 we received in 2016. About one third of the complaints concerned general issues such as compensation of our management, the policy regarding material support shipments, the €3 increase in sponsorship fee, and writing style. Another third addressed our shops: from items we refused to take in and purchased items that were defective to style of management in some shops. The last third concerned connection with our donors: we made mistakes handling personal situations in our customer relationship management system, some donors deemed our financial appeals too frequent, and some commented that access to our International Office in Andijk is too limited.



Chapter 5

Finances

5.1 Balance sheet as of 31 December 2017

In euro's

ASSETS

FIXED ASSETS

Intangible fixed assets (B1)

Material fixed assets (B2)

CURRENT ASSETS

Stocks (B3)

Receivables (B4)

Liquid assets (B5)

Total

EQUITY AND LIABILITIES

RESERVES AND FUNDS (B6)

Reserves

Designated reserve financing assets

Continuity reserve

Funds

Designated funds projects

LIABILITIES

Long term liabilities (B7)

Short term liabilities (B8)

Total

December 31st, 2017		December 31st, 2016	
17,651		146,517	
3,205,963		3,057,232	
	3,223,614		3,203,749
607,865		1,551,040	
2,098,430		1,481,182	
4,604,690		3,742,311	
	7,310,985		6,774,533

10,534,599

9,978,282

3,095,500		3,247,902	
2,289,883		922,839	
5,385,383		4,170,741	
2,533,236		2,709,753	
	7,918,619		6,880,494
	280,081		343,607
	2,335,899		2,754,181

10,534,599

9,978,282

5.2 Statement of Income and Expenditures 2017

In euro's	This year		Budget this year		Last year	
INCOME						
Private individuals (S1)	8,115,438		9,825,000		10,471,216	
Companies (S2)	1,604,715		2,100,000		2,038,890	
Government grants (S3)	8,282,154		7,532,471		11,917,016	
Affiliated non-profit organisations (S4)	70,577		152,500		107,990	
Other non-profit organisations (S5)	4,379,475		2,355,000		2,647,849	
Total income raised	22,452,359		21,964,971		27,182,961	
Income in exchange for delivery of products and/or services (S6)	3,531,331		3,399,316		3,064,909	
Total income	25,983,690		25,364,287		30,247,870	
EXPENSES						
Spent on objectives (S7)						
Awareness	895,890		914,311		900,434	
Relief and rehabilitation	10,972,899		7,669,708		12,387,126	
Development	5,588,371		6,368,605		6,240,435	
Social care	4,749,354		6,414,644		7,007,838	
	22,206,514		21,367,267		26,535,833	
Fundraising expenses (S8)	1,634,563		1,905,792		1,918,744	
Management and administration expenses (S9)	1,054,238		1,038,609		1,064,675	
Total expenses	24,895,315		24,311,669		29,519,252	
Balance of income and expenses		1,088,375		1,052,618		728,618
Financial income and expenses		-51,692		9,748		92,451
Surplus (deficit)		1,036,683		1,062,367		821,069

RESULT APPROPRIATION 2017

Added to/withdrawn from	
Designated reserve financing assets	-152,402
Continuity reserve	1,365,602
Designated funds projects	-176,517
	1,036,683

ATTRIBUTION OF COSTS

Attribution	objectives				expenses		totals		
	awareness	relief and rehabilitation	develop-ment	social care	fund-raising expenses	manage-ment and admini-stration	total 2017	budget 2017	total 2016
Expenses									
Direct project spending cash and goods	0	10,094,841	4,632,640	4,074,147	0	0	18,801,628	17,909,745	23,072,563
Salaries	394,869	448,963	488,703	328,464	635,874	544,592	2,841,464	3,072,255	3,104,107
Social insurance	83,016	69,326	93,111	59,914	132,667	112,873	550,907	550,545	551,016
Pension	43,365	45,609	52,249	34,724	69,683	59,569	305,199	303,772	295,520
Other staff expenses	99,114	103,097	118,979	78,947	159,219	136,075	695,432	532,432	616,366
Communication	141,591	20,785	15,393	14,842	353,514	1,856	547,980	621,030	572,716
Accomodation	9,378	51,595	31,741	29,711	81,341	27,696	231,461	271,617	248,662
Logistics/warehouse	0	276	2,634	26,168	1,817	0	30,896	76,950	104,798
Office and general	89,634	97,356	109,182	72,898	144,156	123,326	636,552	719,320	672,363
Depreciation	34,923	41,051	43,738	29,540	56,292	48,252	253,797	254,002	281,141
Totals	895,890	10,972,899	5,588,371	4,749,354	1,634,563	1,054,238	24,895,315	24,311,669	29,519,252

Spent on objectives as a percentage of total income

Spent on objectives as a percentage of total costs

Fundraising expenses as a percentage of total income raised

Management and administration expenses as a percentage of total costs

This year	Last year	Dorcass-norm
85.5%	87.7%	>85%
89.2%	89.9%	>85%
7.3%	7.1%	<10%
4.2%	3.6%	4%

All benchmark percentages are reasonably within the paramaters that Dorcas sets itself and also in the same bandwith as the 2016 percentages.

As project spending in 2016 was actually a few notches too high as compared to income (due to spending of received grants in 2015), the percentages in 2017 where they relate to income show a more balanced pattern than the percentages in 2016. This is also the reason why management and administration expenses are relatively higher than in 2016, while in absolute terms they decreased some.

5.3 General Notes

Consolidation

In most cases, the Dorcas Country Offices are branch offices; they are legally and financially part of Stichting Dorcas Aid International. This is why the financial figures of the Country Offices are integrated into this annual report.

Dorcas Romania, Dorcas Egypt and Tabitha for Relief and Development (Lebanon) are independent organisations with their own boards. However, the directors of Stichting Dorcas Aid International have defining influence on the governing and policy of these organisations; consequently, the financial information of these Country Offices has been consolidated into this annual report.

Dorcas Romania has a subsidiary in a Romanian limited liability company, SC Mana Impex SRL. This company imports second-hand clothing which it buys from Dorcas Netherlands, to sell it in Romania in second-hand wholesale and retail markets. The profit made from these activities is available to Dorcas Romania to finance its projects. This Romanian company actually should be consolidated

in these annual accounts. However, due to the non-material character of the financial interest of Mana and because it is difficult to obtain timely and complete information to consolidate these figures appropriately, we have not yet consolidated them, in conformity with the Dutch stipulations on reporting in regulation RJ 217.304. In 2017, a new charter agreement was signed with Dorcas Aid America Inc., an American 501c3 organisation, to continue the already existing cooperation. In the charter agreement between Dorcas Netherlands and the American organisation, it was agreed that the American organisation can use the name 'Dorcas' and its branding to raise funds in the USA for Dorcas projects worldwide. In addition, within the parameters of responsibility and autonomy of a 501c3 organisation, Dorcas USA is part of the Dorcas family of organisations. Therefore, the finances of Dorcas USA are included in the consolidated figures, whereas the net proceeds of Dorcas USA from 2016 were shown as income to Dorcas Netherlands from an affiliated non-profit organisation.

In 2017, Stichting Dorcas Aid International founded a Dutch closed limited liability company, Tabitha for Enterprising People B.V. This company has mainly been founded as a holding company for foreign companies that are used to establish business enterprises in the context of development activities and public/private partnership initiatives. As of yet, Tabitha for Enterprising People B.V. does not hold any shares in such types of enterprises. As Dorcas Aid International is the founder and sole shareholder, Tabitha for Enterprising People B.V. is fully consolidated into these annual accounts.

The parties in the consolidation can be summarised as follows:

Consolidated organisation	Place of office	Governance	Goal
Dorcas Aid Romania Association	Cluj-Napoca, Romania	Meeting of members (4) with highest authority Board of directors (3) for overall leadership, chosen from membership. Executive director (1 of the 3 directors)	Relief and development
SC Mana Impex SRL <i>not yet consolidated</i>	Cluj-Napoca, Romania	Shareholder is Dorcas Aid Romania Ass., executive director is same executive director as of Dorcas Aid Romania Ass.	Wholesale of clothing and footwear
Tabitha for relief and development	Beirut, Lebanon	Association with General Assembly and Administrative Assembly with five positions, who function as the executive board	Relief and development
Dorcas Aid America Inc	Denver, CO, USA	Board with chairman, secretary and treasurer, with one representative of Dorcas Netherlands	Fundraising for relief and development projects
Tabitha for enterprising people B.V.	Andijk, Netherlands	Shareholder is Stichting Dorcas Aid International, shareholder meeting is highest authority, board of directors is the executive board; directors are the same as in Stichting Dorcas Aid International	Facilitating economic development for self-sustainability of people in developing countries

General principles

This annual report is stated in euros, unless otherwise mentioned.

Compilation of this annual report requires management to make estimates that influence the accounted for values of assets and liabilities and of income and expenses.

The actual outcomes may deviate from the estimates.

The estimates and underlying assumptions are assessed periodically.

The annual report is written in accordance with the provisions in the Dutch guidelines Reporting Fundraising organisations (Richtlijn Verslaggeving 650 'Fondsenwervende organisaties').

The Board on Annual reporting (RvJ) published new definite 650 guidelines. Organisations were given

the choice if they would apply the new guidelines to 2016 reporting, or at latest in 2017. Dorcas has chosen to apply the new guidelines to 2016 reporting; this is the second year the new guideline has been applied.

The report was prepared on the basis of paid expenses, with the exception of donations in kind that have been valued at the estimated fair value when traded.

The stock in the Dorcas Shops has been valued at no value. We refer to the comments made on the valuation principles of the assets.

Foreign Currency

Receivables, liabilities and obligations in foreign currency are translated against the rate at date of balance sheet. Transactions in foreign currency during the reporting period have been processed into this financial report against the exchange rate valid for the month in which the transaction took place. The resulting exchange rate differences are taken into account in the statement of income and expenditure.

Principles of Valuation

Fixed Assets

Intangible and tangible fixed assets are valued at acquisition cost minus depreciation, taking into account possible residual values. In establishing residual values of real estate, it is considered that real estate has a residual value of at least half the actual value. To prevent additional costs to establish actual values by valuations, the actual value of real estate in the Netherlands is derived from the annual valuation of the WOZ (Law on Immovable Assets) and for real estate in other countries from the most recent information for which buildings are valued every few years in a rotating cycle.

Depreciation is applied using a "straight-line" method based on the estimated economic life span. Depreciation is calculated from the moment of actual use.

Depreciation is not applicable to land. Costs regarding maintenance of assets have been expensed. When calculating depreciation, residual values are taken into account.

Stocks

Stocks that were purchased are valued at acquisition price or lower actual value. Stocks from donated goods to be shipped to Dorcas projects in the next year are valued at the estimated market value in the Netherlands. The stocks that at date of balance sheet have not been itemised and/or are not of confirmed quality are not taken into account, because the extent cannot be reliably determined. Exception to this rule are goods obtained through the Dorcas Food Campaign in November of each year. In so far as these goods have not been itemised and booked before year-end, the itemised and booked goods in the new year are still recorded as stock in the previous year, because the size can then be determined reliably.

The stock in the Dorcas Shops is valued at nil because the value cannot be determined reliably, for the following reasons. Because of the small value of the many thousands of stock items, there is no stock administration; therefore its value is difficult to determine. In addition, the immediate liquidation value of the stock in shops is small, if not negative. The stocks in store only have value in the context of continued contribution of time to the shops by volunteers. This is the reason for deciding not to attach value to these stocks.

Additional stock at the warehouse in Andijk and at the depots that is not to be shipped to projects, but may either be shipped to Dorcas Shops or to Mana (Romania) or given to other organisations, is not valued due to the uncertain nature of the proceeds and/or the fact that these were surplus materials that Dorcas needed to dispose of in a timely manner.

Receivables

Receivables have been recorded at amoratised cost price from which a reserve for bad debts has been deducted where necessary.

Reserves and Funds

The Designated Reserve Financing Assets is defined as necessary financing for fixed assets and 25% of stocks, from which long term debts are deducted.

The size of this reserve is established each year with information from the balance sheet position.

In 2017, Dorcas undertook an analysis of risk assessment and the ideal size of the continuity reserve. This analysis was discussed by the directors and the audit committee and subsequently approved by the Supervisory Board. Two types of risks were taken into consideration: 'point risks' which manifest themselves at a point in time and 'process risks' that manifest over a certain period of time. The required continuity reserve was calculated in the event the three highest point risks would materialize, in the event the three highest process risks would materialize and in the event the three highest of point and process risks would materialize. The unweighed outcome of this exercise determined the continuity reserve and it was set at €3,750,000. In the coming years Dorcas will implement a conservative expenditure policy in order to grow to the desired continuity reserve level. The ideal size is significantly lower than the maximum standard set by CBF (Central Bureau for Fundraising) and Goede Doelen Nederland (branch organisation) at 1.5 times annual expenses of the working organisation; for Dorcas this would mean a reserve of approximately €10 million. Dorcas believes the Goede Doelen Nederland norm to be quite high and has set a lower and prudent reserve goal, so that more funds can be spent on Dorcas' objectives.

Designated Funds are donations, grants and other income to be used for specific projects that have not yet been spent. Upon completion of a project, any surplus in designated funds may be re-designated by management. As much as possible, this re-designation will be in line with the original designation. All designated funds may be used for funding projects in the following year. When a project that is entirely financed by earmarked income has overspent during a timeframe of one to several years, a negative designated fund balance will remain so that future spending can compensate for previous expenses.

Other

Off-balance sheet liabilities and contingencies are valued at amoratised cost price. Unless otherwise noted, other assets and liabilities are stated at amoratised cost price.

Principles of Result Determination

Income

Revenue is accounted for in the period to which it pertains. Income of gifts and donations is accounted for when received, unless designated for a specific period. In this situation, it is accounted for in the designated period, even when revenue was received later. Legacies are accounted for at the time when content can be reliably determined. Donations in kind are valued at market value. Proceeds of sold items (books, clothing and other second-hand goods) are accounted for in the year in which the goods were delivered.

Income from foundations is not treated like government grants are, but is treated as private income. It is accounted for as income in the year it is received and as project expenses in the year the expenditures take place.

Expenses

Expenses are charged to the result of the year to which they pertain.

Personnel expenses

Salaries and social insurance are assigned to the reporting period in which they are owed, according to labor contracts. The foundation has a pension plan that is administered by an insurance company and all annual premiums are accounted for as expenses. Premium adjustments as a result of salary changes only have effect on future pension premiums and not on past premiums.

Taxes

The foundation is not taxable for corporate income tax in the Netherlands nor in project countries, or there are exemptions in place for taxable

activities of the foundation due to its fundraising nature and spending of the proceeds in line with the charitable goal. Therefore, there are no expenditures for corporate income tax or other taxes that are levied on profits.

In the Netherlands, the foundation is taxable for value added taxes (VAT/BTW) on specific activities. Consequently, VAT charged on taxable activities is settled in the VAT tax returns, as well as part of the VAT on general costs. In this annual report all amounts are excluding VAT which have to be paid or can be reclaimed.

Investments and Equity Policy
Dorcas adheres to a policy that 'no means are

invested', and reserves are as small as necessary while maintaining a prudent reserve strategy. Temporary surplus funds are retained in relatively safe saving accounts with trustworthy banks.

Cash Flow Statement
The Cash Flow Statement is compiled via indirect method in which there is a distinction between cash flows from operational activities, cash flows from purchases and cash flows from finance activities. The information for the Cash Flow Statement is directly taken from the Statement of Income and Expenditure as well as from the changes in Balance Sheet positions at the beginning and end of the year.

5.4 Comments on the Balance Sheet

ASSETS

Intangible fixed assets (B1)

The development in this year is as follows

Purchase costs as of 1 January

Accumulated depreciation as of 1 January

Book value as of 1 January

Purchases

Depreciation

Purchase price sold/obsolete items

Depreciation sold/obsolete items

Development fiscal year

Purchase price as of 31 December

Accumulated depreciation as of 31 December

Book value as of 31 December

Depreciation has been calculated at 30% of purchase costs.

Intangible fixed assets are entirely used for business operations, that is, for fundraising and management and administration including HRM.

Material fixed assets (B2)

The development in this year is as follows

Purchase costs as of 1 January

Accumulated depreciation as of 1 January

Book value as of January

Additions to consolidation purchase value

Additions to consolidation accumulated depreciation

Reclassification purchase value

Reclassification accumulated depreciation

Purchases

Depreciation

Purchase price sold/obsolete items

Depreciation of sold/obsolete items

Purchase price as of 31 December

Accumulated depreciation as of 31 December

Book value as of 31 December

Depreciation has been calculated with the following percentages:

Real estate property (including remodelling of rental property) 0-10
Furniture and fixtures 20-30
Vehicles (new) and all freight trucks and trailers 20
Vehicles, second-hand passenger cars 30

Of all depreciation, an amount of €129,987 is accounted for as local shop expenses for the Dorcas-shops, €636 as national shop expenses and €7,295 as expenses for the other sales. All three depreciation items are therefore deducted from 'Income in exchange for the delivery of products and/or services'.

Of the fixed assets per balance sheet date, a book value of approximately €1,600,000 is used in business operations and a book value of another €1,600,000 for direct use for the objectives of the organisation. 'Business operations' is defined as fundraising, the Dorcas Shops, management and administration and supporting functions. 'Direct use for the objectives of the organisation' is defined as fixed assets in the countries where projects are implemented and tangible fixed assets used with project monitoring, design and management.

Stocks (B3)

Designated for business execution:

Sales items and promotion materials

Designated for business objectives:

Donations in kind

Stock at Country Offices

Total stock as of 31 December

This year	Last year
2,912	3,546
595,027	1,547,494
9,926	0
607,865	1,551,040

Receivables (B4)

Accounts receivable

Balance as of 31 December

Provision for bad debts

Balance as of 31 December

Other receivables and prepaid expenses

Prepaid expenses

Legacies receivable

Receivables from donors

Other receivables

Balance as of 31 December

This year	Last year
187,305	79,045
0	0
187,305	79,045
61,026	54,395
623,896	566,355
937,015	474,054
289,188	307,333
1,911,125	1,402,137
2,098,430	1,481,182

Receivables are predominantly used in business operations.

Liquid assets (B5)

Petty cash/Netherlands banks

Petty cash/banks shops

Petty cash/banks business and workgroups

Petty cash/banks Country Offices excluding outstanding checks

Money in transfer

This year	Last year
3,343,639	2,772,065
231,161	188,221
130,489	83,420
862,511	629,039
36,890	69,566
4,604,690	3,742,311

Of all liquid assets, an amount of €126,853 is fully restricted in a collateral account at Rabobank which issued bank guarantees for several rental arrangements.

EQUITY AND LIABILITIES

Reserves and funds (B6)

Reserves

Designated reserve financing assets

Balance as of 1 January

Subtracted/added through result distribution

Balance as of 31 December

Continuity reserve

Balance as of 1 January

Addition Dorcas USA to consolidation

Added through result distribution

Balance as of 31 December

The liquid assets are predominantly classified as investments in the sense that they absorb cash flow variations during the next year and fund spending of designated funds for projects.

This year	Last year
3,247,902	2,940,379
-152,402	307,523
3,095,500	3,247,902

922,839	488,381
1,442	0
1,365,602	434,458
2,289,883	922,839

Three reserves (funds) are distinguished:

- Designated funds for projects (see hereafter) which has spending obligations, but according to Directive 650 has to be presented as equity.
- Designated reserve financing assets, for financing assets.
- Continuity reserve, to ensure continuity of the organisation.

The purpose of the continuity reserve is:

- levelling seasonal nature of income during the calender year; and 2) absorbing variations in actual income in comparison to budget so that if income is low, the organisation, as well as programme execution is adjusted to the decrease in income in a systematic manner and 3) risks that might occur that cause a sudden decrease in liquidity.

The Reserve for Financing Assets is established each balance sheet date on the basis of the assumptions mentioned as part of the Principles of Valuation in chapter 5.3 of this annual report.

The continuity reserve improved significantly in 2017, after overspending in 2015 had depleted the reserve to a critically low point. There are two main contributors to the improvement. Firstly, all the positive result gave a boost to the continuity reserve. Secondly, part of the expenditures were covered from designated funds and a release from the designated reserve financing assets completed the improvement of the continuity reserve.

Funds

Upon completion of a project, if there is a surplus of designated funds for the project, management may

reallocate it. Management will seek to redesignate these funds in line with original designation as much as possible. This is managed with the utmost care. Designated funds may be used for funding projects in 2018.

When interpreting the term 'result' (or 'profit' and 'loss') in a fundraising organisation, it is important to know the system to determine results. Income received in a specific year is accounted for in that year, even if the income is not spent for the project in that year. The project expenses are accounted for in the year expenses actually occur. Consequently,

major fluctuations in the 'result' occur from year to year, e.g.2017 shows a surplus of €1,036,683, year 2016 a 'surplus' of €821,069 and year 2015 a 'deficit' of €1,116,286. Terms such as 'profit', 'loss', 'surplus', 'shortage' and 'result' therefore must be used with restraint in a fundraising organisation.

A detailed specification per project is available in the financial administration.

Development of total project designated funds is seen as follows, per category:

	Balances at start of year	Decrease and addition during year	Balances at the end of year
Relief and rehabilitation	2,124,034	-389,637	1,734,397
Development	534,609	80,895	615,504
Social care	51,110	132,224	183,334
	2,709,753	-176,518	2,533,235

Long term liabilities (B7)

Private loans

	This year	Last year
Balances as of 1 January	196,662	240,616
Add: new loans	0	0
Less: payments on principal	-23,454	-43,954
Total	173,208	196,662
Accounted for under short term liabilities	-117,538	-73,454
Balance as of 31 December	55,670	123,208
These loans are summarised as:		
Loans with a term of less than 5 years	155,038	148,954
Loans with a term of longer than 5 years	18,170	47,708
Total	173,208	196,662

These are several private loans. No collateral has been provided. The present loans are all interest-free.

Mortgage loans

Balance as of 1 January	241,387	268,047
Add: new loans	0	0
Less: payments on principal	-20,988	-26,660
Total	220,399	241,387
Accounted for under short term liabilities	-20,988	-20,988
Balance as of 31 December	199,411	220,399
These mortgage loans are summarised as:		
Mortgage loans with a term of less than 5 years	83,952	83,952
Mortgage loans with a term of more than 5 years	136,447	157,435
Total	220,399	241,387

DRIF loans

Balance as of 1 January	0	
Add: new loans	25,000	
Less: payments on principal	0	
Total	25,000	
Accounted for under short term liabilities	0	
Balance as of 31 December	25,000	

These DRIF loans are summarised as:

DRIF loans with a term of less than 5 years	7,143	
DRIF loans with a term of more than 5 years	17,857	
	25,000	

Total long term liabilities280,081343,607

There are two mortgages on the property of the Dorcas shop in Nijverdal. The two identical loans, each with an original balance of €115,000, carry interest of 6.1% through 16 December 2019 and 3.6% through 31 December 2019, respectively. The payment on the principal for each of these loans is €1,149 per quarter. Collateral for these loans is a mortgage on the real estate property of the shop in Nijverdal.

A mortgage of €118,000 on the Dorcas Shop in Bergambacht was obtained in 2013 to finance purchase of the building, which is adjacent to the rented shop. The loan has a fixed term interest of 3.55% through 31 May 2019. The payment on the principal is €983 per month. Collateral for this loan is a mortgage on the real estate property in Bergambacht.

The DRIF loans are private loans obtained to finance a rapid increase of the number of Dorcas Shops planned for 2018 and beyond. The number of shops at the end of 2017 was 31 and the goal is 50 Dorcas Shops in several years. DRIF stands for Dorcas Retail Investment Fund. It is not an investment vehicle, but these are ordinary private contractual loans with fixed terms and fixed interest. The first loan was

obtained in 2017, at 3% interest with first three years no payments on the principal. From fourth through tenth year loan is paid down in equal installments.

The concept behind DRIF loans is to prevent financing for new shops to take away money from projects.

Short term liabilities (B8)

Liabilities to credit institutions and private loans

Repayment obligation mortgage loans	20,988	20,988
Repayment obligation private loans	117,538	73,454
Total	138,526	94,442

Accounts payable	199,642	218,197
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Taxes and social security payments

VAT	184,254	149,869
Salary taxes and social security payments	96,406	98,192
Total as of 31 December	280,660	248,061

Other liabilities

Unspent government grants	429,465	1,459,943
Holiday (vacation) allowance	128,407	126,514
Holidays	75,597	59,555
Other payables and accrued expenses	1,083,602	547,469

Total as of 31 December	1,717,071	2,193,481
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Total short term liabilities as of 31 December	2,335,899	2,754,181
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Off-balance sheet liabilities, contingencies and rights

The organisation has entered into longer term obligations for rental of business real estate for Dorcas shops and depots. The contracts for depots are generally short term and those for shops are longer term, largely between five and ten years.

Futhermore, Dorcas has entered into operational lease contracts for cars, which have terms of four or five years, and contracts for the copiers/printers. The total obligation is summarized as follows (increases of rental and or lease costs due to contractual obligations are not included because these depend on future price indices; in the amounts below, reclaimable VAT is not included):

Obligations

	< 1 year	1-5 years	> 5 years
Rental contracts shops	1,009,779	2,323,355	316,935
Rental contracts depots	38,487	28,016	0
Car lease obligations	36,552	29,737	0
Copier/printer lease/service obligations	20,159	15,119	0
	1,104,976	2,396,227	316,935

The foundation has three-year partner/project agreements at longest. These agreements are with partner organisations about implementation and funding of projects. Under these three-year contracts, the foundation has accepted conditional basic obligation to fund projects for the duration of the agreement. At the time of this financial report, the 2018 obligations are approximately €3 million, for 2019 approximately €1 million and €160,000 for 2020 .

The foundation received €60,000 of revocable donations. The donor may revoke the donations without reason, or convert the donations into non-

revocable donations. If the donations are revoked, the foundation has at least one year to pay back the donations without accrual of interest. In 2017, the organisation entered into purchase/ installation contracts for €10,441 to be carried out in 2018.

Dorcas is privileged to receive additional government grants after balance sheet date (2018 through 2021) in the amount of more than €3.3 million for a number of projects.

These funds are from the Dutch Ministry of Foreign Affairs, the EU, RVO and the UN.

5.5 Comments on the Statement of Income and Expenditure

	This year		Budget this year		Last year	
INCOME						
Private individuals (S1)						
Door-to-door collections	91,317				107,862	
Legacies	574,040				627,839	
Sponsorships	2,610,714				2,615,010	
Donations/gifts designated Netherlands	607,657				779,143	
Donations/gifts not designated Netherlands	2,540,716				2,312,406	
Donations/gifts designated Country Offices	48,057				123,361	
Donations/gifts not designated Country Offices	35,438				72,219	
Net proceeds work groups (ex collections and subsidies)	67,398				134,888	
Via Dorcas USA	30,202				0	
Goods through depots	1,507,520				3,682,902	
Goods through Country Offices	2,379				15,586	
	8,115,438		9,825,000		10,471,216	
Companies (S2)						
Donations/gifts designated Netherlands	729,426				630,547	
Donations/gifts not designated Netherlands	280,653				238,490	
Donations/gifts designated Country Offices	8,035				1,453	
Goods from companies	586,601				1,168,400	
	1,604,715		2,100,000		2,038,890	
Government subsidies (S3)						
WFP/South Sudan	2,404				12,018	
WFP/South Sudan goods	28,461				0	
Unicef/through Country Office South Sudan	2,281				0	
IOM/through Country Office South Sudan	110,318				0	
UNFPA/through Country Office Lebanon	95,696				0	
UN(OCHA)/through Country Office Iraq	823,789				242,925	

Unicef/through Country Office Iraq, goods	0				35,287	
EU/Albania, 'from Trash to Cash'	0				1,427	
Municipality Tropoja in Albania	3,633				0	
Dutch embassy in Albania	9,272				0	
Egypt Country Office	14,659				47,448	
EU/UTC's South Sudan	265,391				189,635	
Start Network/DFID through Country Office Kenya	25,768				0	
GlZ through WHH/through field office Iraq, winter support IDP's	114,064				492,202	
Start Network/DFID Albania flood relief	30,363				0	
Start Network/DFID Armyworm Ethiopia	112,799				0	
MoFA/protracted crisis Horn of Africa	409,326				1,398,497	
MoFA/Syrian refugees in Lebanon	0				623,820	
MoFA/Iraq 2+3, through Cordaid	650,549				529,631	
MoFA/Syria 2+3, through ZOA	1,158,382				1,026,685	
MoFA/South Sudan 2+3, through Save the Children	1,451,068				778,611	
MoFA/Ethiopia, through World Vision	0				1,171,106	
MoFA/Ukraine 2+3	2,035,462				4,667,981	
MoFA/Somalia, through Care Netherlands	473,009				390,361	
MoFA/ARC-Eye through Ethiopia Country Office	200,501				0	
MFS 2/Prisma	0				111,064	
Dutch municipalities	11,880				11,550	
RVO/Kenya, Siaya Water	53,327				0	
RVO/Ethiopia, dairy equipment	199,752				186,768	
	8,282,154		7,532,471		11,917,016	
Affiliated non-profit organisations (S4)						
Stichting Vrienden van Dorcas Woudenberg	70,577				65,841	
Dorcas USA	0				42,149	
	70,577		152,500		107,990	

Other non-profit organisations (S5)						
Pope for Ukraine	171,979				0	
ZOA/Ukraine	0				5,200	
ZOA/Lebanon	12,845				11,396	
World Vision/Lebanon	169,427				0	
Mary's Meals/Lebanon	176,938				63,493	
TEAR/refugees in Macedonia	0				40,666	
Woord en Daad/Ethiopia	75,513				41,617	
Stop Aids Now/Ethiopia	23,582				29,267	
Edukans for VTC's in South Sudan	31,250				31,250	
Light for the World for VTC's in South Sudan	28,750				28,750	
Kom over en Help/through Country Office Albania	47,025				48,696	
ICCO/through Ethiopia Country Office	0				2,000	
NGO's/through Egypt Country Office	84,301				15,835	
Samaritan's Purse/refugees in Macedonia	0				0	
Pre-emptive Love Coalition/Syria	1,571,515				523,819	
Gereformeerde Zendingsbond	17,069				4,000	
Kids Alive	24,038				35,669	
Zendings-Diaconessenhuis Amerongen/ Ukraine	0				0	
Verein Kinderheim Selam/Ethiopia	0				35,091	
Aqua 4 All	0				0	
EO Metterdaad/Prisma	387,101				179,554	
Churches, designated	385,830				293,068	
Churches, not designated	316,461				241,975	
Churches outside Netherlands	0				84,184	
Other unnamed organisations	855,852				932,319	
	4,379,475			2,355,000		2,647,849
	22,452,359			21,964,971		27,182,961

Total income raised decreased by more than €4.7 million for two primary reasons:
1) Decrease of in kind income of almost €2.8 million. These are goods shipped to project countries and

used in social care programmes. These goods have three sources: a) food boxes received in the Dorcas Food Campaign in Dutch supermarkets; b) second-hand clothes through Dorcas depots operated by

volunteers and c) companies that donate obsolete stock to Dorcas.

As Dorcas was planning to reduce the amount of goods shipped to project countries, additional goods were put to commercial use through the Dorcas shops and the wholesale and retail of these goods. In 2017, goods were given away to other organisations as Dorcas would not use them anymore. These goods have not been valued as income and (project) expenses. As of Spring 2018, only food boxes from the Food Campaign will be shipped to project countries and used in programmes as a minor component in comprehensive approaches. All second-hand and new goods that Dorcas obtains from sources will be put to use in the different Volunteer Enterprise endeavours, such as the Dorcas Shops in the Netherlands, sales to wholesalers and commercial export to Dorcas countries to be sold on the local market. All proceeds from these sales will finance projects in those countries.

The decrease in goods is evident in categories of private individuals and companies. Dorcas planned for a slower decrease in the use of goods in projects.

The development of government subsidies is as follows:

Received last year, not spent that year
Received this year, spent this year
Received this year, not spent this year
Accounted for as income

Each subsidy is outlined in a grant decision in which the conditions, aim and obligations are agreed upon. Most of the time, the funds must be spent within a certain timeframe. The subsidy has a financial ceiling, above which no reimbursement of expenses will be given. For some subsidies, an 'own contribution' role applies, which Dorcas must

The faster reduction was not reflected in the 2017 budget; thus, both categories are lower than budget due to this factor.

2) A decrease of received and spent government grants of €3.6 million. In 2017 the intervention in the Protracted Crisis in the Horn of Africa financed by the Dutch government ended and thus less was received for this project. The Joint Responses of the Dutch Relief Alliance continued, although the intervention in Ethiopia was discontinued and the amounts for other responses were less than in 2016. Still, the realized income from government grants was higher than budgeted, due to additional grants received during the year.

An increase of income received from other non-profit organisations mitigated the decrease of goods and government grants. The income received from Preemptive Love Coalition for Syria was especially significant. In addition, income from Dutch churches grew by 31%. We are encouraged by the developing bonds with many Dutch churches that choose Dorcas to be the channel for expressing their commitment to underprivileged people.

This year	Last year
1,459,943	2,780,381
7,251,676	10,596,578
-429,465	-1,459,943
8,282,154	11,917,016

finance from private sources. If a subsidy is not entirely spent for the project for which it was awarded, the surplus must be paid back.

Income in exchange for the delivery of products and/or services

The net income from sales is summarised as follows:

	Shops	Clothing etc	Total
Sales exclusive of VAT	5,376,620	598,271	5,974,891
Costs at a local level	-1,773,665	-211,238	-1,984,903
Costs at a national level	-276,852	-181,805	-458,657
Net proceeds	3,326,103	205,228	3,531,331

Costs at a local level as % of sales	33.0%		
Costs at a national level as % of sales	5.1%		
Total cost of sales	38.1%		

The comparative figures for 2016 are as follows

	Shops	Clothing etc	Total
Sales exclusive of VAT	4,484,341	450,769	4,935,110
Costs at a local level	-1,494,716	-47,793	-1,542,509
Costs at a national level	-237,968	-89,724	-327,692
Net proceeds	2,751,657	313,252	3,064,909

Costs at a local level as % of sales	33.3%		
Costs at a national level as % of sales	5.3%		
Total cost of sales	38.6%		

The Dorcas shops are so called 'thrift shops'. The local public donates second-hand goods to the local Dorcas shops. Volunteers screen the goods, repair them if necessary and display them in the shop. The shops have limited opening hours, between 20 and 30 hours per week. The strength of the Dorcas Shops lies in the fact that they are run by volunteers. For these volunteers, running a Dorcas Shop is a meaningful and focused way to lend a hand to raise funds to alleviate poverty. The concept also prioritises recycling, cradle-to-cradle and sustainability.

The net proceeds of the Dorcas shops increased by almost €575,000, or 21%; this increase is due to additional shops and shops that have grown, have been remodeled or have moved and thus increase their turnover. The percentage of the costs as compared to

the sales has decreased to some extent. The costs at a local level remain at around one-third of sales.

The expenses subtracted from sales are a few goods purchased and services and expenses that can be directly allocated to the sales efforts, such as support of shops by the shops team at Dorcas International Office, the shop rental costs, heating and electricity and all other direct costs for the shops. For other sales (clothing, etc.), expenses are directly allocated to these sales, amongst which prepaid transport costs that have been recharged to the clients in the sales prices.

The proceeds of other sales (primarily second-hand clothes) decreased. Prices of second-hand clothes decreased in 2017 while at the same time we were

exploring the right business model for marketing second-hand goods. In 2018 a comprehensive plan was approved to further enhance the social business impact of collection of goods formerly shipped to projects. In 2018 these goods will be marketed with the aim of generating cash with which to finance projects.

Each shop has a non-formal 'management team' that operates the shop and all functions of the shop are carried out by volunteers, who work together and form a strong bond. The fact that Dorcas Shops are run entirely by volunteers means that formal controls used with employees cannot be implemented. However, in all Dorcas Shops internal controls are in place and enforced.

In Dorcas-shops we work with second-hand items received as donations in kind that often have little value. The combination of volunteer workers and thousands of second-hand goods with limited value means that, from an economics and practical perspective, a traditional stock administration does not make much sense. The Dorcas International Office and local shop management monitor financial and other control mechanisms at the Dorcas-shops to establish internal controls that function as optimally as possible. This process was begun in 2014 and the intention is that each shop will be closely evaluated once every three years. By the end of 2017 almost all shops had undergone this 'check-up'. Overall, Dorcas management believes it has done everything in its power to ensure appropriate and sound oversight of the Dorcas Shops and that maximum measures have been taken to guarantee completeness of turnover. At the same time, from the perspective of an auditor, gaps remain that cannot be closed - except perhaps at disproportionate costs and at the risk of losing volunteers.

Sustainability of income

Dorcas management gives due attention to the sustainability of income in future years. Dorcas expects an increase from various sources, which can be summarised as follows:

- ▶ Dorcas Shops. In 2017 net income from the shops grew by €575,000. For 2018 we anticipate further and accelerated growth.
- ▶ Dutch Foundations. We see many opportunities for Dorcas here; additional staff will be hired in 2018 to join the Dutch Foundations team.
- ▶ The fact that Dorcas has been chosen by the Dutch Ministry of Foreign Affairs as one of the strategic partners in the Dutch Relief Alliance offers opportunities to be eligible for government grants. Dorcas is now a key agency in the field of institutional funding. To grow further in this role Dorcas must develop and refine its own expertise and specialties to existing intervention partners.
- ▶ Over the last years, Dorcas has significantly decreased goods transported to project countries. From Spring 2018, food boxes obtained through the Dorcas Food Campaign (DVA) will be the only shipments to projects. For this reason, goods will only play a role in activities that are part of more encompassing programmes, in which beneficiaries are encouraged to take initiative to break the cycle of poverty. In the past Dorcas has built an organisation to process goods. In the future we foresee monetising the value of goods to become a larger source of funding for projects. 'Goods for cash', as we call it.
- ▶ Churches in the Netherlands increasingly know how to partner with Dorcas to express their social engagement with the poor. There are still many untapped opportunities with churches. In 2017, income from churches grew significantly. To further develop relationships with churches, a musical is being designed. This will be brought to churches with choirs that are ambassadors for Dorcas.

There are also income sources that come under pressure periodically, such as donations from private individuals, companies and work groups. However, with new approaches and relevant communication, Dorcas is committed to engage many individuals, companies and work groups with the mission we have in common. Dorcas has varied income streams from many different sources. The result is a complex organisation with different types of fundraising activities. But many different sources

also means lesser risks should one or a few of these disappear.

We expect that cash income will be maintained over the next years, even with ebbs and flows. Dorcas will have sustainable income into the future.

	This year		Budget this year		Last year	
EXPENDITURE						
Spent on objectives (S7)						
Awareness						
Activities/projects	0		0		0	
Execution expenses own organisation	895,890		914,310		900,434	
Total	895,890		914,310		900,434	
Relief and rehabilitation						
Activities/projects	10,094,841		6,888,721		11,481,410	
Execution expenses own organisation	878,058		780,987		905,716	
Total	10,972,899		7,669,708		12,387,126	
Development						
Activities/projects	4,632,640		5,398,431		5,391,840	
Execution expenses own organisation	955,731		970,174		848,595	
Total	5,588,371		6,368,605		6,240,435	
Social care						
Activities/projects	4,074,147		5,622,593		6,199,314	
Execution expenses own organisation	675,207		792,051		808,524	
Total	4,749,354		6,414,644		7,007,838	
Grand total spent on objectives	22,206,514		21,367,267		26,535,833	

The following numbers are shown excluding expenses on awareness:

Total direct project spending		18,801,628		17,909,745		23,072,563
Total execution expenses own organisation		2,508,995		2,543,212		2,562,836
Total spent on objectives		21,310,623		20,452,957		25,635,399
Expenses own organisation as % of direct project spending		13.3%		14.2%		11.1%

'Activities/projects' are direct project expenses that are directly related to specific projects. 'Execution expenses own organisation' are indirect project expenses that are made for project design, support and monitoring, but not directly related to specific projects.

Analysis of spending on objectives and related developments:

1) The decrease in social care spending has been significant. Part of this decrease was caused by fewer goods shipped from the Netherlands to social care projects. This accounts for €1.5 million of the decrease. Furthermore, the social care projects consisting largely of distribution of goods to needy people were transformed into family development programmes, which are not social care but development projects and accounted for as such. Likewise, the execution expenses of the organisation for the social care programmes decreased.

2) A large percentage government grants are for relief and rehabilitation and the absolute amount of government grants spent in 2017 is significantly less than in 2016. Thus, the relief and rehabilitation amount has decreased as well. Even with this

decrease, relief is the largest intervention type of Dorcas at almost 50% of total spending on objectives.

3) Spending on development has decreased, in line with the conservative spending objectives in order to increase financial liquidity and solidity in 2017. For the next several years, this is the area Dorcas seeks to expand and to raise additional institutional and private funds for.

4) Spending on awareness has remained steady. Dorcas continues to play a major role in informing the Dutch public of the needs in developing countries and the urgent needs in countries where Dorcas helps in relief situations.

Fundraising expenses (S8)
Fundraising expenses decreased by €284,000 in absolute terms, but increased from 7.1% to 7.3% of income raised. This is an acceptable level. In general, fundraising for government grants is relatively 'cheap', while fundraising from private sources is expensive. At the same time, Dorcas aims for a balance of the two types of funding because it provides sustainability to programmes and to the organisation as a whole.

Management and administration expenses (S9)

The cost for management and administration are accounted for as follows:

Item	This year	Last year
Personnel	853,108	855,445
Communication	1,856	3,127
Accomodation	27,696	30,183
Office and general	123,326	122,854
Depreciation	48,252	53,066
	1,054,238	1,064,675

In assigning personnel costs to management and administration, the following assumptions were made:

Item	This year
Financial administration staff	100%
Financial team leader	40%
Financial officer programmes	45-70%
Backoffice employee programmes	100%
Project coordinators (for general tasks)	0-20%
HRM employees	100%
Facility employees	70%
ICT coordinator	100%
Application manager CRM	20%
Receptionists	80%
CFO	70%
CEO secretary	50%
Process manager	vacant
CEO	25%
Works Council members	5-15%

It is evident from the figures that the expenses for management and administration are quite fixed. The total of expenses in comparison with income or project expenditures can only be increased or decreased incrementally. Moreover, the requirements due to institutional funding for accountability, administration, control and audit, cause costs for management and administration to increase.

Financial income and expenses (S10)

	This year	Last year
Received interest	509	5,142
Paid interest	-416	-237
Exchange differences	-62,680	79,858
Book profits sold assets	10,895	7,688
	-51,692	92,451

The little interest that was received on sizeable savings accounts signify the historically low interest rates that banks gave in 2017.

		Objectives				Costs under 'expenses'		Totals under 'expenses'		
		Awareness	Relief & rehabili- tation	Develop- ment	Social care	Fund- raising	Manage- ment and admini- stration	Total 2017	Budget 2017	Total 2016
Salaries	L1	394,869	448,963	488,703	328,464	635,874	544,592	2,841,464	3,072,255	3,104,107
Social insurance	L2	83,016	69,326	93,111	59,914	132,667	112,873	550,907	550,545	551,016
Pension expenses	L3	43,365	45,609	52,249	34,724	69,683	59,569	305,199	303,772	295,520
Other staff expenses	L4	99,114	103,097	118,979	78,947	159,219	136,075	695,432	532,432	616,366
Communication expenses	L5	141,591	20,785	15,393	14,842	353,514	1,856	547,980	621,030	572,716
Accomodation expenses	L6	9,378	51,595	31,741	29,711	81,341	27,696	231,461	271,617	248,662
Logistics/warehouse	L7	0	276	2,634	26,168	1,817	0	30,896	76,950	104,798
Office and general expenses	L8	89,634	97,356	109,182	72,898	144,156	123,326	636,552	719,320	672,363
Depreciation	L9	34,923	41,051	43,738	29,540	56,292	48,252	253,797	254,002	281,141
		895,890	878,058	955,731	675,207	1,634,563	1,054,238	6,093,688	6,401,924	6,446,688

		Costs subtracted from income		Overall totals		
		Shop team	Other sales	Total 2017	Budget 2017	Total 2016
Salaries	L1	154,657	82,817	3,078,937	3,282,201	3,278,542
Social insurance	L2	33,475	17,959	602,340	594,670	587,420
Pension expenses	L3	17,104	9,176	331,479	325,835	313,259
Other staff expenses	L4	25,135	20,997	741,563	542,936	629,253
Communication expenses	L5	5,414	16,230	569,625	649,586	601,880
Accomodation expenses	L6	0	2,980	234,441	275,404	252,003
Logistics/warehouse	L7	0	5,452	36,348	85,500	116,442
Office and general expenses	L8	40,432	18,899	695,883	765,462	703,476
Depreciation	L9	636	7,295	261,727	256,015	292,104
		276,852	181,805	6,552,344	6,777,608	6,774,380

5.6 Expenses own organisation

Allocation method

These expenses have been distributed on the basis of historically used methods of distribution. The distribution keys of these expenses are based on the estimated worked hours of each employee and distributed by percent across the categories according to economical principles, considering real estimated activities of the employee. The principles upon which expenses have been assigned is summarised as follows:

Project coordinators at the International Office - whether they assess projects in the concept phase, monitor projects during implementation in conjunction with the Country Offices and/or address programme issues and do follow up - are assigned as indirect projects costs at 100%, on the basis of the type of intervention for which they coordinate projects. If they have additional tasks, such as being members of the Works Council, formulating strategy or involvement in fundraising, a portion of their time and costs are assigned to these activities.

The expenses of fundraisers are assigned to fundraising activities, and also to awareness. Through their fundraising activities, they often fulfil a role in raising awareness amongst the public in the Netherlands regarding poverty and the necessity to respond concretely. Depending on the employee and the activities that are undertaken, between 30 and 60% of the time and personnel expenses are assigned to awareness.

The expenses of supporting services are assigned to the activities for which they are executed. HRM employees and those working at Finance are assigned to management and administration at 100%. Financial officers for projects are assigned to management and administration at 45 to 70% and for the remainder to objectives spending.

Logistics employees are assigned to objectives spending in part - especially in regard to social care - because goods are primarily used in that sector. Because an increasing portion of goods is now

monetised, a larger part of personnel costs for logistics employees is assigned to cost of sales (10 to 35%) and subtracted from the proceeds.

Personnel expenses (L1-L4)

Of total expenses of €6.5 million, more than €4,7 million are personnel expenses (salaries, social insurance, pension and other staff expenses). This is almost 73%. Last year total personnel expenses were €4,8 million and were 71% of total expenses. While salaries were a little less than budgeted, the other expenses were higher than budgeted, so that total personnel expenses were higher than budget. Other staff expenses were higher than budgeted due to the fact that Dorcas contracted more freelancers and consultants for specific tasks.

The Dutch pension system is a defined contribution scheme. The costs of the premiums are accounted for in the year to which they pertain. The pension system has guaranteed pension payments, although participants can also choose for an investment arrangement, which means higher risk for the employee and also opportunity for higher return. Each participant chooses either the guaranteed system or the investment plan, after having been informed and educated by the pension advisor. During 2017 there were 320 fte's (2016: 376) on average working for Dorcas, of which 66 in the Netherlands (2016: 68) and 254 (2016: 308) in the Country Offices. In the Netherlands the staff decreased with 2 fte and in the Country Offices with 54. A large portion of the Country Office staff are project employees, of whom the personnel costs are accounted for in whole or in part as project expenses. These are predominantly projects that Dorcas self-implements, without the assistance of partner organisations. The decrease in staff reflects the decrease in project expenditure in 2017 as compared to 2016. For 2018 a slight decrease of fte is expected in the Netherlands and some further decrease in the Country Offices, in line with a decrease of project spending.

The members of the Dutch Supervisory Board receive no remuneration for their work. In 2017 €6,829 of Dutch board expenses were paid (2016: €15,701). The last figure includes expense for a field visit by members of the Supervisory Board in January of 2016

to Kenya, where they visited projects and spoke with beneficiaries and local employees of the Country Office. Every two years the Supervisory Boad members visit one of the project countries to see and experience Dorcas programmes, to gain understanding of the activities which it is their responsibility to supervise.

Total taxable salaries in the Netherlands in 2017 were €2,662,219 (2016: €2,738,125) for 67.39 fte's (2016: 70). On average this is a little more than €39,500 per fte (2016: €39,000). These figures include a small number of interns. Dorcas has a structured and moderate remuneration policy, fitting for a relief and development organisation. Many employees with a for-profit track record see a significant decrease in remuneration. Nevertheless, Dorcas seeks to

be an attractive employer by using a structured remuneration policy with function classification, a transparent salary scheme, annual steps in that scheme, indexing of the salary scales and a fiscally optimal, premium-free pension plan.

Management remuneration

The Supervisory Board sets the remuneration policy, the level of director's salaries and the level of other remuneration components. The remuneration policy is updated periodically. The last evaluation of the directors was in October 2017, during which a 360 degree review was used once again. The Supervisory Board is responsible for management remuneration policy, setting management salaries and setting the level of fringe benefits.

Name	Leo Visser	Nico Hoogenraad AA	Michel Gendi
Function	CEO (Chief Executive Of-ficer)	CFO (Chief Financial Officer)	CPO (Chief Programmes Officer)
Employment			
Kind:	indefinite	indefinite	indefinite
Hours	38	40	40
Parttime percentage	95%	100%	100%
Period	1-1/31-12	1-1/31-12	1-1/31-12
Remuneration			
Gross salary	76,622	70,048	70,048
Year-end allowance	0	0	0
Severance pay	0	0	0
Total annual income	76,622	70,048	70,048
Social security	12,071	11,854	11,784
Taxable reimbursements/additions	5,663	4,166	4,274
Pension costs for employer	17,946	15,172	11,562
Total other expenses and reimbursements	35,681	31,192	27,620
Total remuneration 2017	112,303	101,240	97,668
Total remuneration 2016	N/A	97,570	96,022

There are no variable components, bonuses or other incentives in the remuneration package.

When GDN-guideliness for directors' remuneration are compared to the Dorcas directors, the following can be concluded: (GDN: Goede Doelen Nederland, a Dutch branch organisation for charitable organisations)

Spending on objectives	120 points
Number of FTE's	105 points
Diversity organisation	115 points
Yes/no part of umbrella organisation	80 points
Management and policy	65 points
Number of points	485 points

	CEO	CFO/CPO
Director's model	92%	80%
Outcome weighing difficulty of management	446	388

On this basis, the CEO's remuneration according to the GDN-guidelines should be placed in category H with an annual salary of €114,247 for 2017 and for the other directors in category G with an annual salary of €102,470. The actual annual salaries were at about two-thirds of these standards.

Due to Dorcas receiving grants from the Ministry of Foreign Affairs and from RVO (Government Services of Entrepreneurial Netherlands), in principal the Law of the Norms for remuneration of management of (semi-)public officers applies because funding is from public resources. However, government subsidies have to comprise at least 50% of total income for these Norms for management to take effect. The salaries of management at Dorcas (the three directors) are significantly below the applicable maximum.

Communication expenses (L5)

Communication expenses were lower than last year (- €32,000) and significantly lower than the original budget for 2017 (- €80,000).

The main cause for this reason is the choice to

further decrease print marketing and its frequency and to expand online marketing. The latter has different expenses than the former: less print, less postage, more personnel costs, more expenses related to providing content. In 2017, new telephone contracts were negotiated, both for fixed as well as mobile lines, which brought significant savings.

Accomodation costs (L6)

Accomodation costs were €17,000 lower than last year and €41,000 lower than budget. This reduction was realized entirely in the Netherlands. The facility manager has the amazing capability to accomplish many things at very little expense, as a result in part also of suppliers offering goods and services at reduced prices. Much more was done with fewer expenses.

Logistics/warehouse (L7)

Logistical costs were €80,000 less than last year and at an absolute minimum of €36,000. The fact that almost all assets have been depreciated played a role, plus the fact that and also that logistics work was reduced during the year, which is clear in the volume of in kind income and spending. Dorcas staff

leading these efforts have been frugal, not knowing exactly how the logistics efforts would develop. It is not anticipated that logistical costs will remain at this low level.

Office and general expenses (L8)

These are slightly lower (- €8,000) than last year and €70,000 lower than 2017 budget. These expenses in the Netherlands were higher than last year (+ €13.000), in the Country Offices lower than last year (- €36,000). In the Netherlands, contributions for memberships in different platforms, forums and

associations were especially higher than last year and the budget, while audit costs were lower.

Depreciation (L9)

Depreciation was almost on budget and €30,000 lower than last year. This decrease is due to the CRM system being totally depreciated in 2017 and the assets for logistics are almost completely depreciated. In the coming years, the largest depreciation will be in local shops costs, which increased in 2017 and are accounted for in the local shop costs and not in the operational expenses of the organisation.

Depreciation in the Statement of Income and Expenditure
Depreciation in costs of other sales
Depreciation in national shops costs
Depreciation in local shops costs

This year	Last year
253,797	281,141
7,295	3,019
636	7,944
129,987	96,629
391,715	388,733

Of which on material fixed assets
Of which on intangible fixed assets (software)

260,792	233,858
130,923	154,875
391,715	388,733

5.7 Cash Flow Statement 2017

	This year		Last year	
Cash flows from operations:				
Result of the year		1,036,683		821,069
Add: Depreciation		391,715		388,733
Less: Increase/decrease of stock		943,175		-209,924
		2,371,573		999,878
Changes in working capital:				
Addition working capital to consolidation of Dorcas USA	243		0	
Increase/decrease receivables	-617,248		-106,043	
Increase/decrease short term liabilities	-418,282		-1,062,456	
		-1,035,287		-1,168,499
		1,336,286		-168,621
Cash flows from financing:				
Increase/decrease long term liabilities	-63,526		-63,534	
		-63,526		-63,534
Cash flow from purchases and sales				
Purchases	-421,512		-584,959	
Sales	11,131		4,718	
		-410,381		-580,241
Increase/decrease in cash		862,379		-812,396
Liquid assets as of 31 December		4,604,690		3,742,311
Liquid assets as of 1 January		3,742,311		4,554,707
		862,379		-812,396

The cash flow position improved significantly in 2017. The €943,175 decrease of stock was included in the result as project expenses. It is not cash however. The sum of purchases and divestments of assets was almost equal to depreciation; thus, this did not effect

cash flow significantly.The increase in receivables was largely caused by receivables from donors (including the DRA Joint Responses for 2017), which were not yet received, although project expenses were already incurred in 2017. The decrease in

liabilities is due to fewer pre-received government grants accounted for at end of 2017 as compared to end of 2016, and decreased with significant payables for project expenses.

For 2018, increase in continuity reserve and liquid position are budgeted, which can be seen in the budget included in Annex A, to make sure that Dorcas has sufficient surplus to absorb seasonal variances in income and other changes to income and expense.

5.8 Signing by Executive Board and Supervisory Board

The original papers were signed by the directors and the Supervisory Board members.

5.9 Auditor's report



Stichting Dorcas Aid International
Postbus 12
1619 ZG ANDIJK

INDEPENDENT AUDITOR’S REPORT

To: the board of directors and the supervisory board of Stichting Dorcas Aid International

Report on the audit of the financial statements 2017 included in the annual report

Our qualified opinion

We have audited the financial statements 2017 of Stichting Dorcas Aid International, based in Andijk.

In our opinion, except for the possible effects of the matter described in the basis for our qualified opinion paragraph, the accompanying financial statements give a true and fair view of the financial position of Stichting Dorcas Aid International as at 31 December 2017 and of its result over the period 1 January 2017 up to 31 December 2017 in accordance with the Guideline for annual reporting 650 “Fundraising Organizations” of the Dutch Accounting Standards Board.

The financial statements comprise:

- 1. the balance sheet as at 31 December 2017 (with a balance sheet total of € 10,534,599);
- 2. the statement of income and expenditure for the period 1 January 2017 to 31 December 2017 (with a total positive result of € 1,036,683); and
- 3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our qualified opinion

As indicated on page 75-77, section 56, in the note to ‘Income in exchange for the delivery of products and/or services’, there are control deficiencies with respect to the recognition of revenue from the Dorcas shops. Owing to the specific characteristics of the shops, which are run exclusively by volunteers, a number of essential internal controls are not in place. As a consequence we have been unable to verify the completeness of net revenue from Dorcas shops.

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

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

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

Report on the other information included in the annual report

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information that consists of:

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- the management board’s report;
- other information as required by the Guideline for annual reporting 650 “Fundraising Organizations” of the Dutch Accounting Standards Board.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements, does not contain material misstatements and that all information is included which is requested by the Guideline for annual reporting 650 “Fundraising Organizations”. We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the management board’s report and other information in accordance with the Guideline for annual reporting 650 “Fundraising Organizations” of the Dutch Accounting Standards Board.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 “Fundraising Organizations” of the Dutch Accounting Standards Board. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Was signed in Slidrecht, 9 May 2018.

WITH accountants B.V.
P. Alblas RA

Enclosure.



Enclosure to our auditor’s report by the accompanying financial statements 2017 of Stichting Dorcas Aid International, based in Andijk

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

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

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

Annex A - Budget 2018

	Budget 2018	
Income:		
Private individuals	7,693,344	
Companies	1,020,552	
Government subsidies	7,615,000	
Affiliated non-profit organisations	121,500	
Other non-profit organisations	2,328,073	
Total income raised		18,778,469
Income in exchange for the delivery of products and/or services	3,433,924	
Other income	0	
		3,433,924
Total income		22,212,393
Expenses:		
Spent on objectives		
Awareness	845,815	
Relief and rehabilitation	7,070,169	
Enterprising people	6,075,102	
Community based care and protection	4,532,835	
		18,523,921
Fundraising expenses	1,447,200	
Management and administration expenses	1,100,902	
Total expenses		21,072,023
Balance of income and expenses		1,140,370
Financial income and expenses		5,000
Budgeted surplus		1,145,370

Forecasted benchmark percentages:

Spent on objectives as percentage of total income	83.4%
Spent on objectives as percentage of total costs	87.9%
Fundraising as percentage of total income raised	7.7%
Management and administration as percentage of total costs	5.2%

The budget for 2018 is conservative. We anticipate a decrease in income due to further decrease in income in kind to be shipped to project countries. The budgeted income for government grants is also conservative, with opportunities for increase as project proposals are approved. We aim to further strenghten our reserves by budgeting for a surplus so that financial solvency is further restored to the point deemed necessary.

Annex B - Distribution: direct project expenses 2017

	Payments in cash 2016 in euros	Contributions in kind 2016 in euros	total 2016 in euros	Payments in cash 2017 in euros	Contributions in kind 2017 in euros	Total 2017 in euros
Distribution per intervention:						
Relief and rehabilitation	11,358,112	123,298	11,481,410	10,065,789	29,052	10,094,841
Development	5,120,007	271,832	5,391,839	4,355,447	277,193	4,632,640
Social care	1,926,081	4,273,233	6,199,314	1,320,345	2,753,802	4,074,147
	18,404,200	4,668,363	23,072,563	15,741,581	3,060,047	18,801,628
Distribution by country:			0			
Romania	410,447	949,514	1,359,961	295,252	999,458	1,294,710
Moldova	523,438	809,712	1,333,151	385,158	467,629	852,787
Hungary	0	0	0	0	0	0
Ukraine	5,181,174	1,862,393	7,043,567	2,585,154	1,021,130	3,606,284
Albania	617,820	273,441	891,261	401,764	291,919	693,683
Russia	299,046	0	299,046	227,844	0	227,844
Total Eastern Europe	7,031,925	3,895,061	10,926,986	3,895,172	2,780,137	6,675,309
Egypt	668,347	0	668,347	433,562	0	433,562
Sudan	97,250	0	97,250	87,385	0	87,385
South Sudan	1,909,995	0	1,909,995	2,195,928	28,461	2,224,389
Ethiopia	2,938,998	0	2,938,998	1,680,395	0	1,680,395
Kenya/Uganda	1,157,710	0	1,157,710	1,081,113	0	1,081,113
Tanzania	478,314	10,886	489,200	348,806	0	348,806
South Africa	164,443	251,411	415,854	15,212	0	15,212
Mozambique	291,637	0	291,637	214,365	0	214,365
Zimbabwe	12,664	0	12,664	0	0	0
Lesotho	91,775	42,911	134,687	46,226	0	46,226
Total Africa	7,811,134	305,209	8,116,343	6,102,992	28,461	6,131,453
Syria	968,765	0	968,765	3,056,748	0	3,056,748
Lebanon	490,353	0	490,353	573,890	591	574,481
Iraq	1,233,690	39,787	1,273,477	1,544,712	0	1,544,712
Total Middle East	2,692,808	39,787	2,732,595	5,175,349	591	5,175,941
Nepal	196,007	0	196,007	57,635	0	57,635
Other countries and transport fund	672,326	428,307	1,100,633	510,432	250,858	761,290
Total other countries and transport fund	868,333	428,307	1,296,640	568,067	250,858	818,925
Grand total	18,404,200	4,668,363	23,072,563	15,741,581	3,060,047	18,801,628

Annex C - Composition of the Supervisory Board and Board of Directors on December 31st, 2017

Composition of the Supervisory Board

As of January 1st, 2017, the Supervisory Board is composed as follows:

Lt. Colonel Mrs. Dr. C.A. Voorham (1946), Chairperson of Supervisory Board, Chairperson of Remuneration Committee

Profession: Salvation Army officer (previously director of the Salvation Army Welfare and Health Care Foundation).
Additional positions: vice-chairperson Supervisory Board Stichting Timongroep (Timongroep Foundation), board member Stichting Present Haarlem, member of the Maatschappelijke Raad Gevangenzorg Nederland (Netherlands Social Council for Prisoners Care), member of the Members Council of the Nederlands Bijbelgenootschap (Netherlands Bible Society), ambassador for Youth for Christ, Lifespots and Micha Nederland.
Stepping down in 2022 and cannot be reappointed.

Mr. K. Kloosterboer MBA (1958), member of Audit Committee, member of Remuneration Committee

Profession: entrepreneur.
Additional positions: member of the Foundation Board of Zeehaven IJmuiden NV, Supervisory Board member at Fruitmasters in Geldermalsen and church warden for the Protestant Church of Sint Pancras.
Stepping down in 2018 and cannot be reappointed.

Mr. J.C. van der Linden, RA (1960), chairperson of Audit Committee

Profession: Accountant advisor.
Additional positions: Chairperson Candidates and Evaluation of Frisian Company of the Year, Board member VNO NCW Friesland, member Membership Recruitment Rotary Club Sneek, Treasurer Stichting HIS Hulp, Treasurer Friesland Vaart, Board member Trade & Industry Sneek area
Stepping down in 2021 and may be reappointed once.

Mrs. A. Westerduin-de Jong MA (1971)
Profession: Director of Royal Jongbloed Publishing Group.
Additional positions: member of the Supervisory Board of Het Baken Care Centre in Elburg, Board member of Stichting Present Nederland (Present Foundation).
Stepping down in 2020 and may be reappointed once.

One position vacant

Supervisory Board remunerations

The members of the Supervisory Board do not receive any remuneration for fulfilling their duties. However, they may be reimbursed for expenses incurred.

Appointment Procedure

Supervisory Board members are appointed by the Supervisory Board. Appointment to the Supervisory Board takes place using a profile defined by the Supervisory Board stipulating the qualities and/or capacities which Supervisory Board members are required to meet. The recruitment and selection of Supervisory Board members takes place using a procedure defined by the Supervisory Board. The Selection and Remuneration Committee supports the Supervisory Board in recruiting and selecting candidates for the Supervisory Board. Any Supervisory Board member will retire by rotation, but no later than five years after his appointment. A Supervisory Board member retiring by rotation can be reappointed once. In the procedure for recruitment, selection and appointment, the Board of Directors has an advisory role.

Composition of the Board of Directors

As of January 1st, 2017, the Board of Directors is composed as follows:

Mr. L.D. Visser (1957), Chief Executive Officer (0,9 FTE) Kampen
Additional positions: member of EU-Cord Administrative Council, Brussels (unpaid), commissioner at De Jong Beheer BV, Sliedrecht (paid)

Mr. M. Gendi (1964) – Chief Program Officer (1,0 FTE) Enkhuizen
Additional positions: none

Mr. N. Hoogenraad (1958), Chief Finance Officer (1,0 FTE) Aalsmeer
Additional positions: Treasurer of the Partos Board (unpaid)

Additional positions risk analysis

Supervisory Board
Additional positions of our Supervisory Board members do not influence their position with Dorcas and their availability, formally nor informally. Therefore, there is no risk for the organisation.

Board of Directors
Additional positions of our Board of Directors members do not influence their position with Dorcas and their availability, formally nor informally. Mr. L.D. Visser’s role as a commissioner for a commercial organisation is no threat to his performance with Dorcas, according to our Board of Supervisors. His appointment of 0,9 FTE is associated with his duties as a commissioner. His role as a member of the EU-Cord board is beneficial due to Dorcas’ membership with this European group of Christian aid and development organisations.

Annex D - List of Partner Organisations 2017

Albania Diakonia Agapes – <i>Tirana</i> Emanuel Mission Foundation – <i>Korça</i> Integration Association Tropoja – <i>Bajram Curri</i>	Lord’s Army Association – <i>Gherla</i> Pro Christo et Ecclesia Association (CE) – <i>Targu Mures, Zalau, Oradea</i>	Project – <i>Naretoi</i> Wikivuvwa Development Action – <i>Mwingi</i>
Moldova A.O. El-Sadai – <i>Chisinau</i> Asociatia de Binefacere ‘Elim-Moldova’ – <i>Singerei</i> Baptist Evangelical Church – <i>Rezina</i> Christian Foundation Titus – <i>Telenesti</i> Dinar – <i>Chisinau</i> Emmanuel Baptist Church – <i>Balti</i> Hope to Children – <i>Floresti</i> The Salvation Army – <i>Chisinau</i>	Russia ADRA – <i>Moskou</i> Charitable fund Nadezhda Est – <i>Tula</i> NOMCC – <i>Vladikavkaz</i> Preobrazovanie – <i>Togliatti, Samara region</i>	Lesotho Pulane Childrens's Centre – <i>Mount Moorosi, Lesotho</i>
Ukraine Charitable Organisation ‘New Hope Center’ – <i>Zaporozje</i> Dobra Vistka – <i>Krivoy Rog</i> Favor – <i>Krivoy Rog</i> Good Samaritan Children’s home – <i>Nagydobrony</i> Khortitsa Baptist Church – <i>Zaporozje</i> Light of Resurrection – <i>Donetsk</i> New Beginning – <i>Mukachevo</i> New Life – <i>Mukachevo</i> Phoenix – <i>Mukachevo</i> Reformed Church – <i>various locations</i> Ukrainian Gospel Mission – <i>Lutsk</i>	Ethiopia Addis Hiwot Integrated Sustainable Development Organisation (AHISDO) – <i>Addis Ababa</i> Bole Kifle Ketema Ideroch Council – <i>Addis Ababa</i> Ethiopian Guenet Church Development and Welfare Organisation – <i>various locations</i> Ethiopian Mulu Wongel Amagnoch Church Development Organisation – <i>various locations</i> HOPE Enterprises – <i>Addis Ababa</i> Selam Awassa Business Group – <i>Awassa</i>	Mozambique Assembleia De Deus Africana - <i>Avante</i> na Fe Ministries – <i>Inhaminga</i> Kubatsirana – <i>Ajuda Mutua</i> Shingirirai – <i>Chimoio</i> United Church of Christ – <i>Mozambique</i> Girl Child Rights – <i>Chimoio</i>
Romania Baptist Church Negresti – <i>Vaslui</i> Christian Center Betania – <i>Oradea</i> Christian Foundation Diakonia – <i>Cluj-Napoca</i>	Kenya Anglican Church of Uganda, Kisiizi Hospital – <i>Kabale, Oeganda</i> Kitise Rural Development – <i>Kitise, Mwanja, Makueni</i> Muthetheni Parents Committee – <i>Muthetheni</i> North Gem Community Development Program – <i>Siaya</i> Redeemed Gospel Church – <i>various locations</i> Shokut Naretoi Community	Tanzania ELCT - Terrat & Orkesumet Lutheran Parish – <i>Arusha</i> Free Pentecostal Church of Tanzania – <i>Handeni</i> International Evangelism Church – <i>Arusha</i> Magugu Lutheran Parish – <i>Babati/Kongwa</i> New Life in Christ – <i>Kilimanjaro</i> Olokii Lutheran Parish – <i>Arusha</i>
		St. Steven Anglican Church Hai Parish – <i>Rundugai</i>
		Several partners in humanitarian programmes in Ukraine, Lebanon, Syria and Iraq.

We desire justice, both
for people and their
communities, so that they
flourish. We strive for lasting
change for those who live in
poverty, are excluded, or are
caught in a crisis. This is how
we follow *Jesus Christ*.