



**Financial Statements
for the year ended 31 December 2018
for
Stichting FERN
(Audited)**

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Stichting FERN

General Information for the year ended 31 December 2018

REGISTERED OFFICE:

Fern
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2611 RR Delft
Netherlands
Registration KvK: 41169658
☎ +32 2 894 4690

BELGIUM OFFICE:

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Mundo B,
Rue d'Edimbourg, 26
1050 Brussels,
Belgium
☎ +32 2 894 4690

UK OFFICE :

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Stratford Road
Moreton-in-Marsh, GL56 9NQ
UK
☎ +44 1608 652 895

FRANCE OFFICE :

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10 rue du plateau
93100 Montreuil
France
☎ +32 2 894 4690

WEBSITE :

www.fern.org

AUDITOR:

VRC Bedrijfsrevisoren
Represented by Mr Geert Keunen
't Hofveld 6 C3, 1702 Groot-Bijgaarden
Brussels, Belgium

**AUDITOR'S REPORT TO THE GENERAL MEETING OF MEMBERS
OF THE FOUNDATION STICHTING FERN
FOR THE YEAR ENDED
DECEMBER 31, 2018**

In the context of the audit of the annual accounts of Stichting Fern (the "Foundation") and the assignment that you have entrusted to us, we hereby present our auditor's report. It includes our report on the annual accounts.

Report on the annual accounts

Unqualified opinion

We have audited the annual accounts of the Foundation, which comprise the balance sheet as at 31 December 2018, the profit and loss account for the year then ended and the notes to the annual accounts, characterised by a balance sheet total of € 5.448.128 and a profit and loss account showing a positive result for the year of € 113.756.

In our opinion, the annual accounts give a true and fair view of the Foundation's net equity and financial position as at 31 December 2018, as well as of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the annual accounts' section in this report. We have complied with all the ethical requirements that are relevant to the audit of annual accounts in Belgium, including those concerning independence.

We have obtained from the board of directors and the officials of the Foundation the explanations and information necessary for performing our audit.

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

Responsibilities of the board of directors for the preparation of the annual accounts

The board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. 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 annual accounts.

When performing our audit, we comply with the legal, regulatory and standards framework that applies to the audit of the annual accounts in Belgium.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

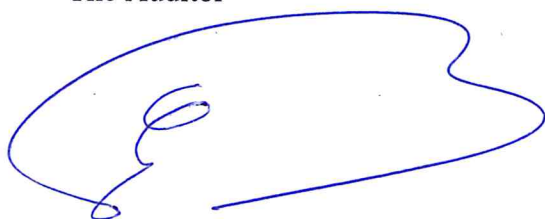
- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material 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;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts 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 the Foundation to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual accounts and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Statement related to independence

Our audit firm did not provide services which are incompatible with the audit of annual accounts, and we remained independent of the Foundation throughout the course of our mandate.

Groot-Bijgaarden, 3 June 2019

The Auditor

A handwritten signature in blue ink, consisting of a large, loopy initial 'G' followed by a smaller, more complex flourish.

VRC Registered Auditors
SC s.f.d. SCRL
Represented by Geert Keunen
Registered Auditor

Stichting FERN

Financial Statements for the year ended 31 December 2018 (Euros)

Balance Sheet		
Assets	2018	2017
1. Subscribed capital unpaid		
2. Assets (2.1+2.2+2.3)	37,960	41,638
2.1 Intangible assets	8,039	24,781
2.2 Tangible assets	26,484	16,858
2.3 Financial assets	3,437	-
3. Current assets (3.1+3.2.1+3.2.2+3.3+3.4+3.5)	5,410,168	3,524,361
3.1 Stocks	-	-
3.2.1 Debtors due after one year	2,567,882	1,093,095
3.2.2 Debtors due within one year	1,879,953	1,040,775
3.3 Cash at bank and in hand	948,698	1,366,614
3.4 Other current assets	-	-
3.5 Accrued income / Deferred expenses	13,635	23,879
Total assets (1+2+3)	5,448,128	3,566,000
Capital & Liabilities	2018	2017
4. Capital and reserves (4.1+4.2+4.3+4.4)	665,498	567,820
4.1 Reserves (restricted)	230,000	230,000
Subtotal restricted reserves	230,000	230,000
4.2 Reserves (non-restricted) inc Surplus / (loss) brought forward	313,703	218,037
4.3 Surplus / (loss) for current year	113,756	95,666
4.4 Capital grant reserve	8,039	24,118
Subtotal non-restricted reserves	435,498	337,820
5. Creditors (5.1.1+5.1.2+5.2.1+5.3.1+5.4)	4,782,629	2,998,179
5.1.1 Long term non-bank debt	-	-
5.1.2 Long term bank debt	-	-
5.2.1 Short term non-bank debt	221,311	662,584
Payables within one year	76,285	539,739
Social security and salary	128,194	113,326
VAT liability	16,833	9,519
5.3.1 Provisions	33,553	19,035
5.4 Accrued expenses / Deferred income	4,527,765	2,316,561
Total capital & liabilities (4+5)	5,448,128	3,566,000
Statement of Financial Activities	2018	2017
6. Operating Income	2,502,806	3,212,795
Specific campaign funding	2,483,416	3,005,925
Core funding & donations	-	169,104
Reimbursements	11,785	13,202
Other operating income	7,605	24,564
7. Costs of material and consumables	-	-
8. Other operating charges	1,330,255	1,941,725
Partner subcontracts	467,880	978,414
Audit, consultants, subcontract	394,230	504,220
Travel, meetings, training	249,913	195,470
Printing, editing, translation	112,277	169,423
Office costs	43,562	35,857
Rent & Utilities	43,987	40,636
Office insurance, recruitment & training	18,405	17,706
9. Staff and HR costs	1,102,971	952,405
10. Gross operating surplus / (loss) (6-8-9)	69,580	318,665
11. Depreciation and amortisation of tangible & intangible assets	11,050	24,731
12. Net operating surplus / (loss) (10-11)	58,530	293,934
13. Financial income and value adjustments on financial assets	58,420	4,305
14. Interest paid, bank charges, exchange rate losses and bad debts	3,193	33,468
15. Gains on realisation of debtors	-	-
16. Surplus / (loss) on ordinary activities (12+13-14+15)	113,756	264,770
17. Extraordinary income and charges	-	169,104
19. Surplus / (loss) for the financial year (16-17-18)	113,756	95,666
Appropriation of the result	2018	2017
Transfer to non-restricted reserves	113,756	95,666
Non-restricted reserves at 31 December	427,459	313,703

APPROVED BY THE BOARD

DATE: 3rd June 2019

Elisa Peter, Chair

Jacques Lauruol, Treasurer

Stichting FERN
Notes to the Financial Statements
for the year ended 31 December 2018

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in Belgium.

Grants and Donations

Income from donations and grants is included in incoming resources when these are receivable. There are accounted on an accruals basis.

Interest Receivable

Interest is included when receivable by the organisation.

Expenditure

All expenditure is accounted for on an accruals basis and is inclusive of VAT which cannot be recovered.

Depreciation

Fixed Assets are written off over three years straight line for computers having a purchase value of at least €1,000 (excl VAT), and over five years for office furniture having a purchase value of more than €1,000 (excl VAT).

2. TAXATION

The organisation is non-profit making and registered in the Netherlands as a Stichting. It therefore only pays Corporation Tax on investment income and capital gains.

3. CURRENT ASSETS

	<u>2018(€)</u>	<u>2017(€)</u>
Trade debtors and balances due to partners	64,179	188,899
Amounts receivable within one year (note 5)	<u>1,815,773</u>	<u>851,876</u>
Total amounts receivable within one year	1,879,953	1,040,775
 Cash at bank and in hand	 948,698	 1,366,614
Accrued income	-	1,371
Deferred expenses	13,635	22,508
	<u>4,722,238</u>	<u>3,472,041</u>

4. CREDITORS

	<u>2018(€)</u>	<u>2017(€)</u>
Deferred income (note 6)	4,527,765	2,316,560
Trade creditors and balances due to partners	76,290	539,457
Accrued expenses	- 6	283
Social security and salary debts	128,194	113,326
VAT liability	16,833	9,519
Amounts owed to donors	-	-
	<u>4,749,076</u>	<u>2,979,144</u>

Stichting FERN
Notes to the Financial Statements (cont..)
for the year ended 31 December 2018

5. AMOUNTS RECEIVABLE WITHIN ONE YEAR	<u>2018(€)</u>	<u>2017(€)</u>
FROM DONORS		
Department for International Development, United Kingdom	922,027	287,676
Delegation of the European Commission in Laos	157,091	-
Delegation of the European Commission in Vietnam	-	96,297
Ford Foundation, United States of America	340,000	380,391
David & Lucille Packard Foundation, United States of America	174,712	-
LIFE+, European Commission	99,999	50,000
Waterloo Foundation, United Kingdom	20,627	32,825
European Climate Foundation, Belgium	50,000	4,687
James Goldsmith Foundation, United Kingdom	-	-
Arcus Foundation, United States of America	51,317	-
UK NGO Coalition	-	-
	<u>1,815,773</u>	<u>851,876</u>
6. DEFERRED INCOME	<u>2018(€)</u>	<u>2017(€)</u>
Department for International Development, United Kingdom	2,711,786	760,838
Delegation of the European Commission in Laos	335,391	-
David & Lucille Packard Foundation, United States of America	396,537	50,303
Ford Foundation, United States of America	701,173	1,391,584
LIFE+, European Commission	124,999	-
Waterloo Foundation, United Kingdom	112,351	55,494
European Climate Foundation, Belgium	60,000	-
James Goldsmith Foundation, United Kingdom	-	33,978
Arcus Foundation, United States of America	85,529	-
UK NGO Coalition	-	24,365
	<u>4,527,765</u>	<u>2,316,561</u>
7. RESERVES	<u>2018(€)</u>	<u>2017(€)</u>
Reserves (restricted) at 1 January	230,000	230,000
Reserves (non-restricted) at 1 January	313,703	218,037
Surplus for the financial year	113,756	95,666
Capital grant reserve	8,039	24,118
Total reserves at 31 December	<u>665,498</u>	<u>567,820</u>

8. INCOME AND EXPENDITURE

STICHTING FERN

INCOME AND EXPENDITURE, BY CAMPAIGN - FOR THE YEAR TO 31 DECEMBER 2018

All figures in euros

				Analysis by Work Area									
	Actual 2018	Budget 2018	Actual 2017	Core costs		Climate		Consumption		Development		Trade	
				actual	budget	actual	budget	actual	budget	actual	budget	actual	budget
Income													
Ford Foundation	545,494	309,777	281,004	168,148	25,000	103,009	156,506	168,594	24,805	92,802	65,682	12,940	37,784
Department for International Development, UK Government	918,627	1,492,319	1,424,254	87,243	49,927	36,210	58,691	143,351	304,816	595,137	1,002,794	56,686	76,092
European Commission - Development Cooperation	458,666	187,313	697,995	20,327	7,979	-	-	-	-	438,338	179,334	-	-
European Commission - Operating Grant	124,999	125,000	124,999	112,387	120,984	-	4,016	2,856	-	9,756	-	-	-
David & Lucille Packard Foundation	207,199	192,045	235,945	18,781	18,326	164,791	173,719	1,285	-	20,297	-	2,046	-
JMG Foundation	33,978	34,090	33,369	2,082	5,504	23,335	28,586	8,561	-	-	-	-	-
Climate & Land Use Alliance	-	-	62,419	-	-	-	-	-	-	-	-	-	-
European Climate Foundation	100,000	100,000	67,687	9,208	13,828	81,346	86,172	9,446	-	-	-	-	-
UK NGO Coalition	42,432	5,000	16,514	3,864	5,000	-	-	38,038	-	529	-	-	-
Waterloo Foundation	52,022	57,177	61,739	1,178	2,783	-	-	25,866	54,394	24,978	-	-	-
Other	7,605	-	24,564	3,876	-	866	-	3,227	-	(364)	-	-	-
Reimbursements	11,785	-	13,202	11,001	-	(86)	-	(181)	-	1,042	-	8	-
Bank Interest	350	-	1,596	107	-	56	-	210	-	(24)	-	-	-
Foreign Exchange gain	58,070	-	2,708	(5,164)	-	14,693	-	54,721	-	(6,180)	-	-	-
Creditors written back	-	-	-	-	-	-	-	-	-	-	-	-	-
Exceptional income Ford BUILD Grant	-	-	169,104	-	-	-	-	-	-	-	-	-	-
Subtotal - Income	2,561,225	2,502,721	3,217,099	433,039	249,331	424,222	507,690	455,973	384,015	1,176,312	1,247,810	71,679	113,876
Expenditure													
Staff and HR costs	1,102,971	1,024,331	952,405	37,851	32,950	338,330	382,095	299,539	283,749	400,860	272,614	26,390	52,923
Partner subcontracts	467,880	705,720	978,414	-	-	-	-	-	-	467,880	705,720	-	-
Audit, consultants, subcontract	394,230	278,455	504,288	72,127	44,076	46,515	69,319	81,483	27,920	169,158	122,640	24,947	14,500
Travel, meetings, training	249,913	213,575	195,402	69,745	39,500	29,730	30,103	49,333	38,931	90,809	88,615	10,296	16,426
Printing, editing, translation	112,277	164,535	169,423	37,492	18,000	9,105	26,173	26,406	33,415	29,229	56,920	10,046	30,027
Office costs	43,562	31,300	35,857	43,071	30,000	-	-	-	-	491	1,300	-	-
Rent & Utilities	43,987	41,700	40,636	43,987	41,700	-	-	-	-	-	-	-	-
Insurance & HR costs	18,405	17,000	17,706	18,405	17,000	-	-	-	-	-	-	-	-
Debts written off	-	-	-	-	-	-	-	-	-	-	-	-	-
Depn, Interest, finance charges	14,243	22,000	24,731	(2,109)	22,000	-	-	-	-	16,352	-	-	-
Foreign exchange losses	-	-	33,468	-	-	-	-	-	-	-	-	-	-
Reserve Contribution (Ford BUILD Grant)	-	-	169,104	-	-	-	-	-	-	-	-	-	-
Subtotal - Costs	2,447,469	2,498,616	3,121,433	320,569	245,226	423,680	507,690	456,762	384,015	1,174,779	1,247,809	71,679	113,876
Surplus / (Deficit)	113,756	4,105	95,666	112,470	4,105	542	-	(788)	-	1,533	-	-	-

Stichting FERN
Notes to the Financial Statements
for the year ended 31 December 2018

9. INCOME	<u>2018(€)</u>	<u>2017(€)</u>
Delegation of the European Commission in Laos	143,776	-
Delegation of the European Commission in Liberia	2,251	377,551
Delegation of the European Commission in Vietnam	2,573	320,444
Department for International Development, United Kingdom	1,228,694	1,424,254
LIFE+, European Commission	124,999	124,999
Ford Foundation, United States of America	545,494	281,004
Waterloo Foundation, United Kingdom	52,022	61,739
David & Lucille Packard Foundation, United States of America	207,199	235,945
European Climate Foundation, Belgium	100,000	67,687
James Goldsmith Foundation, United Kingdom	33,978	33,369
Climate & Land Use Alliance, United States of America	-	62,419
UK NGO Coalition	42,432	16,514
Arcus Foundation, USA	-	-
Subtotal - Specific Campaign funding	<u>2,483,416</u>	<u>3,005,925</u>
Reimbursements	11,785	13,202
Donations and core income (From Ford Foundation)	-	169,104
Subtotal - Operating income	<u>2,495,201</u>	<u>3,188,231</u>
Other operating income	7,605	24,564
Subtotal - Other operating income	<u>7,605</u>	<u>24,564</u>
Credit interest	350	1,596
Gain on exchange rate	58,070	2,708
Financial income	<u>58,420</u>	<u>4,305</u>
TOTAL INCOME	<u>2,561,225</u>	<u>3,217,099</u>

Additional information re: funding received from DFID, UK

In line with the audit requirements of the donor, the following information is included with respect to Fern's Forest Governance, Markets & Climate (FGMC) contract with the Department for International Development, UK. This relates to the contracts which took effect from 1 October 2015 and 1 May 2018. Project charges include a contribution to Fern's audit costs. Other DFID funded projects are also included in the income total in Note 9.

DFID FGMC 2015-18	<u>2018(€)</u>	<u>2017(€)</u>
Total project income	297,373	1,198,339
Total project charges	297,373	1,197,806
DFID cash carried forward at 31 December	-	317,289
DFID FGMC 2018-21	<u>2018(€)</u>	<u>2017(€)</u>
Total project income	610,083	-
Total project charges	610,083	-
DFID cash carried forward at 31 December	(35,681)	-