

MSF Belgium and Operational Centre Brussels

FINANCIAL STATEMENTS 2019

CONTENTS

ACTIVITIES AND ORGANISATION	3
Mission & funding policies	3
Organisational structure	4
Accounting standards and policies	5
Governance and transparency	5
OCB FINANCE DIRECTOR'S REPORT	6
Income	6
Expenditure	7
Result for the year and reserves policy	8
Significant events since the end of the year	9
ANNEXES	10
Statement of Financial Activities	10
Statement of Financial Position	16
AUDITOR'S REPORT	20
ACKNOWLEDGMENTS	24

ACTIVITIES AND ORGANISATION

For the year ended 31 December 2019

These financial statements are a means of transparency and accountability, illustrating the financial situation of both MSF Belgium¹ and the Operational Centre Brussels (OCB).

MISSION AND FUNDING POLICIES

Médecins Sans Frontières (MSF) is an international, independent, medical humanitarian organisation. MSF delivers emergency aid to people affected by armed conflict, epidemics, natural disasters and exclusion from healthcare.

MSF offers humanitarian assistance to people based on need and irrespective of race, religion, gender or political affiliation. We work to save lives, alleviate suffering and restore dignity. Our actions are guided by medical ethics and the principles of neutrality and impartiality. In order to be able to access and assist people in need, our operational policies must be scrupulously independent of governments, as well as religious and economic powers. We conduct our own assessments, manage our projects directly and monitor the impact of our assistance.

As a general principle, MSF does not accept funds from governments or other parties who are directly involved in the conflicts to which MSF is responding. Similarly, as a reaction to the EU's response to the migration crisis that affected Eastern Europe in 2016, MSF decided to no longer accept public funds from the European Union and its member states. Since then, MSF is almost exclusively funded by private individual donors.

In 2019, about 915 health professionals, logistics specialists and administrative staff of all nationalities left on field assignments to join more than 9,200 locally hired staff working in medical and humanitarian programmes coordinated by OCB. Our staff in the field were supported by approximately 405 full time equivalents (FTEs) based in Brussels or in regional offices.

¹ In this report "MSF Belgium" refers to Médecins Sans Frontières ASBL (BCE n°0421.446.093, address: Rue de l'Arbre Bénit 46, 1050 Brussels), which is the legal entity carrying activities in Belgium.

ORGANISATIONAL STRUCTURE

Médecins Sans Frontières (MSF) is a non-profit, self-governed organisation. Founded in Paris, in 1971, MSF today is a worldwide movement of associations located all over the world.

MSF runs operations around the globe through 5 Operational Centres (OCs). An International Office based in Geneva ensures the coordination between OCs and other institutional members.

The Operational Centre Brussels (OCB) is the largest OC in the MSF movement in terms of budget and runs humanitarian actions in more than 40 countries. The four other MSF Operational Centres are located in Amsterdam, Barcelona, Geneva and Paris.

OCB (in red on the illustration below) has 8 partner sections on 4 continents: South Africa, Brazil, Denmark, Hong Kong, Italy, Luxemburg, Norway, and Sweden. Under some sections; OCB has also 5 branch offices : Singapore, Taiwan, Beijing, Finland and Lebanon.



ACCOUNTING STANDARDS & POLICIES

This financial report presents two different sets of financial statements:

- The Income Statement presents the combined financials of all the partner sections of the OCB group. Despite the fact that this group of partner sections has no legal foundation, combined figures provide a more comprehensive and a more accurate view of the activities of OCB as they reflect:
 - ✓ The way OCB is actually managed, namely as a co-ownership
 - ✓ The cost structure and ratios which are used by internal governance bodies to steer the activities
- The Balance Sheet included in this report is the balance sheet of MSF Belgium, the legal entity carrying activities around the world from Belgium. These figures are included in this report as they reflect our financial position at year end.

The main differences between the statutory financial statements of MSF Belgium and the combined figures for the OCB group are explained in the table below²:

Item	Combined financial statement for the OCB group	Statutory Financial statement of MSF Belgium
Income	Combined income of the partner sections and branch offices of the OCB group sections	Grants from all partner sections to MSF Belgium (each grant is in general equal to the difference between the income raised during the year and the section's own costs)
Expenditure	Combined costs of all the OCB group sections and branch offices	Expenses of the Belgian legal entity only
GAAP	Swiss GAAP ³	Belgian GAAP

GOVERNANCE AND TRANSPARENCY

MSF is accountable for the trust of its donors. Our statutory accounts are reviewed by the audit firm DGST and our contribution to the international combined accounts is audited by Ernst and Young. MSF Belgium also adheres to the code of ethics of Fundraising (AERF)⁴.

² A reconciliation between OCB and MSF Belgium figures is included in annex Statement of Financial Position

³ Standard used by MSF International Office for the International Combined Accounts

⁴ AERF is the abbreviation of Association pour une Ethique dans les Récoltes de Fonds

OCB FINANCE DIRECTOR'S REPORT

By Maya Yamaguchi – OCB Finance Director

In 2019, OCB was once again able to rely on the strong and continuous support of its donors and supporters: this is reflected in the total income increase of 7% compared to 2018, with some outstanding increases in Sweden, Brazil and from the US. Except for a few, all sections succeeded to raise more income than in 2018. The exchange rates variations did not impact incomes as much as it did in 2018, as the depreciation of some currencies were compensated by the appreciation other currencies.

In 2019, OCB expenses increased with 11% as a result of increased field expenses either directly managed by OCB or by OC MSF Barcelona and OC MSF Paris. The financing of operations managed by other OCs on financial reserves is part of the solidarity mechanisms applicable in the MSF Movement.

The OCB Group ends financial year 2019 with a deficit of -30,3 million Euros.

(in K€)	2019 Actuals OCB	2018 Actuals OCB
INCOMES	442.068	413.681
<i>Social Mission Expenses</i>	402.573	355.872
<i>Other Expenses</i>	71.902	71.696
EXPENSES	474.475	427.568
<i>Net exchange gains/losses</i>	2.087	-684
Deficit (-) / Surplus (+)	-30.321	-14.571

If we look at OCB cost structure only, our social mission ratio reached 83,4% in 2019, above a minimum target of 80% in the allocation of our resources.

INCOME

After some years of very significant growth (from 2014 to 2016), then a bit more stable level in 2017 and 2018, we achieved to increase incomes in 2019 by 7%.

98% of our incomes is coming from private donors and legacies, so this increase is thanks to the confidence of our donors and to our fundraising teams all around the world who did make a good use of fundraising investments to convince more donors of the MSF action and enable to increase our available resources for that.

EXPENDITURE

In 2019, OCB spent 286,6 million Euros in humanitarian missions directly managed by OCB (+26M€ compared to 2018). It is 10% more than in 2018.

OCB was active in more than 43 countries with 120 projects supporting healthcare toward populations in need, affected by emergencies (natural disaster or pandemics or...), living in armed conflict zones or suffering of healthcare exclusion, mental and sexual health problems. We continued our activities in contexts where significant investments were made over the recent years: Congo, Afghanistan, South Sudan, Central African Republic, Sierra Leone, Lebanon, Haïti, Iraq, South Africa, Nigeria among many others.

Countries where OCB spent more than 5 million Euros in 2019

representing 80% of OCB missions expenses

	<i>Figures in K€</i>	
	2019	2018
Democratic Republic of Congo	35.305	34.699
South Sudan	19.982	17.448
Central African Republic	17.232	13.255
Afghanistan	15.311	15.556
Lebanon	15.215	14.388
Sierra Leone	12.563	12.687
Iraq	10.272	8.223
Haiti	9.994	12.753
South Africa	9.670	10.246
Nigeria	9.264	8.351
Mozambique	9.012	5.166
Burundi	8.870	6.913
Syria	8.395	10.051
Guinea	8.353	8.494
Pakistan	7.859	8.397
India	6.739	6.318
Zimbabwe	6.398	6.673
Greece	5.846	6.138
Venezuela	5.860	3.283
Bangladesh	5.144	6.128

OCB also dedicated significant resources (7,7 million Euros) to new emergency interventions, namely for 2019 after the typhon Idai in Mozambique which devastated crops, houses and helathcare units (5,2M€) and in South Sudan after the flood which affected one million people (2,5M€).

OCB opened also new missions in 2019:

- in Cameroon with a hospital in Mabenda for violences healthcare (2,7M€)
- in Mali to support primary healthcare structures (2,5M€)
- in Yemen with the takeover of a hospital in Mocka (1,5M€).

Moreover, some specific activities were launched in existing missions. For example :

- a malaria healthcare support and spray campaign in Burundi - Kinyinya (2,7M€)
- a new surgery trauma center in Palestine (3,3M€)
- a maternity in Irak - Mossoul (2,1M€)
- a tuberculosis healthcare program in Ukraine - Zhytomyr (2,3M€).

In South America, OCB reinforced its presence in Bolivia (sexual and reproductive health in El Alto), in Brazil (migrants projects in Roraima) and increase its operations in Venezuela with a healthcare project for mines workers in Bolivar and primary healthcare in Anzoátegui.

Although we faced some delay in our construction projects, we continued to invest in the construction of the Kunduz trauma centre in Afghanistan and in the Kenema pediatric hospital in Sierra Leone.

OCB also decided to stop some projects during 2019 : hand over of the hospital Tabarre in Haïti, closures of the psychological and medical center for migrants in Sicily and of the refugees camp in Mauritania, closure of the hospital Ahmed Shah Baba in Kaboul Afghanistan, ending of malaria and hepatitis C related activities in Cambodia and reorientation of activities in support tot he Syrian population from East Ghouta to Latakia and Damascus.

OCB also funded 27 million Euros of projects coordinated by other Operational Centres (Paris & Barcelona) in 2019.⁵

HQ expenses amounted for all OCB sections to 122,8 million Euros in 2019. OCB continued to limit its growth with the exception of fundraising investments increasing with 5% (+2,1M€). In total OCB invested 54,6 million Euros in fundraising, needed to sustain our income to allow our operations. The main increases in 2019 were done in Brazil (+10%, +0,8M€), in Sweden (+19%, +1M€), in South Africa (+5,6%), and in Finland where we very recently started to fundraise thanks to the opening of this new branch office. OCB non-fundraising expenses decreased by -0,5% compared to 2018.

RESULT FOR THE YEAR AND RESERVES POLICY

OCB ended 2019 with a deficit of -30,3 million Euros, whereas MSF Belgium's deficit for 2019 (shown in the reserves table below) reached -34,1 million Euros.

The overall level of reserves remains solid with 107 million Euros accumulated surpluses. The purpose of these reserves is to:

- Guarantee immediate availability of a significant amount of cash for emergency interventions
- Cover our operating expenses in the event of a downturn in income and / or unforeseen increases in costs

⁵ 10 million Euros were similarly transferred to Operational Centre Paris and Operational Centre Barcelona in 2018.

Our reserve policy compels us to low risk investments. OCB therefore has no speculative investment but only safe short term deposits with multiple financial institutions.

in K€	2013 Actuals	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals
I. Equity Capital	60.000	60.000	60.000	60.000	60.000	60.000	60.000
II. Accumulated Surplus	75.590	151.211	174.025	208.858	148.756	141.273	107.214
Accumulated Surplus / Deficit	46.954	75.590	151.211	174.025	208.858	148.756	141.273
<i>Surplus / Deficit of the year</i>	<i>28.636</i>	<i>75.621</i>	<i>22.814</i>	<i>34.833</i>	<i>-60.102</i>	<i>-7.483</i>	<i>-34.059</i>
Total MSFB reserves	135.590	211.211	234.025	268.858	208.756	201.273	167.214

SIGNIFICANT EVENTS SINCE THE END OF THE YEAR

The COVID-19 pandemic will have implications for the orientation of our interventions on the ground in 2020, but are not likely to influence the financial situation of the association.

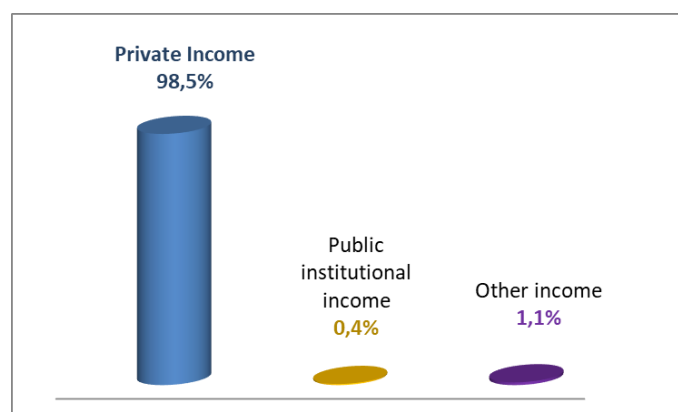
Being a medical humanitarian organization, a significant part of MSF's operational activities in the field will be impacted by COVID-19 in 2020. COVID-19 has neither an impact on 2019 financial statements nor on MSF capacity to apply going concern evaluation rules.

ANNEXES

STATEMENT OF FINANCIAL ACTIVITIES

Income

in K€	Italy	Sweden	Hong Kong	Brazil	USA	Belgium	Norway	Denmark	Luxembourg	South Africa	Others	TOTAL
Legacies	15.541			12.499		16.121	5.170	1.834	4.223	737		56.124
Other private income	47.750	59.662	57.192	44.257	52.155	29.754	37.739	18.285	1.615	1.626	29.185	379.219
Private Income Total	63.290	59.662	57.192	56.756	52.155	45.875	42.909	20.118	5.838	2.363	29.185	435.343
Public institutional income						1.906			39	39	-39	1.945
Other income	156	5	187	1.207		2.346	618	203	15	42	1	4.780
Total Income	63.446	59.667	57.379	57.963	52.155	50.128	43.526	20.321	5.892	2.444	29.146	442.068
% share	14%	13%	13%	13%	12%	11%	10%	5%	1%	1%	7%	100%



OCB income includes contributions from public generosity and public institutions, as well as revenues from other activities. In addition to incomes received from Belgian donors, legacies and private donations come mainly from partner sections in the OCB group (Italy, Hong Kong - inclusive Singapore and Taiwan, Brazil, Sweden, Norway, Denmark, Luxemburg, South Africa and Finland) but also from non-partner sections, mainly USA, UK, Ireland and Germany.

Private income consists of donations from both individuals and private organisations (companies, trusts and foundations, and other non-profit organisations). As a reaction to the EU's response to the migration crisis that affected Eastern Europe in 2016, MSF decided to no longer accept public funds from the European Union and its member states. In 2019, 98,5% of the income of OCB came from private individuals or institutions, which is key to guaranteeing our independence. In Belgium, 45,9 million Euros were raised, of which 29,8 million euros through donors and private organisations, and 16,1 million Euros from legacies, representing 35% of the private income of MSF Belgium.

Public institutional income represents grants (i.e. contributions based on contracts for specific projects), subsidies and donations received from or pledged directly by public institutions, such as governments or agencies. Income from other activities is mainly related to merchandising, equipment and services provided to other organisations and financial transactions.

In 2019, total income reached 442,1 million Euros. This is an increase of +7% (+28,4 million Euros) in comparison with 2018, mainly driven by increases from Sweden (+10M€) with a big donation from a foundation, from the US (+5,8M€), Brazil (+4M€), Hong Kong (+2,2M€), Italy (+2M€) and Belgium (+2M€). The impact on incomes from exchange rate variations has been minimal on 2019 incomes as some currencies depreciations compensated some other currencies appreciations.

In 2019, OCB received 379 million Euros (86% of its total income) from private donations (excluding legacies).

Restrictions

Income is considered as restricted only when subject to a donor-imposed restriction. Donors include all the external parties that contribute to MSF resources. A donor-imposed restriction is a stipulation and limitation on the use of contributed assets or monetary donations. The restriction can relate to purpose (country, programme or activity), time or other specific wishes (e.g. vaccines). Funds received for 'emergencies' are treated as restricted if the emergency is explicitly specified by the donor or can be inferred from the circumstances, but are otherwise regarded as unrestricted, as the provision of emergency aid embodies MSF's mission.

Donations with donor-imposed restrictions are reported as restricted for their full amount and the donation is considered to be an allocated fund. Allocated funds that have not been used at the end of the year are presented in a separate section of the balance sheet. Grants are reported as restricted income for the allowable expenses incurred in the current year.

In 2019, OCB has received for 109,7 million Euros restricted incomes from all partner or non-partner sections, which have been allocated, as requested, to specific field projects or purposes.

Legacies and bequests

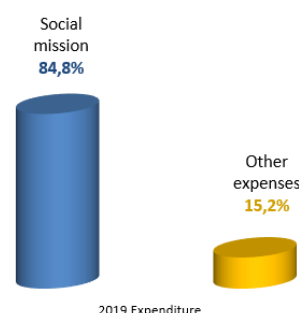
Legacies and bequests are accounted for at their best estimated amount when legally transferred to MSF. In 2019, OCB has received for 56,1 million Euros legacies from OCB partner sections, which represents 13% of OCB total income.

Donations

Donations are based on non-reciprocal transfers of cash or other assets, or cancellation of liabilities. They are recognised as income upon receipt.

Expenditure

(in K€)	2019 Actuals OCB	2018 Actuals OCB
Programmes - OCB missions	286.640	260.539
Programmes - other Operational Centers	57.092	38.555
Program Support	42.728	43.510
Awareness - Raising	11.289	10.692
Contribution to International office and other	4.823	2.575
Social Mission Expenses	402.573	355.872
Fundraising	54.580	52.103
Management and general administration	17.322	19.593
Other Expenses	71.902	71.696
Total Expenses	474.475	427.568



Programme expenses

Programme expenses represent expenses incurred directly in the field or managed by the headquarters on behalf of the field, as well as grants/donations awarded/given to other organisations. In 2019, OCB Programme expenses reached 286,6 million Euros and OCB provided 57,1 million Euros to other Operational Centers to fund their own field projects.

Beneficiaries of our operations in 2019

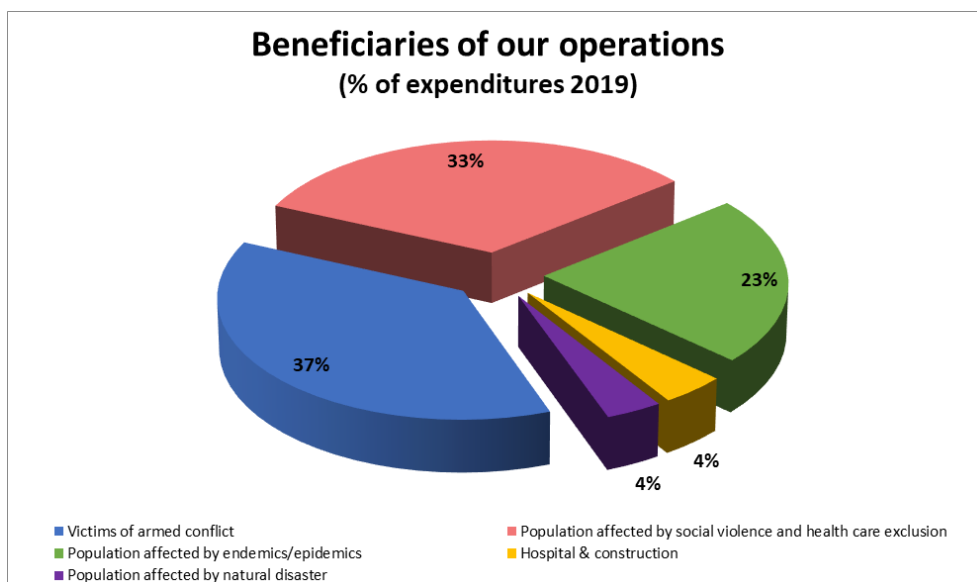
In 2019, support to populations affected by armed conflicts still represented the major part : 37% of our programmes, for 77 million Euros. Amongst others we supported the populations and refugees in South Sudan, Iraq, Syria, Lebanon (Shatila), in DRC (North Kivu), in Central African Republic (Bangassou), in Nigeria (Maiduguri), in Palestine (Gaza) as well as in Greece (Lesvos), in Bangladesh (Rohingyas refugees), in Afghanistan (Kunduz) and in Cameroon.

33% of our programmes (67 million Euros) was dedicated to populations affected by social violence and health care exclusion, in countries such as Haïti, Sierra Leone, Central African Republic, Pakistan, Lebanon, Afghanistan, Ukraine, Burundi, Mozambique, Zimbabwe and South Africa.

23% of our programmes (47 million Euros) was allocated to populations suffering from endemics/epidemics, with the continuation of the Ebola outbreak in DRC, whilst continuing to provide support, vaccination and health care to populations, suffering of HIV, tuberculosis, malaria, cholera, diphtheria, etc in many countries (mainly in Guinea, South Africa, India, Burundi, Venezuela, Nigeria, Malawi, Zimbabwe, Kenya).

4% of our 2019 field expenditures (7,9 million Euros) was invested into the construction or rehabilitation of hospitals (Kunduz hospital in Afghanistan and Kenema hospital in Sierra Leone).

Finally, 3% of our 2019 programmes have been dedicated to emergencies related to natural disaster such as typhon in Mozambic or flood consequences in South Sudan.



Programme expenses by nature

(in K€)	2019	2018
Personnel Costs	127.550	121.096
Travel and transportation	33.702	30.934
Medical and nutrition	51.282	47.667
Logistics and sanitation	25.115	19.682
Office expenses	25.168	24.192
Other expenses	4.111	2.219
PROGRAMMES *	266.928	245.790

(*) Total excluding field transversal costs

Beyond the generosity of our donors in Belgium and in all the countries from which OCB is receiving funds, OCB could also rely on the commitment of 915 expatriates who were assigned to our operations in the field in 2019. Our expatriate staff collaborated with our 9.200 national staff⁶.

Amongst our expatriates, 50% were undertaking medical and paramedical functions in the field, whereas the remaining 50% were undertaking functions in the areas of logistics, supply chain, operations, human resources, finance and communications.

⁶ Figures in full time equivalents (FTEs)

Programme support expenses

Headquarters programme support and programme support abroad relates to expenses incurred in headquarters and regional offices in order to carry out MSF humanitarian operations (e.g. project design, monitoring and evaluation, recruitment of international staff, activities designed to improve the quality and the effectiveness of MSF operations). In 2019, OCB spent 42,7 million Euros to support missions and activities in the field, with a slight decrease compared to 2018.

Awareness-raising

Awareness-raising activities comprise expenses incurred by MSF in communication and in an educational manner, to further its social mission. They represent the situations where MSF acts as a witness and speaks out about the plight of the populations it serves through the mobilisation of the international community and by issuing information publicly in order to stir up indignation, put pressure on responsible actors and stimulate action. In 2019, the combined expenses of all OCB sections for this specific activity reached 11,3 million Euros.

Fundraising

Fundraising expenses represent the costs incurred for raising funds from all possible sources of income, should they be private or public institutional. In 2019, combined fundraising expenses of all OCB partner sections reached 54,5 million Euros.

Management and general administration

Management and general administration consists primarily of expenses associated with executive management, finance in headquarters and sections, human resources management, internal communication and the associative life of the MSF organisation. In 2019, OCB spent 17,3 million Euros on management and general administration expenses.

Operational ratio's: Social mission and London ratio's

OCB uses two ratio's to evaluate its cost structure and has set targets to be respected to maximize the allocation of financial resources towards missions and beneficiaries.

- The "Social Mission" ratio is an operational ratio comparing the expenditures made as part of the social mission to all expenses. According to international criteria, this ratio must exceed 80% of total expenditure. In 2019, this ratio remains well above our target and stands at 83.4%.
- The "London ratio" represents the weight of the combined HQ expenses of all the sections of the OCB group compared to OCB total expenses. For 2019, this ratio stands at 29.8%, which is below 30% (maximum defined by the OCB Board of Directors).

Reconciliation of the OCB Results (Swiss GAAP) with MSF Belgium Results (Belgian GAAP)

The main differences between the OCB and the MSF Belgium results are as follows:

- In the OCB accounts, total income corresponds to the total amount of funds raised in Belgium, by the partner sections and the amounts granted by non-partner sections. Income of MSF Belgium corresponds to total funds raised in Belgium and to net amounts granted by other MSF sections. These net amounts granted by partner sections are lower than the total funds these sections raised as fundraising, recruitment costs & other functioning costs of the sections are deducted.
- In some cases, MSF Belgium receives from some sections grants that are different than their net incomes of the year (deferred incomes from prior years or accumulated reserves).
- the incorporation of a grant paid by MSF Belgium to finance MSF South Africa for 3,4 million Euros, to support Lebanon office activities 0,4 million Euros and a contribution to Taiwan for 0,9 million Euros.
- some differences between Swiss and Belgium GAAP.

(in K€)	2019 Actuals OCB (Swiss Gaap)	Take only Net incomes under MSF B incomes	include Grants to Lebanon & South Africa & Taiwan	Brazil included in MSF B (100% incomes & 100% expenses)	Reinvoicing to other OC & other reclass BE Gaap	2019 Actuals MSF B (BE Gaap)
INCOMES	442.068	-110.103		18.402	29.374	379.741
<i>Social Mission Expenses</i>	<i>402.573</i>	<i>-51.686</i>	<i>4.767</i>		<i>4.163</i>	<i>359.818</i>
EXPENSES	474.475	-110.889	4.767	18.402	27.675	414.430
NET RESULTS before exchange	-32.407	786	-4.767		1.699	-34.689
<i>Net exchange gains/losses</i>	<i>+2.087</i>	<i>-4.198</i>			<i>2.742</i>	<i>+630</i>
Deficit (-) / Surplus (+)	-30.321	-3.412	-4.767		+4.441	-34.059

(*) Other : Reclass incomes & expenses + annulate Swiss Gaap adjustments

STATEMENT OF FINANCIAL POSITION

The financials shown in this section of the report presents the financial position of MSF Belgium and reported in accordance with Belgian GAAP. These statutory accounts were audited by DGST and are filed at the National Bank of Belgium.

Assets

Figures in K€

ASSETS	Actuals 2019	Actuals 2018	variance
I. FIXED ASSETS	40.463	43.039	-2.576
Intangible	797	1.988	-1.191
Tangible	21.945	23.361	-1.416
Leasing	0	0	0
Financial	17.721	17.690	31
II. LONG TERM RECEIVABLES	0	0	0
Other receivables	0	0	0
III. CURRENT ASSETS	194.853	206.967	-12.114
Stocks	276	21	255
Debtors under 1 year	65.366	70.504	-5.138
Short term investments	38.747	42.054	-3.307
Liquid Assets	87.714	92.545	-4.831
Other	2.751	1.843	908
TOTAL ASSETS	235.316	250.006	-14.690

Fixed assets

MSF Belgium has determined specific valuation rules for its assets, because of the specificity of its activities.

Assets used in the field for programme purposes, such as hospitals built by us, medical and communication equipment, are expensed upon shipment to the field, or upon purchase if purchased locally. This valuation method is due to the instability of the contexts in which MSF operates and the difficulty to determine, in a reliable way, their useful life and residual value.

Therefore only investments made for the head office in Brussels are considered as assets (intangible or tangible), on the condition that they are held to be used for more than one year.

MSF Belgium fixed assets are mainly made of tangible assets: the head office in Brussels (20 million Euros), all IT & office equipment (0,7 million Euros), and some of the vehicles in missions (1,7 million Euros).

Intangible assets are composed of investments in external expertise and consultancy, in building planning and data management platforms.

The decrease in fixed assets is coming from higher depreciations costs versus the investments done in 2019.

Financial assets are represented by the financial participation in MSF Supply, the entity which supplies most of the medical and logistic material to the field.

Long term receivables

None at year end, as neither private nor institutional donors are engaged to provide income in more than 1 year.

Current assets

Debtors are mainly related to other MSF partner sections. The non-recovery risk is non-existent. They include incomes to be cashed in within the next year from other MSF sections, legacies to be received, and cash on bank accounts. The receivables from other MSF sections decreased with 10,4M€ and the legacies to still cash in at the end of 2019 increased with 5,3M€. On December 31st, 2019, MSF Belgium had 195 million Euros current assets, showing a diminution of -8,1M€ in liquidity and -5M€ in debtors under 1 year. It is important for MSF Belgium to keep a high level of available cash in case of emergencies and in order to cope with the seasonality of incomes coming from our donors as per the need to finance our projects in the field.

MSF considers short-term deposits, cash at headquarters and cash in the field as cash and cash equivalents. Amounts are valued at fair value with any resulting gains or losses recognised in the Statement of Financial Activities.

Stocks

Only stocks of books at the headquarter office in Brussels and items stored at the logistics center based in Kenya are valued under assets, at the acquisition value of each element and re-evaluated based on the market value. Our stocks in the field (medicines, logistic material, medical and miscellaneous consumables, etc.) are not accounted for in our assets, as they are fully expensed when purchased. This valuation principle is based on the same rationale as fixed assets (instability of the contexts in which MSF operates and fact that these stocks are considered as “donations” when imported in the countries where MSF operates)

Liabilities

Figures in K€

LIABILITIES	Actuals 2019	Actuals 2018	variance
I. EQUITY CAPITAL	60.000	60.000	0
II. ACCUMULATED SURPLUS	107.214	141.273	-34.059
Accumulated Surplus/Deficit	141.273	141.273	0
Result 2018 (deficit)	-34.059		-34.059
III. SUBSIDIES	0	0	0
IV. PROVISIONS	17.026	13.015	4.012
V. CREDITORS	51.076	35.718	15.358
Over 1 year	3.967	4.511	-544
Under 1 year	44.477	28.519	15.958
Other	2.632	2.688	-56
TOTAL LIABILITIES	235.316	250.006	-14.690

Accumulated surplus

Including the deficit of 2019 of 34,1 million Euros, the accumulated surplus of MSF Belgium amounts to 107,2 million Euros.

Provisions

Provisions are valued at best estimate when MSF has a legal or constructive obligation as the result of a past event, and if it is probable that an outflow of assets will be required to settle the provision. Changes in provisions are recognised in the Statement of financial activities.

Provisions are accounted for future costs resulting from the closing of projects in the field as well as for litigation or tax related issues. The increase in 2019 results mainly from the restructuration of the Epool unit in the Republic Democratic of Congo and the costs related to the foreseen closure of some projects in the field within the next 3 years.

Creditors

The Creditors balance (51,1 million Euros) is mainly composed of debts to other MSF sections and MSF Supply, as well as current commercial debts and debts to the Belgian social security for the year. The creditors debts over 1 year are linked to the saldo to be paid from the mortgage loan taken in 2014 for the acquisition of the building of headquarters of MSF Belgium.

The short-term debts count for 47,6 million Euros and are mainly debts towards other MSF sections and MSF Supply, commercial debts for running cost and Belgian social security. End 2019 it includes a debt of 11.4 million Euros towards Operational Centers MSF Barcelona and MSF Paris.

AUDITOR'S REPORT



DGST - Réviseurs d'entreprises

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STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF MEMBERS OF THE ORGANISATION MEDECINS SANS FRONTIERES FOR THE YEAR ENDED 31 DECEMBER 2019

RUE DE L'ARBRE BÉNIT, 46 - 1050 BRUXELLES
NM : 0421.446.093

In the context of the statutory audit of the annual accounts of the organisation Médecins Sans Frontières (the Organisation), we hereby present our statutory auditor's report. It includes our opinion on the audit of the annual accounts as well as our report on the other legal and regulatory requirements. These reports form part of an integrated whole and are indivisible.

We have been appointed as statutory auditor by the general meeting of members of 1st of June 2018, following the proposal by the board of directors. Our statutory auditor's mandate will expire on the date of the general meeting of members which will deliberate on the annual accounts closed on 31 December 2020. We have performed the statutory audit of the annual accounts of the organisation for 8 consecutive years. The current representative of the firm performs the statutory audit of the annual accounts of the association since June 14, 2014.

Report on the audit of the annual accounts

Unqualified opinion

We have audited the annual accounts of the Organisation, which comprise the balance sheet as at 31 December 2019, the profit and loss account for the year then ended and the notes to the annual accounts, characterised by a balance sheet total of 253.316.416,07 EUR and a profit and loss account showing a deficit for the year of 34.059.070,81 EUR.

In our opinion, the annual accounts give a true and fair view of the Organisation's net equity and financial position as at 31 December 2019, 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 'Statutory 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 Organisation the explanations and information necessary for performing our audit.

Cabinet de Réviseurs d'entreprises

Membre de GGI- Geneva Group International, a global alliance of independent professional firms.



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

Emphasis of Matter Paragraph

Without calling into question the opinion expressed above, we draw attention to the fact that the association, as explained in the notes to its financial statements, requested for derogation not to book nor keep as assets the various acquisitions (capital goods, pharmaceuticals, miscellaneous consumables) used by its establishments abroad, even if they are not fully consumed at the end of the year. Although the authority declared to be incompetent to treat the demand, the association contends that it is entitled to such an exemption and has established its annual accounts on the basis of the assumption that the derogation will finally be obtained. However, there is an uncertainty about obtaining the derogation, which motivates this paragraph.

Responsibilities of the board of directors for 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 Organisation'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 Organisation or to cease operations, or has no realistic alternative but to do so.

Statutory 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 statutory 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 carrying out our audit, we comply with the legal, regulatory and normative framework which applies to the audit of annual accounts in Belgium. The extent of legal control does not include assurance as to the future viability of the Association, nor as to the effectiveness or efficiency with which the board of directors has conducted or will conduct the affairs of the Association.

2.-

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 Organisation'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 Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory 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 statutory auditor's report. However, future events or conditions may cause the Organisation 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.

3.-



Report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the compliance with the legal and regulatory requirements regarding bookkeeping, as well as for compliance with the Law of 27 June 1921 on non-profit organisations, foundations, European political parties and European political foundations, and with the Organisation's by-laws and from 1st of January 2020 with the requirements of the Company and Non-for-profit organisations Code.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, it is our responsibility to verify, in all material aspects, compliance with certain provisions of the Company and non-profit organisations Code and with the by-laws, as well as to report on these elements.

Aspects related to the management report

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the management report contains any material misstatement, i.e. any information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed, there are no material misstatements we have to report to you.

Statement related to independence

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

The fees related to additional services which are compatible with the statutory audit of annual accounts as referred to in article 3:65 of the Company and non-profit organisations Code were duly itemised and valued in the notes to the annual accounts.

ACKNOWLEDGMENTS

MSF Belgium and all OCB Group sections acknowledges the support of its supporters around the world as well as its donors in Belgium, Brazil, Denmark, Finland, Germany, Hong Kong, Ireland, Italy, Luxembourg, Norway, Singapore, South Africa, Sweden, Taiwan, United Kingdom and USA.

None of what OCB has achieved so far would have been possible without your support and generosity.

Be sure we do everything we can to deserve your trust.

Thank you.