

FINN CHURCH AID FOUNDATION

FINANCIAL STATEMENTS, 31/12/2015

FINANCIAL STATEMENTS FOR THE PERIOD
1 January - 31 December 2015

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FINN CHURCH AID FOUNDATION

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FINN CHURCH AID FOUNDATION ANNUAL REPORT 2015

Major Changes in Operating Environment

Large-scale changes took place in Finn Church Aid's operating conditions during 2015. The Finnish government's cuts to development cooperation funding had an impact on Finn Church Aid, forcing us to halt or reduce activities in several countries. Funding from other sources developed favourably, however. Europe's refugee crisis also affected Finn Church Aid's operations, making it necessary to conduct humanitarian aid work within Europe, for the first time in a long while.

Finn Church Aid Is Finland's Largest Development Cooperation Organisation

Established in 1947, Finn Church Aid (FCA) fulfils a mandate from the Evangelical Lutheran Church of Finland to carry out development cooperation, humanitarian assistance and advocacy work. Finn Church Aid's operations have a legal basis and follow international human rights standards and principles. The foundation's programme work is also governed by a focus on risk management, risk reduction, conflict and gender sensitivity, climate change and environmental consciousness. Our work complies with international humanitarian principles, according to which anyone suffering due to disaster or conflict has the right to receive assistance and protection, without exceptions.

Finn Church Aid's Operating Countries in 2015

In 2015, FCA had country-specific programmes in 18 countries:

Africa	Asia	Middle East	Latin America and Caribbean
Eritrea, South Sudan, Kenya, Central African Republic, Democratic Republic of the Congo, Liberia, Mozambique, Sierra Leone, Somalia	Cambodia, Myanmar, Nepal	Israel and Palestinian territories, Jordan, Lebanon	Haiti, Central America (Guatemala, Honduras)

Additionally, FCA supplied humanitarian assistance within Europe (Greece, Hungary and Serbia). Further to this, in its capacity as the secretariat of the Network for Religious and Traditional Peacemakers, FCA conducted projects in several countries in which the foundation itself does not operate.

Finn Church Aid's Operations by Theme

Finn Church Aid's principal strategic themes are the right to peace, the right to education and the right to livelihood.

Right to Peace

During 2015, Finn Church Aid's peace mediation efforts achieved good results on a global level, as well as on local and national levels. Concrete outcomes in the form of peace agreements and processes were obtained particularly in South Sudan, Kenya, Somaliland and Puntland, as well as in the Central African Republic. These successes make it possible for FCA to become one of the leading NGOs in stabilising precarious areas. The good results were particularly due to collaboration with diaspora communities and the recruitment of employees from diverse backgrounds.

The Network for Religious and Traditional Peacemakers, established on a United Nations initiative, for which Finn Church Aid operates as the secretariat, continued and expanded its operations during 2015. Some of the major operators in the sector have joined the Network, so expectations are high for its future. FCA received positive feedback during 2015 for its work as the Network's secretariat, from religious leaders and government bodies alike. Finland's Minister for Foreign Affairs and the United Nations Secretary General both emphasised the positive impact of the Network during the year.

The secretariat works particularly on challenges related to supporting concrete peace mediation efforts and combating violent extremism. Additionally, the secretariat emphasises the role of women and young people in issues related to religion and peace.

In December 2015, the Network's secretariat worked with the Department of Foreign Affairs of Switzerland in organising the first training event on Religions and Peace Mediation for UN Personnel. The course was very well received and the training concept will be refined further in 2016. Additionally, FCA continued working with the Ministry of the Interior in Finland on prevention of violent extremism.

Right to Education

Finn Church Aid is becoming increasingly well known globally for its first-rate education-related activities. One important achievement was a new emphasis on quality education and the new inroads that were made in relation to this. Education is clearly tied to the progress of livelihood-related programmes ("linking learning to earning") and, thanks to increasing stability, to our peace efforts.

FCA seeks to enhance its impact through thematic specialisation, and this progressed well in 2015 with regard to education.

During the year, FCA carried out a process of specifying the strategic areas of emphasis of its Right to Education theme, resulting in the more defined aim of "Right to quality education". FCA has formulated and put into practice operating models that help to ensure that the quality of education is developed hand in hand with access to education.

Teacher training is one of the most important methods for ensuring the improvement of education quality. Particularly in acute disasters, such as the earthquake in Nepal and many refugee crises, FCA has been able to concentrate even more systematically on training teachers and distributing educational materials in parallel with building temporary schools. The training provided to teachers in disaster areas focused on psychosocial support as part of school work, and on the use of learner-oriented teaching methods.

FCA has also continued to work on improving the quality of vocational education. The primary target groups are young people and women. The aim is to tie student counselling methods and practical learning in the workplace to all projects. Cooperation with employers is being tightened, while diverse opportunities for employment are sought. A pilot project was launched in Uganda in 2015, examining additional possibilities for business collaboration. The project involved both Finnish and Ugandan companies. Support for the educational sectors of fragile nations continued particularly in Eritrea, the Central African Republic, Cambodia and Haiti.

Most programme countries have an evident need for developing vocational education on top of elementary schooling. FCA is increasingly working with the education ministries of its programme countries, also supporting the development of the overall education sectors of entire nations. In Eritrea, for example, our operations focused on developing teacher training in collaboration with three Finnish universities. Progress was also made in developing the education systems of Haiti, Cambodia, Nepal and the Central African Republic. The Teachers without Borders volunteer network continued growing, with tens of volunteers working on humanitarian and development programmes. The network includes more than one thousand volunteer experts in the education sector.

Some of the main strategic activities in FCA's humanitarian work are to start up temporary schools and to plan and build disaster-proof schools in disaster-prone areas. In 2015, FCA continued running its school-building programmes in countries including the Central African Republic, Nepal and Haiti. For example, after the earthquake in Nepal, we built more than 170 temporary schools in the country. Operations there are ongoing, with around 20,000 students in our schools there. Ten permanent school centres are about to be completed in Haiti, 15 schools in South Sudan and one vocational school centre in Uganda. Our operations in the education sector have allowed for extensive development efforts and innovative trials to take place. FCA continued to be an active participant in the UN's global Education Cluster. Our efforts include taking part in starting up country clusters in disaster situations by providing UNICEF with cluster coordinators. In 2015 we supplied coordinators to two disaster areas.

Right to Livelihood

FCA's extensive work within the Right to Livelihood theme received a new focus thanks to the strategic planning process. Defining the spearhead projects in the theme was initiated in late 2015. Even before that, the emphasis of activities was gradually shifting to cooperative activities and promoting entrepreneurship among women and young people.

In Asia, specifically Cambodia, Myanmar and Nepal, we invested heavily in developing earnings and small enterprise activities in rural areas, with cooperative societies as a central tool and women as a particular target group. There were more than 400 cooperative societies, cooperative banks and savings and loan groupings with around 16,000 members operating with our support in these countries. Young people are becoming another major target group for work in this sector.

Support for employment and small-scale entrepreneurship after vocational education provides a fruitful link between the education and livelihood themes. This was trialed in 2015 in Eastern Congo and Uganda, among other places.

Investments into female entrepreneurship continued and took on new forms: a Skills Donation and Mentoring programme, conceptualised in collaboration with a development task force from the Women's Bank, will start up in 2016.

FCA operates in areas that are prone to natural disasters and conflicts, which became evident also in 2015. The Ebola epidemic in West Africa, the unrest in South Sudan and the earthquake in Nepal, among others, caused human and/or material damages, devastated people's ability to make a living and caused interruptions in projects. This was then reflected in an increased need to combine humanitarian and development aid methods and to view situations on a continuum, in order to ensure people are able to earn a living and recover quickly even during crises.

Development and Growth of the Organisation

At the end of 2015, FCA employed more than 200 people in 16 countries, comprising especially war zones and fragile areas. The cuts to development aid made by the Finnish government had an impact on the funding received by FCA. The closure of five country programmes was initiated in 2015 as a consequence of these cuts. Challenges continued in relation to finding and retaining skilled personnel, particularly in fragile operating environments.

The uncertainty related to development aid caused by the current Finnish government, and the shift in focus of development cooperation to working on the private sector inevitably influenced the daily operations of FCA's head office. Additionally, the arrival of asylum seekers in Europe and Finland forced the organisation to focus some of its efforts on Finland, in order to fulfil its mission. In our advocacy work, we conducted direct dialogue with members of parliament, ministers and other decision-makers, and our media presence was more significant than ever, particularly in the second half of the year. According to a study by Taloustieto, Finn Church Aid was seen by the public as by the most reliable provider of information in the NGO sector.

Despite the budgetary cuts to development aid for 2016 in Finland, FCA's other financial resources grew favourably. Collaboration with several significant international funding bodies has allowed FCA to expand its operations. Many governments of fragile nations are starting to see the added value in FCA's operations, which will allow us to work with new kinds of funding partners, such as development banks. Attention must continue to be paid to ensuring the availability of unrestricted internal funding, in order to cover the obligatory own risk portions of international funding and to safeguard funds for innovations.

FCA's quality assurance efforts continued during the year. The organisation joined the Core Humanitarian Standard Alliance and progressed in its work towards official certification.

FINANCES

The Group's parent company is the Finn Church Aid Foundation, into whose accounts the offices that are considered as branches (located in Cambodia, the Central African Republic, South Sudan, Somalia and Uganda) are integrated. The consolidated accounts of the Finn Church Aid Group additionally include the offices located in Liberia, Jordan, Haiti, the Democratic Republic of the Congo, Kenya and the United States. The financial information in the annual report is presented in the following order: Group, parent company (parent company 2014). Where the figures are the same for the Group and the parent company in 2015, only one figure is given.

The surplus for the 2015 financial year was €109,175.15 (deficit €239,027.56), and equity at the year-end totalled €5.8 million (€5.7 million). Short-term receivables totalled €1.5 million, €1.9 million (€3.5 million), of which advances paid to project partners accounted for €0.5 million, €1.1 million (€2.5 million). Short-term liabilities totalled €15.4 million, €13.0 million (€10.9 million), of which €3.9 million (€3.1 million) consisted of targeted donations for purposes including disaster

relief, reconstruction work and the Women's Bank, and €9.3 million, €7.2 million (€5.6 million) were project advances received from various funding sources.

Income

Income for the financial year came to €42,709,976.59, €39,474,216.76 (€33,906,407.38), corresponding to a growth of 16.4% (parent company) over the previous year. The share of funding from parishes was 18.7%, 20.2% (23.3%), including proceeds from the Common Responsibility Campaign and operational subsidies from the Church Council. Funds from the Ministry for Foreign Affairs made up 39.3%, 42.5% (41.8%) of the income, while international funding sources accounted for 12.7%, 13.7% (8.3%) and private donors for 21.0%, 22.7% (25.0%).

Funding from the parish sector totalled €8.0 million (€7.9 million). This included €4.5 million (€3.8 million) in budgetary allocations, €0.4 million (€0.5 million) in official church collections, €0.3 million (€0.6 million) in voluntary church collections and €0.2 million (€0.4 million) in other support. The Common Responsibility Campaign resulted in income of €1.6 million (€1.7 million), while the subsidy from the Church Council was €0.9 million (€0.8 million).

Funding from the Ministry for Foreign Affairs and from Finnish and international institutional funding bodies totalled €25.6 million, €22.4 million (€17.2 million). The Ministry for Foreign Affairs allocated €10.0 million (€8.6 million) to development cooperation work and €6.7 million (€5.6 million) to humanitarian aid work.

Income from private individuals totalled €8.2 million (€7.7 million), and from businesses and organisations, €0.8 million (€0.8 million).

Expenses

Expenses for the financial year totalled €42,600,217.68, €39,364,457.85 (€34,144,883.09), representing a rise of 15.3% (parent company) over the previous year.

Aid work expenses accounted for €36.4 million, €33.1 million (€27.6 million), including €3.4 million (€3.1 million) in programme planning and follow-up costs. Aid work support functions, i.e. communications, fundraising, stakeholder contacts and general administration, generated expenses of €6.2 million (€6.5 million).

Actual aid operations accounted for 85.3%, 84.1% (81.1%) of all operating expenses, while support functions took up 14.7%, 15.9% (18.9%).

The regional distribution of programme activities was as follows: Africa €17.0 million, €16.4 million (€12.8 million), Asia and Middle East €6.5 million (€6.5 million), Latin America €5.4 million, €2.7 million (€2.5 million) and Europe €0.4 million (€0.2 million). A further €3.3 million (€2.4 million) was spent on global programmes.

Salaries and compensation, including social costs, totalled €10.4 million, €8.9 million (€8.3 million). During the period, FCA invested €0.7 million, €0.5 million (€0.6 million) in upgrading computer systems and acquiring hardware. Depreciation on fixed assets amounted to €0.1 million (€0.1 million).

PERSONNEL

Overall, 269 man-years were worked at the group level, of which 141, 125 (120) were done in Helsinki or by personnel posted overseas from Finland. Additionally, local personnel recruited by regional and country offices worked 128, 62 (39) man-years. Of all the man-years, 109, 88 (81) took place under permanent contracts and 157, 96 (79) under fixed-term contracts.

GOVERNANCE

The Finn Church Aid Foundation's Board of Directors convened five times during the year.

The board comprised International Affairs Expert Tarja Kantola as Chair, and the following ordinary members: Director Sixten Ekstrand, MP Pekka Haavisto, Secretary General Katri Korolainen, Church Counsellor Kimmo Kääriäinen, Bishop

Tapio Luoma (Vice Chair), Journalist Reetta Meriläinen, Master of Science (Econ.) Ritva Ohmeroluoma, Pastor Olli-Pekka Silfverhuth, Work Sector Secretary Helena Tuominen and Commercial Counsellor Kent Wilska.

The board's deputy members were Solicitor Tuomas Aho, Master of Social Sciences Milla Perukangas and Director Ilkka Mattila.

The board's expert consultants were Director Kalle Kuusimäki, Director Risto Jukko, Executive Director Riina Nguyen and Secretary General Heikki Huttunen.

Finn Church Aid's Executive Director was Antti Pentikäinen until 30 April 2015, after which he embarked on a three-year extended leave period. During that time, he will lead the FCA-run secretariat of the Network for Religious and Traditional Peacemakers. The Deputy Executive Director standing in during his leave has been Jouni Hemberg from 1 May 2015 onwards.

CHANGES IN RULES

In its meeting of 10 December 2015, the board approved new Rules of Procedure for the foundation. The most important changes were related to specifications to the forms in which work is done in Finland, and additions to the ways in which the foundation can operate. Furthermore, the term of appointment and make-up of the board were modified slightly to include only ordinary board members, without deputies. In future, the foundation may also have a managing director.

Certain sections were removed from the rules that created obligations for the foundation based directly on the Foundations Act, and some linguistic improvements were made. At the time of writing, the rule changes had been sent for approval to the National Board of Patents and Registration. They will not come into effect until after their approval.

RELATED-PARTY TRANSACTIONS

The new Finnish Foundations Act specifies in detail the ways in which foundations are allowed to work with related parties. The following persons are considered to make up the related parties of Finn Church Aid:

- members of the Board of Directors
- the Executive Director and the members of the Management Team
- the auditor or the accounting firm employee in charge of FCA's audit
- the members of the administrations of field offices in countries where the law grants these administrative bodies decision-making power

Additionally, related parties include the family members and other close relatives of the aforementioned persons.

The following organisations are also considered to comprise related parties:

- the Evangelical Lutheran Church of Finland
- organisations or foundations controlled separately or jointly by one or more of the aforementioned parties

Finn Church Aid has formulated guidelines for providing information on related-party transactions, and these are published annually in the foundation's annual report. Defined in accordance with the Foundations Act, Finn Church Aid's circle of related parties is very extensive. For this reason it is not possible exhaustively to list every single related party.

TABLE OF RELATED PARTIES

Functions and financial benefits, €	Nature of relationship				
	1	2	3	4	5
A Executive salaries and compensation	-	€7,904	€469,361	-	-
B Contracts	€711,434	€15,380	-	-	-
C Financial support granted	-	-	-	-	-
D Loans, liabilities and undertakings granted	-	-	-	-	-

EXPLANATIONS OF FUNCTIONS AND FINANCIAL BENEFITS

A	Salaries, compensation and pension obligations related to their posts must be reported for the members and deputy members of the foundation's Board of Directors and Management Team, the managing director and his or her deputy, and any authorised representative or other person taking part in the foundation's management. The information reported in this section includes but is not limited to meeting fees, annual pay, salaries, consulting fees and other monetary compensation received by a those involved in the foundation's management in exchange for the work they complete for the foundation.
B	Reported contracts include but are not limited to rental, consulting and sales contracts and agreements. All the commercial transactions carried out between the foundation and its related parties that are not reported in any other section are included here.
C	Financial support can include but is not limited to grants, subsidies and awards, as well as other wholly or partly gratuitous benefits.
D	For loans, liabilities and other such engagements and undertakings, besides their sums in euros, the report must detail how they are related to the fulfilment of the foundation's mission or to the foundation's operating models or financial management, as well as their main terms and conditions.

NATURE OF RELATIONSHIP

1	The foundation's founder and any party with decision-making power in the foundation, as well as any subsidiary company or subsidiary foundation of these, or of the foundation itself.
2	Members and deputy members of the boards and management teams of the foundation and the companies and foundations defined in point 1, as well as their managing directors, deputy managing directors, general partners and auditors.
3	Representatives of the foundation, as well as any other persons taking part in the foundation's management.
4	Family members* of the persons defined in points 1–3.
5	Companies and foundations controlled separately or jointly by any of the persons defined in points 1–4.

*Spouse or cohabiting partner; children of the person in question and his/her spouse or partner; spouses/partners and descendants of all such children; and parents, grandparents and great-grandparents of the person in question and his/her spouse/partner.

OUTLOOK

Global structural changes taking place in development cooperation will have a significant impact on the operations of Finn Church Aid in coming years. The organisation must identify new operating models and novel financial instruments in order to fulfil its mission, vision and objectives. For example, the organisation's strong focus on obtaining funding from the private sector will not only continue, but also grow in some countries. In its operations, FCA must be able to prove the clear added value it brings and the experience it has of operating in the developing world, particularly in highly sensitive situations.

In 2015, FCA carried out an interim evaluation of its ongoing strategy and initiated the planning process for its next strategy. The next strategy will be approved in May 2016, and take effect as of 2017. The interim report and the ongoing planning process have indicated that the thematic specialisation approach chosen by the organisation is likely to continue along the same lines. Besides having permanent operating countries, however, the foundation must display some agility and adaptability to changes in relation to its themes, geographical locations and organisation.

FINN CHURCH AID FOUNDATION

INCOME STATEMENT		Group	Parent	Parent
		1/1-31/12/2015	1/1-31/12/2015	1/1-31/12/2014
INCOME FROM OPERATIONS				
Aid activities				
Income				
	From the government	16,766,556.78	16,766,556.78	14,184,896.74
	From the EU	468,974.94	468,974.94	631,320.30
	From parishes	7,040,557.23	7,040,557.23	7,079,556.77
	From international funding sources	8,359,801.73	5,124,041.90	2,392,840.45
	Other income	44,096.97	44,096.97	25,350.66
		<u>32,679,987.65</u>	<u>29,444,227.82</u>	<u>24,313,964.92</u>
Expenses				
	Direct aid	-18,587,623.99	-19,698,893.34	-18,218,088.06
	Personnel	-8,151,457.26	-6,434,724.54	-5,700,852.33
	Other expenses	-9,613,883.58	-6,983,587.12	-3,715,963.18
		<u>-36,352,964.83</u>	<u>-33,117,205.00</u>	<u>-27,634,903.57</u>
	Deficit	-3,672,977.18	-3,672,977.18	-3,320,938.65
Support functions for aid activities				
Communications and stakeholder relations				
Income				
		219,478.38	219,478.38	339,610.00
Expenses				
	Personnel	-843,808.67	-843,808.67	-1,014,308.47
	Other expenses	-1,223,198.93	-1,223,198.93	-1,610,484.49
		<u>-2,067,007.60</u>	<u>-2,067,007.60</u>	<u>-2,624,792.96</u>
	Deficit	-1,847,529.22	-1,847,529.22	-2,285,182.96
General administration				
Income				
		27,068.40	27,068.40	5,401.89
Expenses				
	Personnel	-1,097,808.51	-1,097,808.51	-1,028,652.06
	Other expenses	-129,148.57	-129,148.57	-214,435.91
		<u>-1,226,957.08</u>	<u>-1,226,957.08</u>	<u>-1,243,087.97</u>
	Deficit	-1,199,888.68	-1,199,888.68	-1,237,686.08
	Deficit from operations	-6,720,395.08	-6,720,395.08	-6,843,807.69
FUNDRAISING				
Income				
	Donations from private persons	9,230,294.82	9,230,294.82	7,872,721.59
	Donations from companies and org.	485,598.71	485,598.71	523,471.39
	Income to be transferred	-850,454.91	-850,454.91	13,549.67
	Other income	14,446.68	14,446.68	324.45
		<u>8,879,885.30</u>	<u>8,879,885.30</u>	<u>8,410,067.10</u>
Expenses				
		<u>-2,937,906.87</u>	<u>-2,937,906.87</u>	<u>-2,638,664.11</u>
	Surplus	5,941,978.43	5,941,978.43	5,771,402.99
INVESTMENTS AND FUNDING OPERATIONS				
Income				
		18,556.86	18,556.86	77,363.47
Expenses				
		<u>-15,381.30</u>	<u>-15,381.30</u>	<u>-3,434.48</u>
	Surplus	3,175.56	3,175.56	73,928.99
	Surplus/deficit	-775,241.09	-775,241.09	-998,475.71
SUBSIDIES				
	Subsidy from the Church Council	<u>885,000.00</u>	<u>885,000.00</u>	<u>760,000.00</u>
	Surplus/deficit before transfers of funds	109,758.91	109,758.91	-238,475.71
TRANSFERS OF FUNDS				
	Transfer into Aid Fund	<u>-583.76</u>	<u>-583.76</u>	<u>-551.85</u>
	SURPLUS/DEFICIT FOR CURRENT PERIOD	<u>109,175.15</u>	<u>109,175.15</u>	<u>-239,027.56</u>

FINN CHURCH AID FOUNDATION

BALANCE SHEET	Group 1/1-31/12/2015	Parent 31/12/2015	Parent 31/12/2014
ASSETS			
FIXED ASSETS			
Intangible assets			
Software	1,214.23	1,214.23	8,085.90
Tangible assets			
Machinery and equipment	168,609.52	168,609.52	204,165.34
Investments			
Other receivables	7,143,942.92	7,143,942.92	3,094,220.52
CURRENT ASSETS			
Receivables			
Short-term			
Prepayments for projects	527,524.73	1,068,021.22	2,530,896.23
Receivables carried forward	756,800.99	617,572.63	859,574.37
Other receivables	258,436.14	223,207.88	139,658.64
Total current receivables	<u>1,542,761.86</u>	<u>1,908,801.73</u>	<u>3,530,129.24</u>
Cash in hand and at banks	12,353,704.58	9,573,184.33	9,709,904.59
TOTAL ASSETS	<u>21,210,233.11</u>	<u>18,795,752.73</u>	<u>16,546,505.59</u>
EQUITY AND LIABILITIES			
EQUITY			
Equity capital	33,637.59	33,637.59	33,637.59
Other funds allocated to specific activities			
Aid Fund 1985	117,336.26	117,336.26	116,752.50
Surplus from previous periods	5,525,699.73	5,525,699.73	5,764,727.29
Surplus/deficit for current period	109,175.15	109,175.15	-239,027.56
Total equity	<u>5,785,848.73</u>	<u>5,785,848.73</u>	<u>5,676,089.82</u>
LIABILITIES			
Short-term			
Received advances	13,119,342.79	11,012,969.98	8,689,424.40
Ostovelat	460,132.48	312,234.21	403,104.12
Other debts	434,088.03	301,905.47	201,484.52
Accruals and deferred income	1,410,821.08	1,382,794.34	1,576,402.73
Total liabilities	<u>15,424,384.38</u>	<u>13,009,904.00</u>	<u>10,870,415.77</u>
TOTAL EQUITY AND LIABILITIES	<u>21,210,233.11</u>	<u>18,795,752.73</u>	<u>16,546,505.59</u>

NOTES TO THE FINANCIAL STATEMENTS OF 31/12/2015

1. ACCOUNTING PRINCIPLES

Fixed assets and depreciation

Planned depreciation related to the head office is calculated based on the duration of financial effect, assessed from the purchase price, as straight-line depreciation.

The depreciation period for IT equipment and software is 4 years, and for machinery and equipment 5 years.

Allocation of income from projects

Income and expenses from projects are recorded as and when aid funds are used for their completion.

Unused project funds allocated to Finn Church Aid's project partners are recorded as 'Prepayments for projects' on the Finn Church Aid balance sheet.

Information about unused project funds is based on unaudited financial data provided by partners.

Income and donations received for a specific purpose that are unused during the financial period and are transferred for use in coming financial periods are recorded under 'advances received'.

Regional and country offices

Finn Church Aid's offices in Cambodia, the Central African Republic, Sudan, Somalia and Uganda have been handled as branches of Finn Church Aid, as previously.

These branches' income and expenses denominated in foreign currencies are consolidated into the Finn Church Aid income statement using a weighted average exchange rate.

Advances paid are entered in the balance sheet at the exchange rate of the date on which they were incurred.

The branches' cash in hand and at bank is valued at the exchange rate of the balance sheet date, and the acquisition cost of non-current assets is recorded as expenses.

Offices in Jordan, Haiti, Liberia, the Democratic Republic of the Congo, Kenya and the USA have been handled as independently accountable entities since the beginning of 2014.

Their financial data was included in the consolidated financial statements in 2015.

No comparative data for the previous financial year is shown for the Group.

Other short-term debts denominated in foreign currencies are valued at the exchange rate of the balance sheet date.

Other information

Investments held within capital redemption policies that are capital-guaranteed on their due date are recorded at their acquisition cost under non-current assets in the balance sheet.

Donations bequeathed in wills are recognised as income once the receivable becomes legally valid.

NOTES TO THE FINANCIAL STATEMENTS OF 31/12/2015

2.	NOTES TO THE INCOME STATEMENT	Group	Parent	Parent
		2015	2015	2014
	TOTAL INCOME AND EXPENSES			
	Total income	42,709,976.59	39,474,216.76	33,906,407.38
	Operating costs			
	Aid activities	-36,352,964.83	-33,117,205.00	-27,634,903.57
	Domestic support functions and administration	-6,247,252.85	-6,247,252.85	-6,509,979.52
	Total expenses	-42,600,217.68	-39,364,457.85	-34,144,883.09
	Transfer into Aid Fund	-583.76	-583.76	-551.85
	Surplus/deficit for the financial year	109,175.15	109,175.15	-239,027.56
	INCOME FROM OPERATIONS			
	Revenue from the government for aid activities			
	Ministry for Foreign Affairs (MFA) framework agr.	9,200,000.00	9,200,000.00	8,095,973.57
	Other MFA	833,874.13	833,874.13	495,624.11
	MFA for humanitarian work	6,732,682.65	6,732,682.65	5,593,299.06
	Total	16,766,556.78	16,766,556.78	14,184,896.74
	Revenue from the EU for aid activities			
	EU support for development cooperation	400,641.97	400,641.97	174,664.92
	EU for humanitarian work	68,332.97	68,332.97	456,655.38
	Total	468,974.94	468,974.94	631,320.30
	Income from international funding sources			
	ACT	914,526.36	914,526.36	120,000.00
	SSF	2,731,174.62	2,731,174.62	1,110,917.84
	IDB	2,700,863.93	0.00	0.00
	USAID	1,089,320.18	580,841.06	86,690.84
	KAICIID	295,712.20	295,712.20	0.00
	UNICEF	200,409.58	200,409.58	159,379.57
	Other international funding	252,794.86	226,378.08	697,248.04
	Total	8,184,801.73	4,949,041.90	2,174,236.29
	Other public aid			
	Finnish Immigration Service	175,000.00	175,000.00	218,604.16
	Revenue from parishes for aid activities			
	Budget contributions	4,531,960.29	4,531,960.29	3,808,216.96
	Official collections	418,818.34	418,818.34	523,828.68
	Voluntary collections	284,708.20	284,708.20	587,115.63
	Other revenue from parishes	228,547.07	228,547.07	421,577.62
	Common Responsibility Campaign	1,576,523.33	1,576,523.33	1,738,817.88
	Total	7,040,557.23	7,040,557.23	7,079,556.77
	Other income for aid activities	44,096.97	44,096.97	25,350.66
	Income for aid activity support functions			
	Ministry of Education support for youth work	30,000.00	30,000.00	30,000.00
	Ecclesiastical Board support for youth work	85,000.00	85,000.00	85,000.00
	Public donations	19,301.39	19,301.39	20,134.00
	Income to be transferred	54,283.72	54,283.72	46,122.65
	Other income	30,893.27	30,893.27	158,353.35
	Total	219,478.38	219,478.38	339,610.00

NOTES TO THE FINANCIAL STATEMENTS OF 31/12/2015

FUNDRAISING	2015	2015	2014
Donations from private persons	8,924,626.40	8,924,626.40	7,565,595.72
Royalties from product sales	25,942.29	25,942.29	42,385.39
Red Nose Day collection	279,726.13	279,726.13	264,740.48
Other indemnities	14,446.68	14,446.68	324.45
Income to be transferred	-850,454.91	-850,454.91	13,549.67
Total	8,394,286.59	8,394,286.59	7,886,595.71
Donations from companies and organisations	485,598.71	485,598.71	523,471.39
OTHER INCOME			
Church Council subsidy	885,000.00	885,000.00	760,000.00
Investments and funding operations	18,556.86	18,556.86	77,363.47
Other indemnities	27,068.40	27,068.40	5,401.89
Total	930,625.26	930,625.26	842,765.36

AVERAGE NO. OF PERSONNEL	2015	2015	2014
International programme activities			
Helsinki	36	36	28
Posted overseas	35	19	30
Recruited onsite	128	62	39
Director's office	3	3	3
Programme and organisation development	4	4	7
Funding and communications	43	43	43
Finance and IT	11	11	11
HR and administration	9	9	8
Total	269	186	169

PERSONNEL EXPENSES	2015	2015	2014
Salaries and remuneration paid from Finland	6,827,945.56	6,827,945.56	6,661,776.46
Pension costs paid from Finland	972,405.26	972,405.26	907,619.78
Other social costs paid from Finland	235,762.72	235,762.72	223,565.67
Salaries & social costs paid from reg./country offices	2,319,988.96	840,180.06	465,954.26
Total	10,356,102.50	8,876,293.60	8,258,916.17

Other social costs include statutory salary-linked payments.

Pension cover for the foundation's staff is managed by external insurance companies.

The social costs linked to each regional and country office's salaries vary depending on the local legislation.

Board meeting fees	2015	2015	2014
TOTAL	4,004.00	4,004.00	3,527.20

The meeting fees for 2015 comply with the fees confirmed by the Church Council for Foreign Affairs:

EUR 130 per meeting for the Chairman of the Board and EUR 78 for ordinary members.

Auditors' fees	2015	2015	2014
Audit	11,776.90	11,776.90	13,937.40
Assignments	1,984.00	1,984.00	5,092.79
Tax counselling	1,619.63	1,619.63	646.04
Local auditing fees for regional and country offices	79,855.15	36,323.64	22,347.16

Acquisitions entered as expenses during the period	2015	2015	2014
IT software and licences	159,703.25	159,703.25	141,916.51
Machinery, IT hardware and equipment	502,950.10	343,606.54	417,687.50

NOTES TO THE FINANCIAL STATEMENTS OF 31/12/2015

3. NOTES TO THE BALANCE SHEET

INTANGIBLE AND TANGIBLE ASSETS	2015	2015	2014
IT SOFTWARE			
Acquisition expenses on 1.1.	537,676.28	537,676.28	537,676.28
Additions during the financial period	0.00	0.00	0.00
Acquisition expenses on 31.12.	537,676.28	537,676.28	537,676.28
Accrued depreciation according to plan on 1.1.	-529,590.38	-529,590.38	-510,820.58
Planned depreciation for the period on 31.12.	-6,871.67	-6,871.67	-18,769.80
Book value on 31.12.	<u>1,214.23</u>	<u>1,214.23</u>	<u>8,085.90</u>
IT HARDWARE			
Acquisition expenses on 1.1.	514,811.25	514,811.25	514,811.25
Additions during the financial period	0.00	0.00	0.00
Deductions during the financial period	0.00	0.00	0.00
Acquisition expenses on 31.12.	514,811.25	514,811.25	514,811.25
Accrued depreciation according to plan on 1.1.	-489,100.20	-489,100.20	-456,764.52
Planned depreciation for the period on 31.12.	-21,553.90	-21,553.90	-32,335.68
Book value on 31.12.	<u>4,157.15</u>	<u>4,157.15</u>	<u>25,711.05</u>
MACHINERY AND EQUIPMENT			
Acquisition expenses on 1.1.	548,081.94	548,081.94	359,054.84
Additions during the financial period	28,715.92	28,715.92	189,027.10
Deductions during the financial period	0.00	0.00	0.00
Acquisition expenses on 31.12.	576,797.86	576,797.86	548,081.94
Accrued depreciation according to plan on 1.1.	-369,627.65	-369,627.65	-351,551.13
Planned depreciation for the period on 31.12.	-42,717.84	-42,717.84	-18,076.52
Book value on 31.12.	<u>164,452.37</u>	<u>164,452.37</u>	<u>178,454.29</u>
PLANNED DEPRECIATION			
	2015	2015	2014
IT software	-6,871.67	-6,871.67	-18,769.80
IT hardware, machinery and equipment	-64,271.74	-64,271.74	-50,412.20
	<u>-71,143.41</u>	<u>-71,143.41</u>	<u>-69,182.00</u>
OTHER RECEIVABLES			
	2015	2015	2014
Market value	6,901,522.78	6,901,522.78	3,048,881.12
Book value	7,143,942.92	7,143,942.92	3,094,220.52
Difference	<u>-242,420.14</u>	<u>-242,420.14</u>	<u>-45,339.40</u>
Other receivables are investments held within capital redemption policies that are capital-guaranteed on their due date.			
PREPAYMENTS FOR PROJECTS			
	2015	2015	2014
Receivables from partners	527,484.73	1,067,981.22	2,529,711.39
Other prepayments	40.00	40.00	1,184.84
	<u>527,524.73</u>	<u>1,068,021.22</u>	<u>2,530,896.23</u>
The foundation's project partners and independently accountable regional offices notify Finn Church Aid of the portion of the funds allocated to them which was unused on the balance sheet date. This portion is entered on the balance sheet under 'activated project funds'. This data is taken from unaudited reports.			
RECEIVABLES CARRIED FORWARD			
	2015	2015	2014
Receivables from KELA, 2015	62,462.00	62,462.00	22,800.00
Insurance premium receivables	78,557.26	78,557.26	413.29
Donation receivables	294,051.93	294,051.93	641,763.22
Aid advances	140,801.45	140,801.45	107,130.52
Deferred interest	18,544.39	18,544.39	76,768.90
Other accrued income	162,383.96	23,155.59	10,698.44
	<u>756,800.99</u>	<u>617,572.62</u>	<u>859,574.37</u>
CASH IN HAND AND AT BANKS			
	2015	2015	2014
Total bank accounts	12,343,298.53	9,571,286.11	9,663,100.25
Total cash	10,406.04	1,898.22	46,804.34
	<u>12,353,704.58</u>	<u>9,573,184.33</u>	<u>9,709,904.59</u>

NOTES TO THE FINANCIAL STATEMENTS OF 31/12/2015

CHANGES IN EQUITY	2015	2015	2014
Subscribed capital	33,637.59	33,637.59	33,637.59
Funds reserved for specific purposes			
Opening balance on 1 January, Aid Fund	116,752.50	116,752.50	116,200.65
Additions and interest income during financial period	1,167.52	1,167.52	1,103.70
Aid during financial period	-583.76	-583.76	-551.85
Fund capital on 31 December	117,336.26	117,336.26	116,752.50

According to the donor's wishes, Finn Church Aid invests the fund capital into high-interest deposits.

One half of the annual interest income is added to the capital and one half is used for aid work.

The donor wishes to remain anonymous. The initial capital for the fund was donated in 1985.

	2015	2015	2014
Surplus from previous periods	5,525,699.73	5,525,699.73	5,764,727.29
Surplus/deficit for current period	109,175.15	109,175.15	-239,027.56
EQUITY on 31 December	5,785,848.73	5,785,848.73	5,676,089.82

RECEIVED ADVANCES	2015	2015	2014
Targeted donations	3,856,978.20	3,856,978.20	3,060,807.01
Other received advances	9,262,364.59	7,155,991.78	5,628,617.39
	13,119,342.79	11,012,969.98	8,689,424.40

TARGETED DONATIONS	2015	2015	2014
For use in disaster relief work on 1 January	1,929,899.24	1,929,899.24	1,537,404.19
Income targeted to disaster relief			
Donations from private persons	764,320.60	764,320.60	619,417.78
Donations from companies and organisations	3,167.50	3,167.50	8,414.48
Budget contributions from parishes	17,000.00	17,000.00	4,800.00
Official collections from parishes	140,159.68	140,159.68	82,637.42
Free collections from parishes	106,432.02	106,432.02	137,427.83
Other income from parishes	8,130.68	8,130.68	8,161.30
Common Responsibility Campaign	236,478.50	236,478.50	260,822.68
Bequests	257,162.10	257,162.10	50,202.90
Interest income	11,584.83	11,584.83	18,124.06
Total	1,544,435.91	1,544,435.91	1,190,008.45
Payments out of funds for disaster relief	944,699.96	944,699.96	797,513.40
For use in disaster relief work on 31 December	2,529,635.19	2,529,635.19	1,929,899.24

NOTES TO THE FINANCIAL STATEMENTS OF 31/12/2015

For use in Women's Bank activities on 1 January	1,130,907.77	1,130,907.77	1,583,075.14
Income targeted to the Women's Bank			
Donations from private persons	1,157,539.81	1,157,539.81	959,495.99
Donations from companies and organisations	260,893.48	260,893.48	211,776.22
Free collections from parishes	1,444.46	1,444.46	3,623.53
Other income from parishes	32,464.49	32,464.49	26,056.42
Bequests	91,107.13	91,107.13	100,000.00
Other income	757.91	757.91	9,499.87
Interest income	6,272.45	6,272.45	14,198.58
Total	1,550,479.73	1,550,479.73	1,324,650.61
Payments out of Women's Bank funds	1,354,044.49	1,354,044.49	1,776,817.98
For use in Women's Bank activities on 31 December	1,327,343.01	1,327,343.01	1,130,907.77

OTHER RECEIVED ADVANCES

	2015	2015	2014
MFA Humanitarian Assistance unit	1,218,445.36	1,218,445.36	2,603,288.01
MFA UN and General Global Affairs unit	0.00	0.00	67,664.55
Other MFA	21,011.15	21,011.15	30,278.34
SSF	0.00	0.00	913,166.88
EUROPAID	0.00	0.00	219,725.48
Other international funding parties	333,618.44	305,591.65	112,655.57
UNICEF	65,789.20	65,789.20	0.00
IDB	2,078,346.03	0.00	0.00
Other public aid	100,000.00	100,000.00	0.00
ACT	315,095.72	315,095.72	0.00
Red Nose Day collection	90,120.93	90,120.93	9,765.00
Parishes	1,376,939.32	1,376,939.32	973,678.89
Companies and organisations	99,380.86	99,380.86	44,688.61
Bequests	0.00	0.00	12,535.00
Private donors	3,563,617.59	3,563,617.59	641,171.06
Total	9,262,364.59	7,155,991.78	5,628,617.39

Other received advances comprise aid and donations targeted at specific projects.

ACCRUALS AND DEFERRED INCOME

	2015	2015	2014
Holiday pay liabilities	996,768.10	996,768.10	999,600.71
Statutory insurance premium liabilities	111.32	111.32	6,791.12
Debts to projects	319,933.48	319,933.48	455,532.24
Other accruals and deferred income	94,008.18	65,981.44	114,478.66
Total	1,410,821.08	1,382,794.34	1,576,402.73

LEASING LIABILITIES

	2015	2015	2014
Open leases, rental of multifunction printers			
Total amounts payable (excl. VAT)	5,019.68	5,019.68	6,224.44
Due in the next financial year			
Due later	7,529.52	7,529.52	15,561.10

RENT LIABILITY ON BUSINESS PREMISES

Eteläranta 8, 00130 Helsinki			
Due in the next financial year	550,800.00	550,800.00	530,400.00
Due later	4,553,153.51	4,553,153.51	5,103,953.51

NOTES TO THE FINANCIAL STATEMENTS OF 31/12/2015

ACCOUNTING BOOKS

Diaries	Electronic
Nominal ledger	Electronic
Sales ledger	Computerised bookkeeping
Purchase ledger	Computerised bookkeeping
Cash journal	Computer printouts
Fixed assets accounting	Computerised bookkeeping
Financial statements	Separately bound
Financial statement itemisations	Separately bound
(itemisations of balance sheet, notes to the accounts and income statement)	
Document types	Electronic

TYPES OF DOCUMENTS

MS Dynamics NAV financial administration system

Petty cash	Cash receipts
Correction 15	Corrective receipts
Memorandum 15	Memorandum receipts
Sales invoices+	Sales invoices
Sales refunds+	Sales refund invoices
	Bank documents
Nordea	Nordea Bank
Aktia	Aktia
OP	Helsinki OP Bank
Sampo	Danske Bank
SHB	Handelsbanken
Tapiola	S Bank
Nooa	Nooa Bank
Pop	Suupohjan osuuspankki (Cooperative Bank)
ÅAB	Ålandsbanken
Purchase invoice+	Purchase invoices
Purchase refund+	Purchase refund invoices
Purchase payments	Purchase invoice payments
Salaries 15	Salary receipts
TITOEL	Tito e-invoices
TP	Financial Statements

FINN CHURCH AID FOUNDATION

Date and Signatures to the Financial Statements and Annual Report

Helsinki, 14 March 2016

Tarja Kantola, Chair

Tapio Luoma, Vice Chair

Sixten Ekstrand

Kimmo Kääriäinen

Reetta Meriläinen

Ritva Ohmeroluoma

Pekka Haavisto

Olli-Pekka Silfverhuth

Helena Tuominen

Kent Wilska

Katri Korolainen

Tuomas Aho

Ilkka Mattila

Milla Perukangas

Jouni Hemberg, Executive Director

FINANCIAL STATEMENT ENTRY

A report has today been issued concerning the audit performed.

_____, _____ 2016

KPMG Oy Ab, Authorised Public Accounting Firm

Heidi Vierros
Authorised Public Accountant in Finland