

FINN CHURCH AID FOUNDATION

FINANCIAL STATEMENTS AND ANNUAL REPORT

FOR THE PERIOD

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FINN CHURCH AID FOUNDATION

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Annual Report 2019

1 Finn Church Aid is Finland's Largest International Aid Organisation

Founded in 1947, Finn Church Aid (FCA) fulfils a mandate from the Evangelical Lutheran Church of Finland to carry out development cooperation, humanitarian relief work, and advocacy work and to invest in small and medium-sized enterprises in the developing countries.

FCA operations have a legal basis and follow international human rights standards and principles. The programme activities of the Foundation are also governed by a focus on risk management, risk reduction, conflict and gender sensitivity, climate change, and environmental consciousness. In its work, the FCA complies with international humanitarian principles, according to which anyone affected by disaster or conflict has the right to receive assistance and protection, without exceptions.

2 Changes in the Operating Environment

Finn Church Aid focused its activities on the world's most fragile and challenging operating environments in accordance with its strategy. Difficult security situations and unexpected disasters (mainly conflicts and natural disasters) in many of the fragile programme countries slowed down the implementation of the long-term programmes of the organisation from time to time. Nevertheless, our work was fruitful once more and hundreds of thousands of people in different parts of the world received aid through us. Our activities with immigrants in Finland continued as well.

The principles of sustainable development form the mutual goals of the work done by the various nations and the UN, but also by other development actors. These are the principles that guide the operations of the FCA as well. The entry of individual operators into the development sector is in line with the principles of sustainable development. The role of these operators has grown both nationally and internationally, as well as in the operations of the FCA. The work of many decades with women's micro-entrepreneurship has expanded to include small and medium sized enterprise (SME) loans and technical support. FCA Investments Ltd, the investment company of the FCA, made its first loan-based investments during the year. Vocational education and training and particularly entrepreneur training have proven fruitful. "From learning to earning" is the motto of our work with women and young people in many of our country programmes.

The capital base of the FCA continued to progress favourably in 2019. The number of private donations continued to grow. Additionally, international funding bodies continued to show interest in the operations of the FCA.

3 Finn Church Aid Operating Countries in 2019

At the beginning of 2019, Finn Church Aid had country-specific programmes in 12 countries. The programme was halted in one country during the year.

Africa	Asia	Middle East
Eritrea, South Sudan, Kenya, Central African Republic, Uganda, Somalia	Cambodia, Myanmar, Nepal	Israel and the Palestinian territories (IOPT), Jordan, Syria

In addition to the aforementioned countries, Finn Church Aid carried out humanitarian aid programme activities in Bangladesh and Mozambique.

The Network for Religious and Traditional Peacemakers had projects in several countries where the FCA has no operations: for example, in North-East Asia. The FCA acts as the secretariat of the Network. In Finland, our peace work focused on the efforts with immigrants and the prevention of violent extremism.

In Liberia, the FCA supported the programme activities of its local partner organisation, the Serving Humanity for Empowerment and Development Foundation (SHED). In late 2019, the FCA prepared to discontinue the country programme for Eritrea and abandon the office there.

The action models and activities in the Finn Church Aid projects and programmes will be discussed through a few examples in the thematic section of this report, also making reference to new initiatives launched during the year. The numerical and qualitative overall picture will be reported in the annual report of the global programme.

4 Finn Church Aid Operations by Theme

The work of Finn Church Aid is divided into three themes that are essential for bringing about sustainable change. The themes are related to the rights of the individual, meaning that everyone has the right to live in peace, to receive high-quality education, and to earn a sustainable livelihood. These themes are interrelated and mutually dependent. Together they form the Finn Church Aid programme framework, which also includes issues related to gender and equal involvement.

4.1 Right to Quality Education

During 2019, the theme of Right to Quality Education was created a new *Right to Quality Education Strategy*. The strategy focuses on four domains of expertise, namely education in disasters, vocational education and training, teacher training, and education sector development. The compilation of guidance documents for these domains of expertise has begun for the assessments and ascertainment of quality.

In Cambodia, a new three-year student counselling project, funded by the Swedish International Development Cooperation Agency SIDA, began in the upper secondary schools. The project involved the selections of 60 teachers (proportion of women: 50%) from 20 schools to become student counsellors, after which they participated in the first training in the basics of student counselling. Thus far, a total of 121 student counsellors (59 women) have been trained in 40 secondary schools and nine high schools of technology located in Cambodia. During the school year 2018–2019, a total of 8,449 students received student counselling. There were 1,115 parents who participated in family events, gaining information about student counselling and the importance of children's education. The Battambang career fair, organised with the support of the FCA, had 3,741 visitors who participated, gaining information about the job markets and student counselling services.

In Nepal, 368 children (proportion of girls: 50%) participated in 24 coaching groups arranged by the communities with the objective of encouraging the pupils to study and improve their performance so that they would not drop out of school. The courses sought to help increase the responsibility of parents for improving the school attendance and the learning results of their children. The children in the groups were offered support and motivation to do their homework and attend school regularly by 16 role model students. The school attendance of the children has increased with their participation in the coaching groups.

In Myanmar, the FCA led the making of needs assessments in the schools maintained by the government in northern Shan State and attended by internally displaced children. The assessment results were utilised in advocacy work and a pilot project, which provides monthly cash transfers for the purpose of helping to remove the economic reasons, which prevent the children suffering from the crisis from going to school. Teachers were trained as well and the reading and arithmetic skills of children were improved at the basic education level. The FCA continued its efforts for the promotion of student counselling in Myanmar in cooperation with the government authorities in Yangon.

In Eritrea, efforts continued for the development of the education sector. This work was especially devoted to equality in education and improving the opportunities of girls to attend school by bringing various Eritrean institutions together and supporting the planning of a tool kit to be distributed to the comprehensive schools. The director of the Eritrean teacher training establishment visited Finland and became familiar with the Finnish teacher training system from the equal education point of view. Another academic exchange supported by the FCA went to Denmark where two Eritrean teacher trainers travelled to attend an international academic congress that was arranged there. The FCA supported the special education of 205 hearing-impaired children and youth in the cities of Asmara and Keren. The youngest children were of day care age while the eldest ones were participating in vocational education and training. Materials to support instruction and information and communications technology (ICT) equipment were acquired for the schools while the teaching staff and other personnel were offered further vocational training. The efforts under the theme of Right to Quality Education also involved close advocacy work, which helped to promote the work of Finn Church Aid both within and beyond the borders of Eritrea, for instance, in the EU and among the UN operators.

In the Palestinian Territories, 15 Teachers without Borders volunteers provided 152 local education sector professionals on the West Bank with training, for instance, in learner-centred educational methods and positive psychology. In East Jerusalem, 58 children exposed to the risk of social exclusion gained access to afternoon activities arranged after school and got a volunteer trained for the task to be their support person. Additionally, 115 young adults were trained to act as volunteer mentors. Moreover, three local organisations received support to their competence development for the implementation of the same action model in the suburbs of their own.

In Syria, Finn Church Aid supported the refurbishment of two school buildings and the further training of 41 teachers. Remedial education was offered to 762 school children while 290 children who had dropped out of school gained access to courses designed to facilitate their return to school. Additionally, 14,158 pupils received school uniforms and supplies.

In Jordan 5,442 Syrian children and local children and youth in a vulnerable position participated in training courses: for example, English language or other basic skills instruction and guided recreational activities, such as music or sports.

In the Central African Republic, the FCA supported 60 schools located in the province of Ombella-M'Poko with further teacher training and salary payment. The training strengthened pedagogical and subject didactical competence and had 138 volunteer teachers (17 women and 121 men) and 330 teachers (234 men and 96 women) from 60 schools participating. The salaries of 60 volunteer teachers were paid during the autumn semester. Thanks to this training, 37,143 pupils (17,715 girls and 19,428 boys) gained access to education of a better quality.

In South Sudan, 221 students (40 women and 181 men) graduated from the vocational school located in Juba. The students gained degrees in civil engineering, solar and electrical engineering, car mechanics, hairdressing and barbering services, beauty care service, hospitality management, and tailoring service. These training programmes had begun in October of 2018. Together with the Norwegian Refugee Council and the Ministry of General Education and Instruction of South Sudan, Finn Church Aid is developing the entire vocational education sector in South Sudan.

In Somalia, 2,320 children (940 girls and 1,380 boys) participated in education provided in either new or refurbished school buildings at six different schools. Additionally, a comprehensive school of accelerated learning was established in conjunction with one of the schools, whereby 120 refugee children and youth (56 girls and 64 boys) regained access to learning after having to discontinue their schooling due to natural disasters, conflicts or displacement. A total of 1,500 children (636 girls and 864 boys) in the most vulnerable positions received school uniforms and school materials, which enabled their school attendance.

In Uganda, 74,500 refugee children gained access to education arranged by the FCA in several different refugee settlements. Both the children and their teachers received school materials. For the improvement of the quality of the education, the teachers were trained regularly during the year. Additionally, the FCA built and refurbished teaching facilities. A personal hygiene package was given to 3,000 girls along with hygiene training to enable them to attend school during menstruation as well. Children's activities, such as Drop Everything and Read (DEAR), children's parliaments, and spelling bees, which promote literacy and the benefits of reading, were continued at a number of schools.

In Kenya, 18,000 children gained some education in five primary schools located in the Kalobeyei and Kakuma regions. Refugee children and the children of the local communities alike participated in this schooling. A total of 287 children (112 girls and 175 boys) in need of special support gained access to inclusive quality education in the FCA schools. Additionally, 3,746 pupils (1,634 girls and 2,112 boys) who had discontinued school earlier regained access to schooling through a project targeting them in the Garissa, Turkana, and Marsabit regions. A total of 231 teachers received training in pedagogical skills for the improvement of learning results quality.

In 2019, the comprehensive approach of the FCA to the theme of *Right to Quality Education* deepened at the community, national and international levels. In disaster situations, the FCA is able to ascertain the arrangement of education and access to such and to develop the quality of education, for example, by arranging teacher training and combining psycho-social support with school projects. As part of the strategy for the theme of Right to Education, the FCA has also offered support for the development of the entire education sector. Finn Church Aid is recognised as a sought-after cooperation partner by both major funding partners and key international educational operators. This is demonstrated by our significant role in the UN cluster activities, as well as the fact that the UNICEF provides significant support to our programme activities.

There are 7.1 million refugee children and youth of school age in the world at present. Of these, 3.7 million are not attending school. Securing their education and training is a key issue in terms of development, human rights and security. Only 24 percent of refugee youth participate in secondary education while only three percent participate in tertiary education. For this reason, the educational theme strategy of the FCA is devoted to prioritising the education and training of pre-teens and youth. The new *Right to Quality Education Strategy* is focused on upper and high school education, accelerated curricula, student counselling, and vocational education and training. In particular, the FCA is working to ensure that learners can gain official diplomas for their studies.

Migration to cities is continuing, so in addition to traditional industries, some new means of livelihood, entrepreneurship, and self-employment are needed. In 2019, the FCA College was launched in cooperation with Omnia Education Partnerships Ltd (OEP). The FCA College offers education leading to an internationally recognised Finnish vocational degree in a refugee context.

4.2 Right to Livelihood

The Finn Church Aid theme of Right to Livelihood gained strength especially in the refugee context, where the main target group comprised – the segments of the population commonly targeted by the FCA, namely women and young people. Special attention was given to launching and developing business operations and to the skills related to these activities. On the side of humanitarian aid, the FCA stepped up the utilisation of cash aid as support to the recovery of industrial and commercial activities in connection with crises.

In Cambodia, a new action model was developed for 17 women's agricultural cooperatives. The number of new farmers who joined nine vegetable production groups was 133 while the number of those who joined the chicken production group was 13. Counting in 21 previously established groups brings the total number of production groups to 43. After training, the farmers received some initial capital for farming activities. Additionally, 202 members of agricultural cooperatives were granted loans for the purpose of creating and expanding small business activities. Climate change has impacted agricultural production and so the members of the production groups were built 10 irrigation pools for the support of production. Additionally, the agricultural cooperatives received training in the preparation for disasters and climate change impacts and the survival from such.

In Nepal, 263 former serfs (most of them women) participated in a diversity of training courses developing livelihood: for example, vegetable cultivation, poultry farming, livestock husbandry, and sewing skills, depending on the demand on the markets. As a result of these training courses, the participants were able to expand their business activities and their income nearly doubled. This success was enabled by improved product quality, small business skills, and better connections to the markets.

In Myanmar, the FCA expanded humanitarian aid work in a forgotten crisis in the northern part of the country, where there are still ongoing armed conflicts. In Kachin State and northern Shan State, 4,231 people were given cash for the improvement of their food security, nutrition, and livelihoods. The FCA also continued innovative efforts in Rakhine State, which is located in the western part of the country and affected by conflict. These efforts were carried out, for example, by establishing compost micro-enterprises seeking to help improve waste management, nutrition, and income in the refugee camps and the receiving communities. The FCA and its partners also began developing animated learning materials. These videos, made in both Burmese and the Rohingya dialect, are designed to improve the effectiveness of the instruction on the business skills of women and youth.

In Jordan, entrepreneurship training was arranged for a total of 213 participants. Support for the expansion of existing businesses was granted to 53 entrepreneurs while 17 women established entirely new businesses with the support of the FCA. Additionally, a total of 75 Syrian refugees and Jordanians in a vulnerable position became employed in country programme projects, for example, as teachers, cleaners or guards.

In Eritrea, the FCA supported vocational education and training arranged for young people by the School of the Deaf. In the autumn, 35 young people became qualified stitchers. The work of vocational school teachers was supported, for instance, by arranging further training and assuming responsibility for salary payment. The training was also supported through material and equipment acquisitions. More than 50 students and teachers of the School of the Deaf and employees of the Eritrean National Association of the Deaf participated in entrepreneurship training arranged by the FCA. The purpose of the training was to ascertain the employment opportunities of the students and support the vocational competence of the teachers at the same time.

In the Central African Republic, the FCA supported the agricultural and small business activities of 39 women's groups situated in Bozoum of the Ouham-Pendé Prefecture. A total of 436 women from 21 different women's groups participated in agricultural training, which strengthened their competence in agricultural techniques. After the training, the groups were distributed agricultural equipment and seed and they were supported in the founding of allotments.

A total of 25 women from 12 women's groups participated in entrepreneur training, which covered business operations, bookkeeping, and marketing. Six women's groups were provided with support to small livestock husbandry by distributing the groups some pigs.

In Uganda, 1,286 young people were trained in four different vocational training centres of the FCA. Of these young people, 700 have already become employed. Of the employed young people, 442 have established businesses of their own. The livelihoods of women and their families improved when the women participated in the activities of the Village Savings and Loan Association. With the help of loans from the Association, the women have established businesses alone or in groups and received training in business management.

In Somalia, 120 young people (60 women and 60 men) received six months of vocational training in five different fields. These young people come from six of the most vulnerable refugee or local communities in Hargeisa, Somaliland. All those who completed their training received supplies related to their vocational training for establishing their own businesses. Additionally, 80 young refugee women received training to manage businesses of their own. The women were mentored by 30 business women, who had been supported by the FCA in previous years.

In Kenya, the livelihoods of vulnerable communities were strengthened by providing women with training in craftsmanship. A total of 183 artisans in nine different groups received training to weave baskets. The money gained from the baskets increased the income of these women—and thereby that of their families. The groups also received training in financial administration. Thanks to official registration, the groups can also apply for funding and receive such from other entities in the future.

In South Sudan, the FCA supported the survival of vulnerable households affected by the conflict and living in the poorest situation in terms of food security in Old Fangkak by providing food security and donations of money. All in all, 2,500 households (15,000 people) were reached. Of these, 1,345 households were led by women. Donations of money were received by 687 households led by women and 313 households led by men. Training for the formation of farmer and fisher groups provided support to 655 agricultural households led by women, 345 agricultural households led by men, and 500 fishing households. These households were also supported by distributing farming and fishing equipment.

Close cooperation between **Women's Bank** and the FCA continued in 2019. New projects being launched increasingly focus on the development of female-driven business activities. The role of vocational education and entrepreneur training strengthened in the projects. Having been well received both in Finland and in the project countries, the Skills Donation programme established itself in Women's Bank projects and in the FCA system of international volunteer work. The programme offered expert level volunteer support for Women's Bank operations, especially in terms of micro-entrepreneurship and SME business model development.

4.3 Right to Peace

The peace work of Finn Church Aid supports all-round involvement with young people, women, and refugees, as well as religious and traditional operators at the hub of it. In 2019, the FCA continued its efforts for the promotion of inclusive peace at the national and local levels of the African and Asian country programmes. Additionally, the global *Right to Peace Strategy* was updated (approved in January of 2020). The Network for Religious and Traditional Peacemakers prepared and approved the Network strategy in 2019.

In Kenya, the FCA has achieved an established position in the field of peace work at the community level together with local operators and the county and national governments. The communities in the counties of Baringo and Elgeyo-Marakwet signed peace treaties. The women and youth actively participated in the local peace work and

acted as the community agents of change in the reconciliation and peace processes. Additionally, the Network strengthens confidence between the religious minorities and the public authorities in Kenya and supports the fulfilment of constitutional rights and religious freedom.

In Uganda, a national Islamic curriculum was developed and it was approved by the Uganda Muslim Supreme Council. The curriculum was taken to 300 schools that teach Islam to children. The purpose was to standardise the educational content so as not to leave room for radicalisation or extremist teachings. A year's training in quality instruction under this new curriculum was provided to 220 school tutors. A total of 12,700 young people who had discontinued their schooling were supported through a peace work project, which seeks to prevent young people from participating in violent extremism. Additionally, 4,000 young people in school and 240 of their teachers were involved in peace project activities and school peace clubs.

In Somalia, the FCA and its partner organisations have played an important role in bringing various operators on the national and local levels together to support the reconstruction of the local government and the State. There were events addressing topics, such as reconciliation, the involvement of women and youth, and the separation of powers. A total of 1,046 citizens (322 women and 724 men) participated in these events. The participants included community leaders, clan elders, women, young people, and representatives of the private sector. With the support of the FCA, a women's network was established, bringing together women's organisations and female activists in the South West State of Somalia. The major task of the network is to create a support network for women and to influence the government and the civil society, as well as the traditional and religious leaders, so that the role of women in politics and decision-making would be strengthened. With the support of the FCA and the Network for Religious and Traditional Peacemakers, a National Reconciliation Framework was approved in March of 2019. The FCA and the Network are also providing support to its implementation.

In Eritrea, the FCA supported peace work by inviting a representative of the local youth organisation to an international symposium held in Finland. The symposium addressed the role of young people in the peace process. Additionally, 31 members and employees of this youth organisation participated in peace work training arranged in Eritrea.

In Cambodia, Changemaker Youth Network members celebrated World Environment Day 2019 together with six other youth organisations and 361 young people (220 women) in Phnom Penh in order to raise awareness about environmental issues, offering young people and policy makers an opportunity to engage in a debate and find solutions to climate change and environmental challenges. After the debate, the environmental experts, decision makers, and young people compiled a statement together, which was then sent to the Ministry of Environment.

In Nepal, 344 holders of rights in the marginalised Dalit communities participated in 192 REFLECT events. These REFLECT gatherings helped the participants to prioritise and debate issues that are of importance to them and to contact the local government in order to defend the fulfilment of their rights. The REFLECT groups have played a role in strengthening participant leadership and have functioned as a significant empowering tool for increasing the social capital and human dignity of marginalised people in a vulnerable position.

In Myanmar, the FCA and the Council of Myanmar Churches compiled an interfaith curriculum, which seeks to promote social cohesion and harmony among the communities by reducing negative stereotypes, promoting cooperation among the groups, and reinforcing trust and communication within and among the different communities. The curriculum was introduced to the teachers of the church schools in the pilot areas situated in Bago, Mandalay, Kayin, and Kachin. The curriculum seeks to help improve the teachers' skill in teaching interfaith tolerance and awareness to children between the ages of 12 and 14.

In the Central African Republic, young people played an important role in peace mediation work. In Bangui, Berbérati, and Bozoum, 71 young people (28 women and 43 men) participated in training, which covered conflict prevention, peace education, and rumour management. After the training courses, the FCA supported the young people's peace groups in their activities. The groups arranged peace mediation campaigns at their various locations, reaching a total of 3,900 community members. In cooperation with Religions for Peace and the Network for Religious and Traditional Peacemakers, the FCA also arranged two workshops, which planned the efforts for the following three years and brought together local and international operators. A delegation of ten people from the Central African Republic participated in the great World Assembly of Religions for Peace, where they were able to engage in advocacy work before 900 operators.

In South Sudan, an opportunity for the Dinka and Murle people to engage in dialogue was arranged at Manybol with the purpose of finding peaceful solutions together to the problems between the communities and for the purpose of conflict prevention. The peace dialogue brought together 100 members of both communities and members of their administrations. The peace dialogue succeeded in getting the participants to identify some of the factors, which had led to the emergence of the conflict, to create a peace treaty, and sign it together. The FCA strengthened the peace mediation work competence of women and young people in Gumuruk and Pibor by arranging training and workshops for 80 women and 80 young people.

In Israel, 239 secondary students participated in workshops arranged in schools, giving them competence for social thought and activity. Additionally, six facilitators were trained to lead the workshops.

During 2019, the **Network for Religious and Traditional Peacemakers** successfully supported interfaith and intrafaith dialogue in South Asia, Southeast Asia, and the Central African Republic, contributed to the development and implementation of a National Reconciliation Framework in Somalia, and the strengthening of trust between religious communities and the public authorities in Kenya. The Network trained some UN personnel and peace work operators in the roles of religion and religious operators in peace processes, reinforced the strong role of women and young people in those processes and in the prevention of violence, and promoted the competence of mediators within communities. Additionally, the Network conducted a study about the links between violent extremism and the legal system in Kenya and the significance of religious education in the prevention of radicalisation in Nigeria. The Network also produced information and articles for other publications. As a result of extensive consulting, the Network also approved the *Strategy 2020–2025* at the end of 2019 to guide the cooperation between Network members and supporters.

The peace work competence, which was born in the Finn Church Aid operating countries and within the Network, has also enabled activities related to this theme in Finland. The FCA and the Network are active partners in the implementation of an operational programme for the prevention of violent national radicalisation and extremism. This mission requires close cooperation with the Ministry of the Interior, the religious communities, and the local authorities. Projects carried out in Finland have helped to build trust and communication among families in vulnerable positions, civil society, religious communities, immigrant women, and national and local authorities.

5 Humanitarian Aid

The humanitarian aid work of Finn Church Aid showed the great number of protracted crises around the world. Nearly all of the humanitarian aid programmes, for instance, in South Sudan, Uganda, Somalia, Myanmar, Jordan, Syria, and the Central African Republic, focused on supporting refugees or internally migrating people. The FCA continued its programme cooperation with DanChurchAid for the benefit of the people in Bangladesh who had fled there from Myanmar. The programme focused on education and efforts with women.

After cyclone Idai, the FCA gave the ACT Alliance organisation operating locally in Mozambique some monetary support for the distribution of emergency aid in the spring of 2019. With the aid of collection funds, the FCA also began a humanitarian aid programme of its own in the education sector in Mozambique. This included things building temporary schools, distributing school supplies, training teachers, and strengthening the capacity of the local cooperation organisation for humanitarian aid work.

At the end of 2019, the FCA began emergency aid distributions to the Syrians in north-eastern Syria, who had fled the Turkish attacks. Additionally, the FCA provided emergency aid through the ACT Alliance cooperation organisations to typhoon victims in the Philippines and for tsunami aftercare in Indonesia. During the year, the FCA also launched preparations for the commencement of humanitarian relief work in North Korea.

The FCA continued to devote itself to strengthening disaster preparedness at the country level, but also globally. The FCA is a strong education sector operator in the global educational cluster and the preparedness team operating in that context. One of the FCA employees spends 50% of their annual working time coordinating the humanitarian aid work of the UN-driven education sector in disaster situations in different parts of the world. The FCA also devoted itself to developing livelihoods in the humanitarian aid programme activities and now the programme countries are increasingly giving cash aid instead of material aid. Additionally, the FCA strengthened its connections with international humanitarian aid networks, cooperation partners, and funding bodies. In December of 2019, the FCA was involved in the Global Refugee Forum, arranged by the UNHCR, where the FCA gave a strong contribution to bringing out education with special emphasis on the vocational education and training of refugees.

6 Development and Growth of the Organisation

At the end of 2019, Finn Church Aid employed approximately 2,200 people in 15 different operating countries, as well as in several European countries and North America. In most cases, the programme countries are war zones or otherwise fragile operating environments. Challenges in finding and retaining professional staff continued especially in fragile operating environments. The quality assurance work continued during the year and the Core Humanitarian Standard verified the continuation of its certification after inspections.

The development of new operational and financial instruments continued during the year. The investment operations of FCA Investments Ltd (FCAI), established by the FCA in 2018, was launched by financing two funds operating in the developing countries. Capital 4 Development (C4D) is a fund established by our Dutch affiliate, the Interchurch Organization for Development Cooperation (ICCO). The operation of the fund is focused on lending money for small and medium-sized business activities in several Asian countries. By contrast, the Yield Fund, established in Uganda by the International Fund for Agricultural Development (IFAD), supports SME business activities that are related to agriculture and food production in particular. At the end of the year, preparations were made for making direct investments in Somalia and Uganda.

Omnia Education Partnerships Ltd (OEP), established in 2016, continued its operations. The FCA is a minority shareholder of the OEP. During the year, the first joint programme of the OEP and the FCA was implemented with the outcome of 44 refugees in Uganda gaining Finnish entrepreneur qualifications.

Our advocacy work was active in Finland, but also in the FCA programme countries and on international forums. As in the previous years, this advocacy work focused on education, peace, livelihood, and human rights issues. In 2019, we devoted ourselves in particular to advocating in connection with the Finnish parliamentary elections. Our objective was to strengthen the role of education in the Finnish development policy, to raise the level of the Finnish development cooperation appropriations, and to get Finnish corporate responsibility regarding human rights enacted by law. We met with politicians and officials, campaigned in the run-up to the elections in cooperation with other organisations, stimulated discussion through publications of our own, media work and online content, and by providing guest pens. Our work contributed to the following developments: education was recorded as a new development policy priority in the coalition agreement, the development cooperation appropriations were increased, and the coalition agreement committed to drawing up a road map for the attainment of the 0.7% development cooperation appropriation goal of the UN and to conduct an investigation with the objective of enacting a corporate responsibility law.

We also strongly brought out the global learning crisis. Among other things, we arranged an international seminar in Finland for 200 people under the theme of education in disasters. We engaged in active and direct dialogue with decision makers, gave a number of statements (for instance, at the request of the Finnish parliamentary committees), appeared on the media, and arranged events related to the advocacy work themes both at home and abroad, participating in these events as specialist speakers. In the programme countries, we supported the advocacy work of our partners and beneficiaries. We devoted ourselves to the development of advocacy work competence through various training courses and by putting the advocacy work strategy we had compiled at the end of 2018 into practice at all our offices.

7 The Most Significant Risks and Uncertainty Factors

In accordance with its strategy, the FCA operates in the most vulnerable and impoverished countries of the world. Due to this, the identification and management of risks are essential to the success and fruitfulness of the operations. Risk assessment and risk management are implemented on all levels of the organisation both in Helsinki and at the country offices. To support this activity, the FCA has developed a risk management tool. The results of the assessment work point to five current high-risk areas as described in the rest of this section.

Safety and Security The safety of our relief workers and the people receiving aid is of cardinal importance in the FCA risk management. Our operations are often carried out in conflict zones, so safety and security planning, monitoring and management are essential to the implementation of the programmes.

Quality and Reliability Difficult operating environments are challenging in terms of maintaining the quality of the operations. Upon joining the Core Humanitarian Standard Alliance and receiving its quality certification, the FCA committed to developing the quality and reliability of its operations to a high level. This demands continuous effort and development, as well as resources.

Basic Financing, Unrestricted The scope of the FCA operations and their funding structure have changed significantly during the past ten years. Unlike the income in the action models of other Finnish non-governmental organisations, most of the FCA income is obtained from international funders. Examples of these include the UN organisations and other international organisations, the private sector, the development cooperation authorities of other countries, and development banks.

The growth of international funding entails the provision of increasing internal funding by the organisation. Additionally, as the resources of the funders dwindle, the funders themselves are requiring increasing proportions of internal funding from the organisations. The possibilities of growing funding through the Finnish collections and donor markets are limited. If we are unable to grow the proportion of internal funding, this may impact the funding of the technical support needed by the projects, which in turn may lead to the qualitative deterioration of the work.

Personnel Availability and Turnover As the operations and the number of personnel grow, it is increasingly difficult to find a competent and professional workforce for the FCA country programmes. The challenging and dangerous nature of the operational environments also increases the turnover, reducing the length of employment relationships. Psycho-social support is often necessary as well.

Reputational Risks The field of relief work is the object of constant scrutiny by the beneficiaries, the funders, the media, and the public, seeking to find errors and failures. Addressing such in a misguided way can backfire as reputational deterioration, but also as the loss of donor confidence.

When joining the FCA, each employee signs a Code of Conduct, thereby committing to observe the FCA values and rules. Having all-round guidelines will not guarantee success if we fail to pay enough attention to monitoring and inspections, however. Successful recruitment processes, good work orientation and continuous training reduce the risks of employee errors and unethical activity.

Errors by the FCA partners and other organisations operating in the field of relief work can also cause reputational risks to the whole sector. We can prepare for such eventualities only by ensuring the ethical base of our own operations. The FCA complaints mechanism is a tool for the improvement of reputation management as well.

8 Fundraising

In the area of fundraising, the contributions of individual donors continued to grow. Likewise, the income by bequests was favourable to the FCA. There were no major natural disasters of the kind which raise a broad range of donors and thus the impact of typical disaster communications on these other donations was missing. For foreign public funders, there was significant growth especially in some of the FCA operating countries and the need for unrestricted internal funding will continue to grow so that the FCA co-payment proportions of international funding can be covered. New areas of growth were sought by beginning to plan the development of fundraising in the operation countries.

The **WeFood surplus food supermarket** celebrated its first anniversary at the Redi shopping centre in Helsinki in September of 2019. During its operations, WeFood has reduced the volume of food wastage in Finland by more than 100,000 kilograms by selling surplus food donated by 31 goods suppliers: manufacturers, importers, wholesalers, retailers, and producers. This project involved 160 volunteers.

9 Foundation Group Structure

The offices located in Jordan, Kenya, and the United States, Omnia Education Partnerships Ltd (share: 20%), and FCA Investments Ltd (share: 100%), as well as Egg Production (U) Ltd (share: 100%), situated in Uganda, were consolidated into the Finn Church Aid Foundation Group.

The independence process of the office in Liberia progressed and the Serving Humanity for Empowerment and Development Foundation (SHED), the local organisation, will continue the operations on the foundation laid by the FCA. Final independence is scheduled for 2020.

The offices located in Cambodia, the Central African Republic, South Sudan, Somalia, Nepal, Myanmar, Eritrea, and Uganda, which are treated as branches, were consolidated into the accounts of the Finn Church Aid parent company.

Additionally, the FCA had humanitarian aid programme activities in Mozambique and Bangladesh with the latter of these operations being implemented together with DanChurchAid. At the end of the year, a temporary retreat was launched from Eritrea, where the programme implementation encountered insurmountable obstacles at least for the time being.

10 Finances

The financial information in the annual report is shown in the following order: group 2019 (group 2018), parent 2019 (parent 2018). Where the figures are the same for the Group and the parent company in 2019, only one figure is shown.

The deficit for the 2019 financial year was € 434,879.92 (deficit € 533,070.43), €315,644.86 (deficit € 534,037.76). At the year-end, the equity totalled and €9.0 million (€10.5 million), €9.1 million (€10.5 million) respectively. Current receivables totalled €3.1 million (€3.2 million), €3.4 million (€3.2 million), of which advances paid to project partners accounted for €0.9 million (€0.7 million), €1.2 million (€0.7 million). Short-term liabilities totalled €8.7 million (€8.3 million), €8.4 million (€8.1 million), of which advances received accounted for €4.9 million (€5.2 million), €4.9 million (€5.2 million).

10.1 Income

Income for the financial year came to €45,912,743.25 (€39,984,097.10), €44,706,316.56 (€39,011,713.29), corresponding to an increase of 14.8% (group), 14.6% (parent) over the previous year. The income for the financial year includes appropriations from funds, totalling €1,031,060.64 (€1,962,440.87).

Budgetary allocations from the parishes totalled €3.9 million (€4.0 million). The Common Responsibility Campaign resulted in the income of €1.3 million (€1.4 million) while the subsidy from the Church Council was €1.0 million (€1.0 million).

Funding from the Ministry for Foreign Affairs and from Finnish and international institutional funding bodies totalled €25.2 million (€19.3 million), €24.0 million (€18.3 million). The Ministry for Foreign Affairs allocated €6.4 million (€6.3 million) to development cooperation work and €3.8 million (€2.9 million) to humanitarian aid work.

Income from the private sector, including private donations from the parish accounts, totalled €13.7 million (€13.8 million).

10.2 Expenses

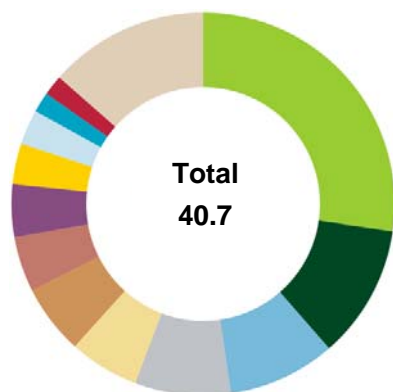
Expenses for the financial year totalled €46,347,623.18 (€40,517,167.53), €45,021,961.42 (€39,545,751.05), representing an increase of 14.4% (group), 13.8% (parent) over the previous year.

Relief work expenses accounted for €40.7 million (€35.1 million), €39.4 million (€34.1 million), including €2.9 million (€2.8 million) in programme planning, monitoring and development costs. Relief work support functions (i.e. communications, fundraising, stakeholder contacts, and general administration) generated the expenses of €5.6 million (€5.4 million).

Relief operations accounted for 87.9% (86.6%), 87.6% (86.3%) of all operating expenses, while relief work support functions took up 12.1% (13.4%), 12.4% (13.7%).

Salaries and fees, including add-on costs, totalled €14.6 million (€12.3 million), €13.0 million (€11.5 million). During the financial year, the FCA invested €0.3 million (€0.3 million), €0.2 million (€0.3 million) in upgrading computer systems and acquiring hardware. Depreciation on fixed assets amounted to €0.1 million (€0.1 million).

The distribution of relief work (including programme planning, monitoring and development costs) is shown below.



€million	Group 2019	Group 2018
■ Uganda	11.9	8.3
■ Somalia	4.9	3.6
■ South Sudan	4.0	3.6
■ Global projects	3.5	3.6
■ Kenya	2.6	2.5
■ Central African Republic	2.5	2.7
■ Myanmar	2.1	1.7
■ Jordan	2.0	2.1
■ Cambodia	1.5	1.3
■ Nepal	1.3	1.4
■ Syria	0.7	0.7
■ Eritrea	0.7	0.7
■ Others	2.8	3.0
Total	40.7	35.1

11 Personnel

The total number of man-years accumulated was 2,019 (415), 1,950 (347). The personnel either working in Helsinki or sent from Finland accumulated a total of 167 (156), 160 (148) man-years while the local programme office personnel accumulated a further 1,852 (259), 1,790 (205) man-years. The figures for 2018 did not include the locally recruited teachers in two programme countries. Temporary F2F and telefundraising personnel completed a total of 7 (11) man-years in temporary employment relationships. Of all the man-years, 136 (126), 127 (118) took place under permanent contracts and 1,883 (289), 1,823 (208) under fixed-term contracts.

12 Administration

The Foundation Board of Directors convened five times in 2019. Additionally, one meeting was held by e-mail and a study and negotiation tour was arranged to the Ecumenical Centre in Geneva, to become familiar with the operations of a number of ecumenical partner organisations, such as the World Council of Churches, the Lutheran World Federation, and the ACT Alliance.

The board in 2019 comprised International Affairs Expert Tarja Kantola as Chair, Vicar Olli-Pekka Silfverhuth as Vice-Chair, and the following ordinary members: Solicitor Tuomas Aho, Director Sixten Ekstrand, Member of Parliament Pekka Haavisto (until June), Parish Pastor Riikka Hietanen, Bishop Kaisamari Hintikka (as of April), Member of Parliament Anna-Kaisa Ikonen, Adjunct Professor (Development Studies) Marjaana Jauhola, Vicar Juhani Lavanko, Journalist Reetta Meriläinen, Master of Science (Econ.) Ritva Ohmeroluoma, Journalist Aila Paloniemi, and Reverend for International Ministry & Mission Mark Saba.

The expert members invited by the Board were Secretary General Mari-Anna Auvinen, Director Kalle Kuusimäki, Executive Director Riina Nguyen, and Docent Jaakko Rusama.

13 Amendments to the By-laws

No amendments to the by-laws were made in 2019.

14 Related-party Transactions

Related-party transactions are specified in the Finnish Foundations Act. The following parties are regarded as the related parties of Finn Church Aid:

- The members of the Board of Directors,
- The Executive Director and members of the Management Team,
- The auditor or the accounting firm official who is principally responsible for the audit,
- The members of the administrative bodies of the field offices located in countries where, under local legislation, those administrative bodies have decision-making power.

Additionally, related parties include the family members of the aforementioned parties.

The following organisations are also regarded as related parties:

- The Evangelical Lutheran Church of Finland,
- Any organisation or foundation controlled jointly or separately by one or more of the aforementioned parties.

Finn Church Aid has formulated guidelines for providing information on related-party transactions and such transactions are published annually in the Annual Report of the Foundation. Defined in accordance with the Foundations Act, the Finn Church Aid circle of related parties is very extensive. For this reason it is not possible to provide an exhaustive list of all the related parties.

14.1 Table of Related Parties

Transactions and financial benefits, €	Nature of related-party relationship				
	1	2	3	4	5
A Executive salaries and fees	-	€ 15,273	€ 663,070	-	-
B Contracts and agreements	€ 632,597	€ 55,908	-	-	-
C Support granted	-	-	-	-	-
D Loans given, liabilities, and undertakings	-	-	-	-	-

14.2 Explanations of Transactions and Financial Benefits

A	The salaries, fees, and pension obligations indicated under this item are related to the posts of the following parties: the members and deputy members of the Board of Directors and the Administrative Council of the Foundation, the Executive Director and his or her deputy, and any authorised representative or other party taking part in the management of the Foundation. The information indicated under this item includes but is not limited to meeting fees, annual pay, salaries, consulting fees or other monetary compensation paid to the directors of the Foundation and those involved in its management in exchange for the work they do for the Foundation.
B	The contracts and agreements indicated under this item include, but are not limited to leasing, consulting and sales contracts and agreements. All the commercial transactions carried out between the Foundation and its related parties that are not indicated under any other item 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	The information under this item indicates not only the sum of loans, liabilities or other such engagements and undertakings in Euro, but also their main terms and conditions, as well as how they are related to the fulfilment of the mission, the forms of activity, and the financial management of the Foundation.

14.3 Nature of Related-party Relationship

1	The founder of the Foundation 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	The members and deputy members of the Board of Directors and the Administrative Council of the Foundation and the companies and foundations defined in point 1, as well as their executive directors, deputy executive directors, general partners, and auditors.
3	An authorised representative of the Foundation and any other party taking part in the management of the Foundation.
4	The family members* of the parties defined in points 1–3.*
5	A company or foundation controlled jointly or separately by any of the parties referred to in points 1–4.

*Spouses or cohabiting partners, the children of any such party and his or her spouse or partner, the spouses or partners and descendants of all such children, and the parents, grandparents and great-grandparents of the said party and his or her spouse or partner.

15 Outlook

Global structural changes taking place in development cooperation will have a significant impact on the operations of Finn Church Aid in the coming years. The organisation must continue to develop new operating models and identify novel financial instruments in order to fulfil its mission, vision, and objectives. For example, the strong prioritisation of funding from the private sector will not only continue, but also grow in some countries. In its operations, Finn Church Aid must be able to demonstrate the clear added value it brings and the experience it has of operating in the developing world, particularly under fragile conditions. The FCA will continue to deepen its alliance with international operators, such as the UN organisations, development banks, the ACT partner organisations, and other non-governmental actors.

The new global strategy of the FCA was confirmed in May of 2016 and its implementation was launched in 2017. "FCA 2030", a development and vision process launched in 2018, continued during the year and it will expand in 2020 to include the entire FCA personnel. The first results are expected in the spring of 2020.

16 Essential Programme Activity Events After the End of the Financial Year

The present financial year began with alarming news from Asia. The COVID-19 pandemic progressed rapidly to Europe and America. At the time of this writing, the virus is reaching Africa. The progression of the coronavirus situation is very difficult to predict with any accuracy, but its impacts on the FCA economy are potentially significant and they will be felt over a long period. The Helsinki office moved on to teleworking already at the beginning of March and the first country offices had to discontinue ongoing aid programmes at least temporarily. Presently, the organisation is also preparing for post-pandemic aid programmes in the programme countries for the promotion of recovery.

FINN CHURCH AID FOUNDATION

PROFIT AND LOSS ACCOUNT

	Group		Group		Parent		Parent	
	1 Jan. – 31 Dec. 2019		1 Jan. – 31 Dec. 2018		1 Jan. – 31 Dec. 2019		1 Jan. – 31 Dec. 2018	
INCOME FROM OPERATIONS								
Aid activities								
Income								
	From the government	10 123 418,82	9 157 493,37	10 123 418,82	9 157 493,37	10 123 418,82	9 157 493,37	9 157 493,37
	Parishes	3 852 918,97	4 001 746,05	3 852 918,97	4 001 746,05	3 852 918,97	4 001 746,05	4 001 746,05
	From international funding sources	15 079 219,70	10 116 962,34	13 839 630,76	9 148 170,75	13 839 630,76	9 148 170,75	9 148 170,75
	Other income	31 508,90	43 483,69	31 147,88	40 858,80	31 147,88	40 858,80	40 858,80
		<u>29 087 066,39</u>	<u>23 319 685,45</u>	<u>27 847 116,43</u>	<u>22 348 268,97</u>	<u>27 847 116,43</u>	<u>22 348 268,97</u>	<u>22 348 268,97</u>
Expenses								
	Direct aid	-19 148 757,96	-16 066 215,16	-20 398 652,33	-17 451 644,75	-20 398 652,33	-17 451 644,75	-17 451 644,75
	Personnel	-11 703 849,25	-9 305 974,57	-10 016 065,15	-7 901 915,96	-10 016 065,15	-7 901 915,96	-7 901 915,96
	Other expenses	-9 877 195,19	-9 732 910,29	-9 032 196,38	-8 780 122,83	-9 032 196,38	-8 780 122,83	-8 780 122,83
		<u>-40 729 802,40</u>	<u>-35 105 100,02</u>	<u>-39 446 913,86</u>	<u>-34 133 683,54</u>	<u>-39 446 913,86</u>	<u>-34 133 683,54</u>	<u>-34 133 683,54</u>
Deficit		-11 642 736,00	-11 785 414,57	-11 599 797,43	-11 785 414,57	-11 599 797,43	-11 785 414,57	-11 785 414,57
Support functions for aid activities								
Communications and stakeholder relations								
Income		182 087,14	160 948,74	182 087,14	160 948,74	182 087,14	160 948,74	160 948,74
Expenses								
	Personnel	-1 124 743,64	-1 107 510,23	-1 124 743,64	-1 107 510,23	-1 124 743,64	-1 107 510,23	-1 107 510,23
	Other expenses	-624 985,98	-690 336,40	-624 985,98	-690 336,40	-624 985,98	-690 336,40	-690 336,40
		<u>-1 749 729,62</u>	<u>-1 797 846,63</u>	<u>-1 749 729,62</u>	<u>-1 797 846,63</u>	<u>-1 749 729,62</u>	<u>-1 797 846,63</u>	<u>-1 797 846,63</u>
Deficit		-1 567 642,48	-1 636 897,89	-1 567 642,48	-1 636 897,89	-1 567 642,48	-1 636 897,89	-1 636 897,89
General administration								
Income		48 526,77	11 277,35	148 526,77	11 277,35	148 526,77	11 277,35	11 277,35
Expenses								
	Personnel	-2 176 000,60	-2 050 807,35	-2 176 000,60	-2 050 807,35	-2 176 000,60	-2 050 807,35	-2 050 807,35
	Other expenses	-1 840 184,42	-1 960 165,07	-1 836 911,20	-1 960 165,07	-1 836 911,20	-1 960 165,07	-1 960 165,07
	Appropriation to sectors	2 534 280,38	2 626 465,48	2 534 280,38	2 626 465,48	2 534 280,38	2 626 465,48	2 626 465,48
		<u>-1 481 904,64</u>	<u>-1 384 506,94</u>	<u>-1 478 631,42</u>	<u>-1 384 506,94</u>	<u>-1 478 631,42</u>	<u>-1 384 506,94</u>	<u>-1 384 506,94</u>
Deficit		-1 433 377,87	-1 373 229,59	-1 330 104,65	-1 373 229,59	-1 330 104,65	-1 373 229,59	-1 373 229,59
Deficit from operations		-14 643 756,35	-14 795 542,05	-14 497 544,56	-14 795 542,05	-14 497 544,56	-14 795 542,05	-14 795 542,05
Fundraising								
Income								
	Donations from private persons	10 583 201,35	9 885 802,37	10 583 201,35	9 885 802,37	10 583 201,35	9 885 802,37	9 885 802,37
	Donations from companies and organisations	899 064,67	761 004,66	899 064,67	761 004,66	899 064,67	761 004,66	761 004,66
	Donations from parishes	2 536 833,94	2 606 717,12	2 536 833,94	2 606 717,12	2 536 833,94	2 606 717,12	2 606 717,12
	Other income	366 400,71	200 132,61	366 400,71	200 132,61	366 400,71	200 132,61	200 132,61
		<u>14 385 500,67</u>	<u>13 453 656,76</u>	<u>14 385 500,67</u>	<u>13 453 656,76</u>	<u>14 385 500,67</u>	<u>13 453 656,76</u>	<u>13 453 656,76</u>
Expenses		-2 360 002,81	-2 210 739,11	-2 360 002,81	-2 210 739,11	-2 360 002,81	-2 210 739,11	-2 210 739,11
Surplus		<u>12 025 497,86</u>	<u>11 242 917,65</u>	<u>12 025 497,86</u>	<u>11 242 917,65</u>	<u>12 025 497,86</u>	<u>11 242 917,65</u>	<u>11 242 917,65</u>
INVESTMENTS AND FUNDING OPERATIONS								
Share of profit in partly owned companies		6 177,35	967,33	0,00	0,00	0,00	0,00	0,00
Income		235 324,29	150 120,60	175 024,91	150 120,60	175 024,91	150 120,60	150 120,60
Expenses		-26 183,71	-18 974,83	13 316,29	-18 974,83	13 316,29	-18 974,83	-18 974,83
Surplus		<u>215 317,93</u>	<u>132 113,10</u>	<u>188 341,20</u>	<u>131 145,77</u>	<u>188 341,20</u>	<u>131 145,77</u>	<u>131 145,77</u>
Deficit		-2 402 940,56	-3 420 511,30	-2 283 705,50	-3 421 478,63	-2 283 705,50	-3 421 478,63	-3 421 478,63
SUBSIDIES								
Subsidy from the Church Council		<u>937 000,00</u>	<u>925 000,00</u>	<u>937 000,00</u>	<u>925 000,00</u>	<u>937 000,00</u>	<u>925 000,00</u>	<u>925 000,00</u>
Profit/loss before fund transfers		-1 465 940,56	-2 495 511,30	-1 346 705,50	-2 496 478,63	-1 346 705,50	-2 496 478,63	-2 496 478,63
FUND TRANSFERS								
Donation Fund		1 140 560,49	2 191 632,95	1 140 560,49	2 191 632,95	1 140 560,49	2 191 632,95	2 191 632,95
Disaster Fund		-150 247,69	-143 293,91	-150 247,69	-143 293,91	-150 247,69	-143 293,91	-143 293,91
Women's Bank Fund		40 850,66	-85 822,51	40 850,66	-85 822,51	40 850,66	-85 822,51	-85 822,51
Aid Fund		-102,82	-75,66	-102,82	-75,66	-102,82	-75,66	-75,66
		<u>1 031 060,64</u>	<u>1 962 440,87</u>	<u>1 031 060,64</u>	<u>1 962 440,87</u>	<u>1 031 060,64</u>	<u>1 962 440,87</u>	<u>1 962 440,87</u>
SURPLUS/DEFICIT FOR CURRENT PERIOD		<u>-434 879,92</u>	<u>-533 070,43</u>	<u>-315 644,86</u>	<u>-534 037,76</u>	<u>-315 644,86</u>	<u>-534 037,76</u>	<u>-534 037,76</u>

BALANCE SHEET	Group 31.12.2019	Group 31.12.2018	Parent 31.12.2019	Parent 31.12.2018
Assets				
NON-CURRENT ASSETS				
Intangible assets				
Prepayments	202 870,60	0,00	202 870,60	0,00
Tangible assets				
Land and water areas	41 907,06	0,00	0,00	0,00
Buildings and structures	176 722,40	0,00	0,00	0,00
Machinery and equipment	76 013,62	89 956,80	74 515,78	89 956,80
Total tangible assets	294 643,08	89 956,80	74 515,78	89 956,80
Investments				
Subsidiary shares	0,00	0,00	92 265,71	2 500,00
Other shares and interests	15 676 566,87	78 967,33	936 776,14	75 500,00
Other receivables	4 790 997,13	6 890 046,98	4 790 997,13	6 890 046,98
Total investments	20 467 564,00	6 969 014,31	5 820 038,98	6 968 046,98
CURRENT ASSETS				
RECEIVABLES				
Long-term	0,00	0,00	300 000,00	0,00
Current				
Prepayments for projects	909 580,10	723 669,56	1 188 364,18	703 942,74
Receivables carried forward	1 617 191,18	1 821 466,83	1 612 288,75	1 821 466,83
Other receivables	560 102,54	628 283,80	557 114,41	633 076,85
Total current receivables	3 086 873,83	3 173 420,18	3 357 767,34	3 158 486,42
Financial securities	586 024,56	100 000,00	100 000,00	100 000,00
Cash in hand and at banks	9 057 584,44	8 464 791,59	7 727 223,57	8 224 806,63
TOTAL ASSETS	33 695 560,50	18 797 182,88	17 582 416,27	18 541 296,83
EQUITY AND LIABILITIES				
EQUITY				
Subscribed capital	33 637,59	33 637,59	33 637,59	33 637,59
Other funds allocated to specific activities				
Donation Fund	804 653,04	1 945 213,53	804 653,04	1 945 213,53
Disaster funds	1 813 051,07	1 662 803,38	1 813 051,07	1 662 803,38
Women's Bank	2 206 923,53	2 245 133,04	2 204 282,38	2 245 133,04
Aid Fund 1985	117 695,87	117 593,04	117 695,87	117 593,04
Surplus from previous periods	4 477 239,09	5 011 716,85	4 477 679,09	5 011 716,85
Surplus/Deficit for current period	-434 879,92	-533 070,43	-315 644,86	-534 037,76
Total equity	9 018 320,27	10 483 027,00	9 135 354,18	10 482 059,67
LIABILITIES				
Long-term				
Loans	16 000 000,00	0,00	0,00	0,00
Current				
Advances received	4 893 025,21	5 229 607,49	4 883 814,11	5 226 270,22
Accounts payable	597 124,23	593 097,21	478 813,64	379 882,75
Other debts	1 481 671,81	918 837,96	1 521 190,27	978 295,94
Accrued liabilities	1 705 418,97	1 572 613,22	1 563 244,07	1 474 788,25
Total liabilities	24 677 240,23	8 314 155,88	8 447 062,09	8 059 237,16
TOTAL EQUITY AND LIABILITIES	33 695 560,50	18 797 182,88	17 582 416,27	18 541 296,83

NOTES TO THE FINANCIAL STATEMENTS OF 31 DECEMBER 2019

1. NOTES TO THE FINANCIAL STATEMENTS

Non-current assets and depreciation

Depreciation according to the parent plan is calculated as straight-line depreciation in accordance with the duration of the estimated financial effect of the acquisition cost.

The depreciation period is five years.

Project income recognition

Project income is recognised as and when aid funds are used for project implementation.

Unused project funds are recorded as 'Prepayments for projects' in the Finn Church Aid balance sheet receivables.

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

Branch offices

Finn Church Aid offices in Cambodia, the Central African Republic, South Sudan, Somalia, Uganda, Myanmar, Nepal, and Eritrea are treated as branches of Finn Church Aid.

The expenses in foreign currencies from these offices are consolidated into the Finn Church Aid profit and loss account using an average exchange rate weighted monthly and the income is consolidated using the exchange rate of the day of receipt. Advances paid are entered in the balance sheet at the exchange rate of the date on which they were incurred. Branch office money 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.

Other current liabilities denominated in foreign currencies are valued at the exchange rate of the balance sheet date.

Debts between one office and another are other debts and receivables between these offices are other receivables.

Group

Offices in Jordan, Liberia, Kenya, and the USA are treated as independently accountable entities.

The office in Liberia was closed in May of 2019, but the operations in Liberia continue together with the partner.

The financial data of independently accountable entities is consolidated into the group financial statements, eliminating the receivables and debts between the entities, as well as internal business transactions.

The income and expenses in foreign currencies from these entities are consolidated into the Finn Church Aid profit and loss account, using the current period's average exchange rate while balance sheet items are valued at the exchange rate of the balance sheet date. The acquisition cost of non-current assets is recorded as expenses.

The subsidiary companies FCA Investments Ltd and Egg Production (U) Limited in Uganda, as well as affiliated company Omnia Education Partnerships Ltd is consolidated in the Group financial statements.

Other information

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

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

2. NOTES TO THE PROFIT AND LOSS ACCOUNT

	Group	Group	Parent	Parent
	2019	2018	2019	2018
TOTAL INCOME AND EXPENSES				
Income	44 881 682,61	38 021 656,23	43 675 255,92	37 049 272,42
Operating costs				
Aid activities	-40 729 802,40	-35 105 100,02	-39 446 913,86	-34 133 683,54
Domestic support functions and administration	-5 617 820,78	-5 412 067,51	-5 575 047,56	-5 412 067,51
Total expenses	-46 347 623,18	-40 517 167,53	-45 021 961,42	-39 545 751,05
Transfers to/from funds	1 031 060,64	1 962 440,87	1 031 060,64	1 962 440,87
Profit/Loss for the current period	-434 879,92	-533 070,43	-315 644,86	-534 037,76
OPERATING INCOME				
Revenue from the Ministry for Foreign Affairs for aid activities				
Ministry for Foreign Affairs, programme support	5 400 000,00	5 400 000,00	5 400 000,00	5 400 000,00
Ministry for Foreign Affairs, humanitarian aid	3 841 113,15	2 852 693,05	3 841 113,15	2 852 693,05
Ministry for Foreign Affairs, other	1 024 209,58	904 800,32	1 024 209,58	904 800,32
Total	10 265 322,73	9 157 493,37	10 265 322,73	9 157 493,37
Revenue from the EU for aid activities				
EU development cooperation	2 252 862,22	1 497 591,47	2 252 862,22	1 497 591,47
EU humanitarian aid	1 714 851,84	1 877 838,34	1 714 851,84	1 877 838,34
Total	3 967 714,06	3 375 429,81	3 967 714,06	3 375 429,81
Revenue from institutional funding sources				
UNICEF	2 337 298,48	2 355 102,10	1 549 762,30	1 425 783,82
UN (other than UNICEF)	4 920 482,11	1 984 540,47	4 599 535,13	1 984 540,47
Education Cannot Wait	1 063 135,90	345 105,42	1 063 135,90	345 105,42
US government	721 975,50	320 018,37	624 924,86	315 671,05
Dutch government	549 050,15	252 585,00	549 050,15	252 585,00
Other national funding	513 725,28	931 441,99	513 725,28	931 441,99
Other institutional funding	676 773,81	330 743,34	642 718,68	292 992,46
ACT	184 889,32	203 125,82	184 889,32	203 125,82
Total	10 967 330,55	6 722 662,51	9 727 741,61	5 751 246,03
Other public appropriations	2 271,18	21 494,91	2 271,18	21 494,91
Revenue from parishes for aid activities				
Budget contributions	3 852 918,97	4 001 746,05	3 852 918,97	4 001 746,05
Other income for aid activities	80 035,67	52 136,15	179 674,65	52 136,15
Income for aid activity support functions				
Ministry of Education support to youth work	30 000,00	30 000,00	30 000,00	30 000,00
Ecclesiastical Board support to youth work	84 000,00	83 705,00	84 000,00	83 705,00
Public donations	20 000,00	21 261,32	20 000,00	21 261,32
Other income	48 087,14	25 982,42	48 087,14	25 982,42
Total	182 087,14	160 948,74	182 087,14	160 948,74
TOTAL OPERATING INCOME	29 317 680,31	23 491 911,53	28 177 730,34	22 520 495,06

	Group	Group	Parent	Parent
	2019	2018	2019	2018
FUNDRAISING INCOME				
Donations from private parties	10 353 839,25	9 692 189,31	10 353 839,25	9 692 189,31
Product sales	352 071,30	199 954,55	352 071,30	199 954,55
Red Nose Day collection	213 101,53	174 307,41	213 101,53	174 307,41
Other indemnities	30 589,98	19 483,71	30 589,98	19 483,71
Total	10 949 602,06	10 085 934,98	10 949 602,06	10 085 934,98
Donations from companies and organisations	899 064,67	761 004,66	899 064,67	761 004,66
Donations from parishes	2 536 833,94	2 606 717,12	2 536 833,94	2 606 717,12
TOTAL FUNDRAISING INCOME	14 385 500,67	13 453 656,76	14 385 500,67	13 453 656,76
OTHER INCOME				
Church Council subsidy	937 000,00	925 000,00	937 000,00	925 000,00
Share of profit in partly owned companies	6 177,35	967,33	0,00	0,00
Investment and funding activities	235 324,29	150 120,60	175 024,91	150 120,60
Total	1 178 501,64	1 076 087,93	1 112 024,91	1 075 120,60
MOVEMENTS IN FUNDS	1 031 060,64	1 962 440,87	1 031 060,64	1 962 440,87
AVERAGE NO. OF PERSONNEL	2019	2018	2019	2018
International programme activities				
Helsinki	54	51	45	41
Sent	32	28	32	22
Locally recruited	1 852	1 790	259	205
Director's office	10	10	8	8
Fundraising and communications	49	49	51	51
Finance and IT	12	12	12	12
HR and Administration	9	9	8	8
Total	2 019	1 950	415	347
PERSONNEL EXPENSES	2019	2018	2019	2018
Salaries and fees paid from Finland	8 662 257,98	7 997 590,22	8 662 257,98	7 997 590,22
Pension costs paid from Finland	1 035 895,80	1 032 651,80	1 035 895,80	1 032 651,80
Other personnel add-on costs paid from Finland	172 220,10	153 063,32	172 220,10	153 063,32
Salaries and add-on costs paid from country offices	4 749 683,97	3 096 691,71	3 167 327,93	2 330 381,34
Total	14 620 057,85	12 279 997,05	13 037 701,81	11 513 686,68
Other personnel add-on costs include statutory salary-linked payments. Pension cover for the staff of the Foundation is managed by external insurance companies. The add-on costs linked to each country office's salaries vary depending on the local legislation.				
Board meeting fees	2019	2018	2019	2018
	12 145,00	11 820,00	12 145,00	11 820,00
The meeting fees for 2019 complied with the meeting fees of the Church Council for Foreign Affairs, ratified by the Church Council College of Officials as follows: €445 per month for the Chairman of the Board and €135 per meeting for ordinary members of the Board.				
Auditors' fees	2019	2018	2019	2018
Audit	25 046,76	18 727,10	22 510,96	18 727,10
Assignments	33 397,35	34 438,40	33 397,35	34 438,40
Tax counselling	0,00	1 488,00	0,00	1 488,00
Local auditing fees for country offices	123 072,95	147 043,14	93 041,05	104 654,03
Acquisitions entered as expenses during the current period	2019	2018	2019	2018
IT software and licences	138 005,07	234 352,58	138 005,07	234 352,58
Machinery, IT hardware, and equipment	178 864,40	94 139,10	51 263,83	70 051,31

3. NOTES TO THE BALANCE SHEET

	Group	Group	Parent	Parent
INTANGIBLE AND TANGIBLE ASSETS	2019	2018	2019	2018
IT SOFTWARE				
Acquisition expenses on 1 Jan.	0,00	537 676,28	0,00	537 676,28
Additions during the financial period 1 Jan. – 31 Dec.	202 870,60	0,00	202 870,60	0,00
Acquisition expenses on 31 Dec.	202 870,60	537 676,28	202 870,60	537 676,28
Accrued depreciation according to plan on 1 Jan.	0,00	-537 676,28	0,00	-537 676,28
Planned depreciation for the period on 31 Dec.	0,00	0,00	0,00	0,00
Book value on 31 Dec.	202 870,60	0,00	202 870,60	0,00
LAND AND WATER AREAS				
Acquisition expenses on 1 Jan.	0,00	0,00	0,00	0,00
Additions during the financial period 1 Jan. – 31 Dec.	41 907,06	0,00	0,00	0,00
Acquisition expenses on 31 Dec.	41 907,06	0,00	0,00	0,00
Accrued depreciation according to plan on 1 Jan.	0,00	0,00	0,00	0,00
Planned depreciation for the period on 31 Dec.	0,00	0,00	0,00	0,00
Book value on 31 Dec.	41 907,06	0,00	0,00	0,00
BUILDINGS AND STRUCTURES				
Acquisition expenses on 1 Jan.	0,00	0,00	0,00	0,00
Additions during the financial period 1 Jan. – 31 Dec.	176 722,40	0,00	0,00	0,00
Acquisition expenses on 31 Dec.	176 722,40	0,00	0,00	0,00
Accrued depreciation according to plan on 1 Jan.	0,00	0,00	0,00	0,00
Planned depreciation for the period on 31 Dec.	0,00	0,00	0,00	0,00
Book value on 31 Dec.	176 722,40	0,00	0,00	0,00
MACHINERY AND EQUIPMENT				
Acquisition expenses on 1 Jan.	660 971,92	633 636,86	660 971,92	633 636,86
Additions during the financial period 1 Jan. – 31 Dec.	36 151,27	27 335,06	34 653,43	27 335,06
Acquisition expenses on 31 Dec.	697 123,19	660 971,92	695 625,35	660 971,92
Accrued depreciation according to plan on 1 Jan.	-571 015,12	-513 874,59	-571 015,12	-513 874,59
Planned depreciation for the period on 31 Dec.	-50 094,45	-57 140,53	-50 094,45	-57 140,53
Book value on 31 Dec.	76 013,62	89 956,80	74 515,78	89 956,80
PLANNED DEPRECIATION				
	2019	2018	2019	2018
Machinery and equipment	-50 094,45	-57 140,53	-50 094,45	-57 140,53
SHARES AND OTHER INTERESTS				
	2019	2018	2019	2018
FCA Investments, Helsinki, 100%	0,00	0,00	2 500,00	2 500,00
Egg Production (U) Ltd, 100%	0,00	0,00	89 765,71	0,00
Omnia Education Partnerships Ltd, 20%	75 500,00	75 500,00	75 500,00	75 500,00
Other shares and interests	15 676 566,87	0,00	861 276,14	0,00
Total	15 752 066,87	75 500,00	1 029 041,85	78 000,00
OTHER RECEIVABLES				
	2019	2018	2019	2018
Market value	4 962 427,10	6 863 293,69	4 962 427,10	6 863 293,69
Book value	4 790 997,13	6 890 046,98	4 790 997,13	6 890 046,98
Difference	171 429,97	-26 753,29	171 429,97	-26 753,29
Other receivables are investments held within capital redemption policies that are capital-guaranteed on their due date.				
PREPAYMENTS FOR PROJECTS				
	2019	2018	2019	2018
Receivables from partners	909 580,10	723 669,56	1 188 364,18	703 942,74
Partners implementing Finn Church Aid projects and independently accountable country offices notify Finn Church Aid of the share of the funds allocated to them, which was unused on the balance sheet date. This share of funds is entered on the balance sheet under 'activated project funds'. This is mainly based on unaudited reports.				
RECEIVABLES CARRIED FORWARD				
	2019	2018	2019	2018
Receivables from KELA	32 200,00	30 400,00	32 200,00	30 400,00
Insurance premium receivables	46 796,50	84 048,97	46 796,50	84 048,97
Donation receivables carried forward	456 264,15	1 049 488,95	456 264,15	1 049 488,95
Aid prepayments	1 019 222,10	638 161,50	1 019 222,10	638 161,50
Deferred interest	0,00	7 205,24	0,00	7 205,24
Other receivables carried forward	62 708,43	12 162,17	57 806,00	12 162,17
Total	1 617 191,18	1 821 466,83	1 612 288,75	1 821 466,83
OTHER RECEIVABLES	560 102,54	628 283,80	557 114,41	633 076,85

	Group 2019	Group 2018	Parent 2019	Parent 2018
CHANGES IN EQUITY				
Basic capital	33 637,59	33 637,59	33 637,59	33 637,59
Other funds allocated to specific activities	2019	2018	2019	2018
Donation Fund, opening balance on 1 Jan.	1 945 213,53	4 136 846,48	1 945 213,53	4 136 846,48
Additions during the financial period	2 787 877,05	3 432 240,32	2 787 877,05	3 432 240,32
Aid during the financial period	-3 928 437,54	-5 623 873,27	-3 928 437,54	-5 623 873,27
Donation Fund capital on 31 Dec.	804 653,04	1 945 213,53	804 653,04	1 945 213,53
Disaster Fund, opening balance on 1 Jan.	1 662 803,38	1 519 509,47	1 662 803,38	1 519 509,47
Additions during the financial period	2 736 893,65	2 584 575,04	2 736 893,65	2 584 575,04
Aid during the financial period	-2 586 645,96	-2 441 281,13	-2 586 645,96	-2 441 281,13
Disaster Fund capital on 31 Dec.	1 813 051,07	1 662 803,38	1 813 051,07	1 662 803,38
Women's Bank Fund capital on 1 Dec.	2 245 133,04	2 159 310,53	2 245 133,04	2 159 310,53
Additions during the financial period	2 032 859,91	1 843 179,37	2 032 859,91	1 843 179,37
Aid during the financial period	-2 073 710,57	-1 757 356,86	-2 073 710,57	-1 757 356,86
Women's Bank Fund capital on 31 Dec.	2 204 282,38	2 245 133,04	2 204 282,38	2 245 133,04
Aid Fund, opening balance on 1 Jan.	117 593,04	117 517,38	117 593,04	117 517,38
Additions during the financial period	205,64	151,32	205,64	151,32
Aid during the financial period	-102,82	-75,66	-102,82	-75,66
Aid Fund capital on 31 Dec.	117 695,86	117 593,04	117 695,86	117 593,04

Other targeted private and parish sector income used for development cooperation is recorded under Donation Fund.

With the help of Disaster Fund monies, Finn Church Aid can respond to sudden natural or man-made disasters by delivering help quickly.

With the help of the Women's Bank Fund, support is provided to the entrepreneurship and self-reliant livelihood of women in developing countries.

One-half of the Aid Fund's 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.

	2019	2018	2019	2018
Surplus from previous periods on 31 Dec.	4 477 679,09	5 011 716,85	4 477 679,09	5 011 716,85
Surplus/Deficit for current period	-434 879,92	-533 070,43	-315 644,86	-534 037,76
LIABILITIES	2019	2018	2019	2018
Non-current liabilities	16 000 000,00	0,00	0,00	0,00
Non-current loan of €16 million maturing in more than five years				
PREPAYMENTS RECEIVED	2019	2018	2019	2018
Ministry for Foreign Affairs, humanitarian aid	1 162 806,05	1 603 919,20	1 162 806,05	1 603 919,20
Ministry for Foreign Affairs, other	79 558,13	311 216,13	79 558,13	311 216,13
EU development cooperation	927 892,79	2 007 852,80	927 892,79	2 007 852,80
EU humanitarian assistance	1 216 127,01	426 970,46	1 216 127,01	426 970,46
UNICEF	9 211,10	123 117,26	0,00	119 779,99
United Nations, other than UNICEF	180 678,57	288 751,32	180 678,57	288 751,32
Dutch government	628 109,50	0,00	628 109,50	0,00
Other national funding	292 305,99	0,00	292 305,99	0,00
Other institutional funding	117 650,38	194 811,86	117 650,38	194 811,86
ACT	30 314,74	38 466,93	30 314,74	38 466,93
Budget contributions from parishes	248 370,95	234 501,53	248 370,95	234 501,53
	4 893 025,21	5 229 607,49	4 883 814,11	5 226 270,22

Other prepayments received comprise aid targeted at specific projects.

	Group	Group	Parent	Parent
ACCRUALS AND DEFERRED INCOME	2019	2018	2019	2018
Holiday pay liabilities	1 310 214,23	1 241 268,53	1 310 214,23	1 241 268,53
Statutory insurance premium liabilities	1 500,00	12 840,66	1 500,00	12 840,66
Debts to projects	215 983,77	188 601,08	215 983,77	188 601,08
Other accruals and deferred income	177 720,97	129 902,95	35 546,07	32 077,98
Total	1 705 418,97	1 572 613,22	1 563 244,07	1 474 788,25
OFF-BALANCE-SHEET COMMITMENTS	2019	2018	2019	2018
Finn Church Aid Foundation guarantee, maximum for potential losses from €16 million loan to FCA Investments Ltd	3 000 000,00	0,00	3 000 000,00	0,00
RENT LIABILITY ON BUSINESS PREMISES	2019	2018	2019	2018
Eteläranta 8, 00130 Helsinki				
Due in the next financial year	596 203,63	584 513,37	596 203,63	584 513,37
Due later	2 237 568,19	2 833 771,83	2 237 568,19	2 833 771,83

FINN CHURCH AID FOUNDATION**DATE AND SIGNATURES TO THE FINANCIAL STATEMENTS AND ANNUAL REPORT**

Helsinki, 21 April 2020

Tarja Kantola, Chair

Olli-Pekka Silfverhuth, Vice-Chair

Tuomas Aho

Sixten Ekstrand

Riikka Hietanen

Kaisamari Hintikka

Anna-Kaisa Ikonen

Marjaana Jauhola

Juhani Lavanko

Reetta Meriläinen

Ritva Ohmeroluoma

Aila Paloniemi

Mark Saba

Jouni Hemberg, Executive Director**FINANCIAL STATEMENT ENTRY**

A report has today been issued concerning the audit performed.

Helsinki, 14 May 2020

KPMG Oy Ab, Authorised Public Accounting Firm

Heidi Vierros
Authorised Public Accountant in Finland

LIST OF ACCOUNTING BOOKS AND DOCUMENT TYPES

The nominal ledger accounting of the Foundation is kept in the MS Dynamics NAV financial administration system.

The recycling system of purchase invoices is Opus Capita.

The recycling system of travelling and expense invoices is M2.

The accounting of the country offices is kept in the Inuit QuickBooks financial administration system.

Financial Statements	TP		Financial Statements
Book of first entry and nominal ledger			Electronic
Ledgers			Computerised bookkeeping
Bank documents	Nordea Bank	Nordea Bank	Electronic
	Aktia Bank	Aktia Bank	Electronic
	OP Bank	Helsinki OP Bank	Electronic
	Sampo Bank	Danske Bank	Electronic
	SHB	Handelsbanken	Electronic
	Tapiola Bank	S Bank	Electronic
	Nooa Bank	Nooa Bank	Electronic
	Pop	Suupohja OP Bank	Electronic
	ÅAB	Ålandsbanken	Electronic
	Oma Säästöpankki	Oma Säästöpankki	Electronic
Petty cash	Petty cash		Electronic
Purchase invoices	OPUS PURCHASE	Opus invoices	Electronic
	Purchase invoice+	Purchase invoices	Electronic
	Purchase refund+	Purchase refund invoices	Electronic
	Purchase payments	Purchase invoice payments	Electronic
M2 travelling and expense	MKAKSI		Electronic
Sales invoices	Sales invoices+	Sales invoices	Electronic
	Sales refunds+	Sales refund invoices	Electronic
Salary receipts	Salaries 19		Electronic
Memorandum receipts	Memorandum 19		Electronic
WeFood transactions	WF		Electronic
Field transactions	FO YHDEK		Electronic
Corrective receipts	Correction 19		Electronic
E-Invoices	TITOEL	Tito e-invoices	Electronic



This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Board of Directors of Kirkon Ulkomaanapu sr

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kirkon Ulkomaanapu sr (business identity code 0998454-4) for the year ended 31 December, 2019. The financial statements comprise the balance sheet, income statement and notes for the group as well as for the foundation.

In our opinion, the financial statements give a true and fair view of the group's and the foundation's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the foundation and of the group companies and group foundations in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the foundation's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the foundation or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the foundation or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Reporting Requirements

Other Information

The Board of Directors is responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Other statements based on law

It is our responsibility to issue a statement on matters required in the Foundations Act chapter 4 section 2 subsection 2, based on our audit.

The Board of Directors is responsible for information included in the financial statements and the report of the Board of Directors and for that the fees and compensation paid to the members of the organs of the foundation are within a normal range.

Our statement is that the foundation's financial statements and report of the Board of Directors include the information that is material to the evaluation of compliance to the provisions in the bylaws regarding the purpose and forms of activity of the foundation. Fees and compensation paid by the foundation to the organs of the foundation can be considered to be within a normal range.

Helsinki 14 May, 2020

KPMG OY AB

HEIDI VIERROS

Authorised Public Accountant, KHT