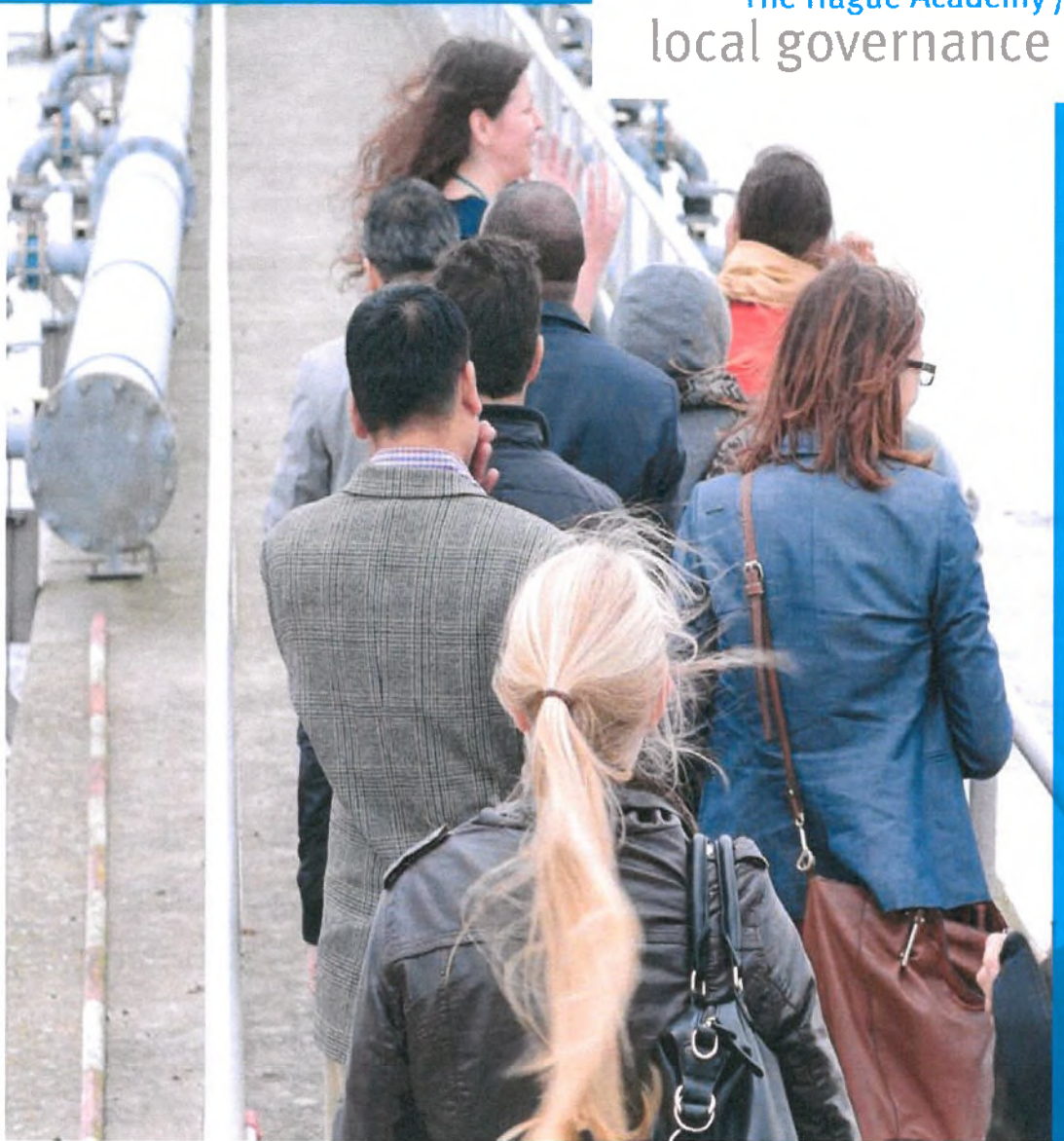


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The Hague Academy for
local governance



Expertise

Exchange

Experience

Annual Report and Accounts 2018

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Table of contents

1. Management Report	3
1.1 Introduction	3
1.2 Open training courses (OT)	3
1.3 Multi-annual training programmes (TMT-M)	4
1.4 Short Tailor Made Courses (TMT-S)	6
1.5 Talent for Governance (TfG)	7
1.6 Organisational development	8
1.7 Finances	9
1.8 Future development	9
1.9 Management	10
2. Annual Accounts	11
2.1 Balance sheet per 31 December 2018	11
2.2 Profit and loss account 2018	12
2.3 Cash flow statement 2018	13
2.4 Notes to the accounts	14
2.5 Notes to the balance sheet per 31 December 2018	15
2.6 Notes to the profit and loss account for 2018	16
2.7 Auditor's report	18

1. Management Report

1.1 Introduction

The Hague Academy is a foundation that aims to strengthen local democracy worldwide. We do this by offering practice oriented short courses and multi-annual training programmes for people involved in local governance. In addition, our programme Talent for Governance supports young municipal talents from developing and transitional countries with a training in The Hague and an internship in a Dutch municipality.

To realise our ambition, we organised eleven open subscription courses in 2018 as well eleven short training programmes for donors and clients and various training activities as part of ten multi-annual programmes. We were able to offer a Talent for Governance-scholarship to six young, municipal talents.

In total, we trained 883 people: 283 civil servants from national governments, 420 regional and local government officers, 84 people from NGOs, 72 from donor- and development organisations and 24 training- and research institutions coming from 56 different countries. The percentage of female participants was 39%.

The total turnover in 2018 was € 2,06 mln (compared to € 1,83 mln in 2017 and € 1,75 mln in 2016), with a result of € 18,000.

1.2 Open training courses

In 2018, eleven open subscription courses attracted in total 149 participants, while we budgeted for 168 participants. The average per training was 13,5 participants. This result was less than in 2017 (168 participants, average 15,3) and a little more than in 2016 (140 participants, average 13,9). The total income from open courses was € 586,000 and costs (including staff hours) were 303,000. The income was € 77,000 less than budgeted, while the material costs were € 12,000 below budget.

In 2018, the most popular course was again 'Citizen Participation & Inclusive Governance' (21 participants), followed by 'Gender Responsive Governance' (18 participants) and the courses Local Economic Development, Inclusive Service Delivery and Integrity & Anti-Corruption (all 17 participants). The courses organised in partnership with the Barcelona Peace Centre ('Sustaining Peace') and with Transition International ('Conflict, Rule of Law & Local Security') were unfortunately less successful. Because of the joint promotion with these partners, we expected more participants, needed to cover the extra costs incurred by the partners. In practice, the partners did hardly any promotion and the number of participants was much less than budget for, leading to a negative financial result for these two courses.

The new online course on Local Economic Development, which was cancelled in 2017 due to a lack of interest, was run successfully in 2018 with ten online-participants. The online course was implemented with Moodle, a platform which shows a lot of advantages compared to online

network in WordPress used before and will therefore be the new standard for our online activities.



Study visit as part of the Multilevel Water Governance-course

1.3 Multi-annual training programmes

The income from multi-annual programmes in 2018 was € 1,162 mln which is € 96,500 less than budgeted. This is partly because material costs for tickets, hotels etc. were less than budgeted so less subsidies were received (€ 74,000). Also, the daily fees were lower than budgeted for some projects (€ 4,500) and less productive days were realised (€ 17,500). Especially the realised productive days for the programme Every Voice Counts were less: 207 days instead of 262. The loss in productive days was compensated partially by extra days for two programmes in Congo (ARC and CISPE), the Shiraka-programmes and Matra Ukraine.

The following activities were implemented in 2018 as part of multi-annual programmes:

- Trainings on inclusive governance for local authorities in Burundi, Rwanda and Sudan; a Training of Trainers on inclusive governance for local trainers from Afghanistan, Pakistan (in Bangkok), Somalia and Sudan; and a training on inclusive governance for representatives of Civil Society Organisations in Somalia, all part of the strategic partnership programme with CARE Nederland for the Dutch Ministry of Foreign Affairs “Every Voice Counts”. In Rwanda we also contributed to action plan review. Moreover, an extra training was provided on the request of the national Rwanda Gender Monitoring Office on gender inclusive governance and monitoring;
- A Training-of-Trainers on inclusive governance, gender and lobby and advocacy for staff of CARE Yemen and local partners (implemented in Malaysia) as well as online feedback on the training materials prepared for the roll-out trainings in Yemen. We also participated in a side event on Women, Peace and Security in Yemen and the Central African Republic, organised by UN-representative office of The Netherlands in New York, and we attended the UN Security Council debate about UN resolution 1325 on Women, Peace and Security

and several other side events. The activities were part of the NAP 1325-project “Women, Peace and Security in Yemen”, led by CARE Nederland.

- Training needs assessment activities in Rwanda, Burundi and Mali followed by various trainings on conflict and gender sensitive programme management, gender sensitive governance, transformative leadership and effective communication for the programme “Inclusive Decisions At Local Level” (IDEAL) managed by VNG International.
- Two Shiraka-courses on “Social Affairs & Employment” and on “Local Governance”, funded by RVO, organised for 25 civil servants from all countries in the MENA-region.
- Two 10-day training programmes on “Integrity of Civil Servants” and on “Decentralisation” for 36 civil servants from Albania, Bosnia-Herzegovina, Georgia, Kosovo, Macedonia, Moldova, Montenegro, Serbia and Ukraine as part of the MATRA Rule of Law Training-programme. The Hague Academy also implemented the change management modules in the trainings organised by Helsinki Committee and Leiden University.
- An inception mission, study tour in The Netherlands and training for civil society actors for the MATRA-programme “Local Safety and Security in Albania” that we implement in partnership with VNG International.



Trainer Lars Burema at kick-off meeting MATRA Local Security in Albania

- An inception mission and kick-off meeting, a training “Integrity & Anti-corruption”; a training “Dealing with Integrity dilemma’s”; a Training-of-Trainers and setting up an online learning platform, as part of the MATRA-project “Integrity and Anti-Corruption in the Civil Service in Ukraine” for civil servants from several ministries in Ukraine.
- A training on integrity and anti-corruption strategies for staff at different administrative levels in Kalehe, Congo, followed by an inception mission for a Training-of-Trainers. The activities are part of the project “Inawezekana” (meaning ‘It is possible’), implemented by

ZOA, War Child and VNG International and funded from the Addressing Root Causes Programme (ARC) of The Dutch Ministry of Foreign Affairs.

- A Training-of-Trainers in Khartoum, Sudan, and a training for local authorities in West Darfur on decentralisation and inclusive governance. The trainings were implemented under another ARC-programme, "Stability Through Resilience", implemented by ZOA Sudan, World Relief and VNG International.
- Two trainings on leadership, integrity and anti-corruption for local authorities in North Kivu and Ituri in Congo, as part of the project CISPE ('Consortium for the Integrated Stabilisation and Peace of Eastern DRC'), in which VNG International is a consortium partner. The CISPE-project supports local governments' capacities in the field of local security.
- An inception mission for the new project aimed at strengthening the capacities of universities in Jordan in the field of local development, following the contract by UNDP Jordan that was signed in August 2018.

1.4 Short Tailor Made Courses (TMT-S)

The income from short tailor made training projects was € 289,000, which was € 40,000 more than budgeted. Material costs were only € 3,000 less than budgeted. Productive days realised on short TMTs were 185 days, 41 more than budgeted. We organised the following courses:

- An extra Shiraka-course on Local Governance exclusively for Algeria, following a cooperation agreement between the governments of The Netherlands and Algeria in May 2018. Part one was implemented in 2018, the second part will take place in 2019.



Ministers Algeria and The Netherlands sign cooperation agreement

- A new assignment from UN Women India for a course on gender responsive governance (we did a similar training for them in 2017).

- A Training-of-Trainers on gender sensitive and inclusive governance for staff of the municipality of Tirana, Albania, funded by Nuffic.
- A training in The Netherlands on leadership and local service delivery for the Ministry of Social Affairs of Lebanon, funded by Nuffic.
- A joint training on climate resilience and financing at local level with UNCDF and the Korea Environment Institute (KEI), for staff of partner municipalities of UNCDF who work under their LoCAL-programme (“Local Climate Adaptive Living Facility”).
- Training on conflict and gender sensitive land governance for government representatives of two local authorities in Benin, as part of a VNG International-project supporting the implementation of the new national land code.



Participants of the training Gender and Conflict Sensitive Land Governance in Benin

- Training on local policy making for future technical staff of the autonomous region Bangsamoro in Mindanao, the Philippines, for representatives of the Moro Islamic Liberation Front (MILF) who will have to implement the new law on the future government of Bangsamoro, following the Bangsamoro peace agreement.
- A training for representatives from several municipalities in Armenia on Local Economic Development, funded by GIZ Armenia.

In addition, we implemented three very short assignments for the “China Economic Cooperation Agency”, the “King Salman Center for Local Governance” in Riyadh, Saudi Arabia, and the programme “CONNECT” of VNG International.

1.5 Talent for Governance (TfG)

Six municipal Talents from five different countries participated in the Talent for Governance-programme in 2018:

- In March, Milkah Righa from Kenya and Idfi Septiani from Indonesia attended the course *Citizen Participation and Inclusive Governance* and did their internship in Amsterdam.
- In June, we welcomed three talents for the course *Inclusive Service Delivery and the SDGs*. Harry Mantong from Indonesia and Ahmed Jamy from Iraq, were hosted by the BEL-combinatie (municipalities Blaricum, Eemnes and Laren). Murtala Gariba from Ghana did her internship in the BUCH-organisation (Bergen, Uitgeest, Castricum and Heiloo).
- Salomé Fortunato from Argentina attended the *Local Economic Development* training in October, and the municipality of Apeldoorn organised her internship.

We budgeted an income from donations of € 40,000 but we generated only € 25,000. However, this loss in income was partly compensated by the material costs that were € 10,000 less than budgeted because we organised six instead of eight Talent-programmes.



Talents Milkah and Idfi on a study visit as part of the citizen participation course

1.6 Organisational development

Human resources

Two programme managers left the organisation in 2018 and a new programme manager and a programme officer were hired from December 2018.

Knowledge and skills of staff were developed, both in project management, training skills and local governance content. This was done o.a. by staff specialisation in specific topics and regions, attending conferences and meetings, and peer learning.

The travel security guidelines and the Code of Conduct were discussed in special lunch meetings and adapted based on the discussions and new insights. It was decided that all new staff should follow a security training before delivering training abroad.

Financial and administrative processes

In 2018, we started to use the new bookkeeping system that was aligned with the budget format we use for budgeting training projects. The system works well and makes financial reporting much easier for programme managers, management and financial staff. Also, the approval process for outgoing invoices was digitalised by using the workflow in Synergy which creates efficiency gains.

As part of further developing the quality system of The Hague Academy, the procedure for course administration was elaborated and shared. An outline for auditing the TMT-procedure was drafted and will be further elaborated in 2019.

Communication

The promotion of The Hague Academy received a boost in 2018 with the organisation of an alumni-event, a Sprockler-survey and an international conference on the occasion of our 10th anniversary. The event also served to increase engagement of (potential) partners and experts in our work. A promotional video was developed and presented during the conference as well.

In addition to this, work was done to improve the information on the Academy-website and the transfer of contacts from the database to a tailor made marketing add-on was completed.

1.7 Finances

See the accounts and notes to the accounts in chapter 2.

1.8 Future development

The financial forecast for 2019 can be found in the figures below:

Budget 2019

Income open courses	€ 692,300
Income TMT projects	€ 1,892,814
Donations	€ 2,000
Total income	€ 2,587,114
Material costs open courses	€ 280,800
Material costs TMT projects	€ 894,584
Material costs Talent for Governance	€ 2,000
Personnel costs	€ 1,192,417
Other operating costs	€ 189,124
Total expenses	€ 2,558,925
Result	€ 28,189

As can be read from the budget 2019, we expect an income of € 2,59 mln, an increase in income of around € 377,000 compared to the budget of 2018. The difference is caused by an expected increase of € 30,000 for the open courses and € 386,000 for the tailor made training-projects. The Nuffic-budgets for scholarships at The Hague Academy has increased and multi-annual programmes are showing large volumes with many productive hours to be realised. Therefore, new staff needs to be hired in 2019, which is reflected in the personnel costs that will increase with € 183,000 compared to the budget 2018. Other operating costs will be less because in 2018 we had to budget for the 10-year anniversary events. In 2019, we will also invest in partnerships and contacts to be well positioned for opportunities for new programmes that are expected to come up in 2020. The expectation is that the turnover in the long term will continue to be around 2,5 mln.

Risks relate mainly to the implementation of the Every Voice Counts-programme in Afghanistan and Pakistan because of the volatile security situation. However, the situation in other countries of work may also suddenly change and impact our activities, think of the recent protests in Algeria and Sudan. To mitigate these risks, we monitor the planning of days on a monthly basis. If possible, we will conduct the planned training activities in other countries. In addition, we continuously keep track of opportunities for new assignments that can be pursued should planned activities be cancelled.

1.9 Management

Per 31 December 2018 the executive board of The Hague Academy for Local Governance consists of Mr. Peter Knip (chair), Mr. Frank Burgers (treasurer) and Janny Vlietstra. They do not receive a remuneration for their activities. Director is Ms. Cecile Meijs.

2. Annual Accounts

2.1 Balance sheet per 31 December 2018

(after appropriation of result)

Assets

(in euros)	<u>2018</u>	<u>2017</u>
Current assets		
1. Receivables		
Debtors	113,245	277,877
Taxes and social securities	3,440	
Other receivables	<u>18,960</u>	<u>88,001</u>
	135,645	365,878
2. Cash at bank and in hand	1,078,754	291,004
Total current assets	<u>1,214,399</u>	<u>656,882</u>
Total assets	<u>1,214,399</u>	<u>656,882</u>

Equity and liabilities

(in euros)	<u>2018</u>	<u>2017</u>
3. Equity		
General reserve	296,401	278,359
	296,401	278,359
4. Current liabilities		
Creditors	142,567	63,103
Taxes and social securities		84,592
Pensions	12,666	11,511
Accruals and other liabilities	<u>762,765</u>	<u>219,317</u>
	917,998	378,523
Total equity and liabilities	<u>1,214,399</u>	<u>656,882</u>

2.2 Profit and loss account 2018

	Actual	Budget	Actual
(in euros)	<u>2018</u>	<u>2018</u>	<u>2017</u>
5. Income			
Income open courses	585,941	662,500	663,163
Income Tailor made projects	1,450,747	1,507,380	1,134,093
Donations	<u>24,950</u>	<u>40,200</u>	<u>32,861</u>
Total income	2,061,638	2,210,080	1,830,117
6. Material costs			
Material costs open courses	250,637	262,600	267,324
Material costs Tailor made projects	572,128	649,000	467,696
Talent for Governance	32,061	42,000	43,096
7. Personnel expenses	973,767	1,009,822	822,822
8. Other expenses	<u>214,367</u>	<u>220,196</u>	<u>159,149</u>
Total expenses	<u>2,042,960</u>	<u>2,183,618</u>	<u>1,760,088</u>
Operating result	18,678	26,462	70,030
9. Financial result			
Finance income	-	-	-
Finance expenses	<u>636</u>	<u>618</u>	<u>618</u>
	636-	-	618-
Total result	<u><u>18,042</u></u>	<u><u>26,462</u></u>	<u><u>69,412</u></u>

2.3 Cash flow statement 2018

in euro's	<u>2018</u>	<u>2017</u>
Cashflow from regular activities		
Operating result	18,678	70,030
Changes in working capital:		
Taxes	-88,032	24,364
Changes in receivables	233,673	9,328
Changes in liabilities	624,067	108,854-
	<u>769,708</u>	<u>75,162-</u>
	788,386	5,132-
Received interest	-	-
Paid interest	636	618
	<u>636-</u>	<u>618-</u>
Cash flow from regular activities	<u>787,750</u>	<u>5,750-</u>
Changes in cash at bank and in hand	<u><u>787,750-</u></u>	<u><u>5,750-</u></u>
Amount cash at bank and in hand per January 1st, 2018	291,004	296,754
Amount cash at bank and in hand per December 31st, 2018	<u>1,078,754</u>	<u>291,004</u>
Changes in cash at bank and in hand	<u><u>787,750</u></u>	<u><u>5,750-</u></u>

2.4 Notes to the accounts

General

The financial statements are prepared in accordance with the Guideline for annual reporting for small organisations not-for-profit (RjkC1) of the Dutch Accounting Standards Board.

Activities

The foundation The Hague Academy for Local Governance aims to strengthen local democracy worldwide by offering practice oriented training courses for professionals.

The foundation aims to achieve its goal by increasing knowledge and skills, in the area of local governance, of people working for local governments in developing and transition countries, by raising funds and offering practice oriented training and other projects, which contribute to the goal of the foundation.

Accounting principles of valuation

Receivables

Receivables are included at nominal value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

Pensions

The pension plan can be defined as a defined contribution plan. Contributions are included in the financial year in which the contributions are paid. Outstanding contributions are included in current liabilities.

All other accounts are valued at nominal value.

Accounting principles of revenue recognition

Income

Income consists of:

- Subsidies, these are allocated to the financial year in proportion to the actual spent costs;
- Donations, these are included in the financial year in which the donations are received;
- Revenues for services rendered, these are included in the financial year in which these revenues are rendered.

Expenses

Expenses are recognised in the year in which the expenses are incurred. Provisions for estimated losses, if any, are made in the period that such losses are determined.

Accounting principles of the cash flow statement

The cash flow statement is drafted using the indirect method. Cash at bank and in hand consists of the amounts held at the bank accounts of the foundation. Received and paid interest is included in the cash flow from regular activities.

Related parties

The Hague Academy for Local Governance is housed in the building of the Association of Dutch Municipalities (VNG) at Nassaulaan 12 and is charged for housing costs, ICT-support and other services based on a service agreement.

	<u>2018</u>	<u>2017</u>
Costs paid to VNG	€ 120,879	€ 125,106

Accounting principles off-balance sheet

The off-balance sheet commitments regarding workplace, laptops, accounts, ICT support are included in a contract with VNG International. The renewal of the contract takes after three years with the possibility to end the commitments one month before end of the contract period with no further commitments.

2.5 Notes to the balance sheet per 31 December 2018

	<u>2018</u>	<u>2017</u>
1. Receivables		
Debtors	113,245	277,877
Taxes and social securities	3,440	
Receivables short term projects and others	18,960	35,014
Receivables scholarships		22,261
Receivables long term projects		30,726
	<u>135,645</u>	<u>365,878</u>

No provision for doubtful debts is deemed necessary.

2. Cash at bank and in hand

Cash in hand	1,217	2,077
Banks	<u>1,077,537</u>	<u>288,927</u>
	<u>1,078,754</u>	<u>291,004</u>

Cash at bank and in hand consists of amounts at the foundation's bank accounts. All amounts are free at disposal of the foundation.

3. Equity

General reserve		
As at January, 1 st	278,359	208,947

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local governance

Current year result	18,042	69,412
As at December, 31 st	<u>296,401</u>	<u>278,359</u>

4. Current liabilities

Creditors	142,567	63,103
Taxes and social securities		84,592
Pensions	12,666	11,511
Other current liabilities	72,895	45,752
Accruals	<u>689,870</u>	<u>173,565</u>
	<u>917,998</u>	<u>378,523</u>

Accruals

Amounts projects and scholarships received in advance		94,016
Work in progress	608,775	
Other amounts received in advance	10,080	26,775
Accrued Holiday allowance and end of year payment	32,428	27,457
Accrued Holidays	38,587	25,356
Net salaries		39-
	<u>689,870</u>	<u>173,565</u>

The amount mentioned under work in progress consists of € EUR 410,875 payments to be received and € 1,019,650 payments received in advance.

Ultimately an amount of € 55,530 to related parties is included in the current liabilities. This amount relates to housing costs for the last quarter of 2018, to be invoiced by VNG.

2.6 Notes to the profit and loss account for 2018

	Actual	Budget	Actual
(in euros)	<u>2018</u>	<u>2018</u>	<u>2017</u>
5. Income			
Income open courses	585,941	662,500	663,163
Income tailor made projects	1,450,747	1,507,380	1,134,093
Donations Talent for Governance	24,950	40,200	32,861
Total	<u>2,061,638</u>	<u>2,210,080</u>	<u>1,830,117</u>

6. Material costs

Material costs open courses	250,637	262,600	267,324
Material costs tailor made projects	572,128	649,000	467,696
Talent for Governance	32,061	42,000	43,096
Total	854,826	953,600	778,116

Income and material costs open courses

The total income from open courses was € 586,000 and costs (including staff hours) were € 303,000. The income was € 77,000 less than budgeted, while the costs were only € 12,000 below budget. The income was less due to the fact that less participants took part: 149 instead of the budgeted 168. The costs were relatively high because of extra costs incurred by partners that cooperated with us in implementing the courses Sustaining Peace and Conflict, Rule of Law & Local Security.

Income and material costs tailor made projects

The income from TMT programmes was € 56,500 less than budgeted. The income from multi-annual programmes was € 1,162 mln, € 96,500 less than budgeted. This was partly because material costs for tickets, hotels etc. were less than budgeted and therefore less subsidies were received (€ 74,000). Also, for some projects the daily fees were lower than budgeted (€ 4,500) and for other projects less productive days were realised than budgeted (€ 16,500). Especially the realized productive days for the programme Every Voice Counts were less than budgeted. This was compensated partly by extra days for two programmes in Congo (ARC and CISPE), the Shiraka-programmes and the Matra Ukraine-programme. The income from short tailor made training projects was € 289,000, which was € 40,000 more than budgeted. Days realised were 185 days, 41 more than budgeted. Material costs were only € 3,000 less than budgeted.

Donations Talent for Governance

For the Talent for Governance-programme, we budgeted an income of € 40,000 but only € 25,000 was generated, mainly donations from Dutch municipalities. However, this loss in income was partly compensated by the material costs that were € 10,000 less than budgeted because we organised six instead of eight Talent-programmes.

	Actual	Budget	Actual
	2018	2018	2017
7. Personnel expenses			
Wages and salaries	667,965	675,738	593,115
Social security costs	108,513	116,141	93,278
Pension costs	107,769	90,903	90,704
Staff costs Talent for Governance		-	
Travel and accommodation costs	11,609	15,000	12,967
Services third parties	43,294	72,000	12,020
Other employee costs	34,617	40,040	20,738
	<u>973,767</u>	<u>1,009,822</u>	<u>822,822</u>

Personnel expenses

In 2018 there were a lot of personnel changes at The Hague Academy. Despite this, we managed to realise a difference with the budget of just € 1,500. Salaries and social security were a little less than budgeted, pensions were relatively

high. We improved the calculation of the pension costs this year so that in the future we can forecast these costs with more accuracy.

The remaining personnel costs were € 37,500 less than budgeted. The costs for hiring a temporary financial officer in connection with pregnancy leave were € 29,000 less than budgeted. Also the changes in personnel influenced the staff travel costs (home – work), holiday provisions and study expenses for staff. These costs all together were € 8,500 below budget.

	<u>2018</u>	<u>2018</u>	<u>2017</u>
8. Other expenses			
Housing costs	42,736	42,736	52,728
Office costs	55,521	67,510	54,111
Auditing costs	11,290	10,950	11,534
Communication and fundraising expenses	29,962	33,000	18,521
Other expenses	<u>74,858</u>	<u>65,000</u>	<u>22,255</u>
	<u>214,367</u>	<u>219,196</u>	<u>159,149</u>

Other expenses

The other expenses in 2018 were € 5,000 less than budgeted. The office and communication costs were around the € 15,000 less than budgeted, mainly because VNG charged less for laptops and telephones. Other expenses were € 10,000 more than budgeted, mainly due to extra costs incurred for the 10 year anniversary celebrations.

Staff members

Per 31 December 2018 sixteen staff members (including 0,8 FTE secondment agreements) were working for the foundation (2017: sixteen including 1 ½ secondment agreements).

Remuneration of executives

The remuneration of the current members of the executive which are included in the current year financial statements, amounts to € 0.

Appropriation of result

The result for 2018 amounts to € 18,042 and will be added to the general reserve.

Subsequent events

Between the time of preparing the financial statements and the balance sheet date there have been no events that give a different view on the annual result for 2018.

2.7 Auditor's report

See next pages.

INDEPENDENT AUDITORS' REPORT

To: The board of The Hague Academy for Local Governance

A. Report on the audit of the financial statements 2018

Our opinion

We have audited the financial statements 2018 of The Hague Academy for Local Governance, based in The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of The Hague Academy for Local Governance as at December 31, 2018, and of its result for 2018 in accordance with the Guideline for annual reporting for small organisations not-for-profit (RJK CI) of the Dutch Accounting Standards Board.

The financial statements comprise:

1. The company balance sheet as at December 31, 2018
2. The company profit and loss account for 2018
3. Cash flow statement for the year 2018
4. The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

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

We are independent of The Hague Academy for Local Governance in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

B. Report on the other information included in the annual report

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

- The management board's report
- Other information pursuant to the Guideline for annual reporting for small organisations not-for profit (RJK CI) of the Dutch Accounting Standards Board

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by the Guideline for annual reporting for small organisations not-for-profit (RJK CI) of the Dutch Accounting Standards Board

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the Guideline for annual reporting for small organisations not-for-profit (RJK CI) of the Dutch Accounting Standards Board and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report and other information in accordance with the Guideline for annual reporting for small organisations not-for-profit (RJK CI) of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with and other information. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial information that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial information, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial information using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial information.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

- Identifying and assessing the risks of material misstatement of the financial information, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;



- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial information, including the disclosures; and
- Evaluating whether the financial information represents the underlying transactions and events free from material misstatement.

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

Gouda, 24 June 2019

Visser & Visser Accountants B.V.

Was signed.

A. Plug RA

