

WAR CHILD ANNUAL REPORT 2012 SUMMARY



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WAR CHILD'S WORK

The world in 2012 was not a safe place for children

In **Syria** hundreds of thousands refugees left their homes on the run from violence. The conflict-stricken country of **Afghanistan** remained a harsh place for children and young people. In **Gaza**, the 8-day Israeli offensive affected many children, youth and their families. In the forgotten war zone of the **DR Congo**, attacks, rapes and other atrocities were reported every day. In **Colombia** millions of children could not live in their hometowns.

As a consequence of war, children can lose their confidence and trust in others and also in their own future. They are often anxious, depressed and withdrawn, or rebellious and aggressive.

War Child programmes in 2012

War Child has been and will be present in these areas affected by war, where children are the most vulnerable to its devastating consequences. In 2012 we started more programmes closer to active conflict zones. Our experience taught us that our interventions are effective when children and young people are on the move to escape from the violence of war and conflict. That is why we started our emergency response programme in northern **Lebanon**, where tens of thousands of refugees from **Syria** crossed the border. In **DR Congo** we started new projects in the eastern part of the country where the security situation is very unstable. In **Colombia** we moved our programming to one of the departments where families are directly affected by the present conflict.

Reach

In 2012 approximately 483,000 people of whom 347,000 were children (15 and under) and young people (16-24) actively participated in War Child's programmes in 11 conflict-affected areas. We protected them from violence, provided psychosocial support, and facilitated access to quality education. War Child improved the resilience of children and young people and enabled them to shape their own futures. Parents, teachers, social workers, volunteers, and local leaders engaged in activities enabling them to positively interact with children, fulfil their responsibility towards children, and give them the support they need to fully develop into healthy adults.

Besides these active participants, War Child programmes reached 5.6 million people, of which 3.5 million were children and young people, in other ways. People were reached indirectly through trained teachers, parents and caregivers (1.1 million people), and through theatre performances, lobby activities, events, and media programmes (4.5 million people). These activities are mainly advocacy and awareness raising activities. They aim, for example, at motivating decision makers to change policies that are harmful to children. And they aim at raising awareness in communities as a starting point for changing harmful practices like abuse. In this way they complement the results of the activities in which participants are actively involved.

War Child's Mission, Ambition and Identity

Statutory details

Name : Stichting War Child
Address : Van Ostadestraat 149, 1073 TK Amsterdam
Legal status : foundation

Mission statement

We believe no child should be part of war. Ever.

Children have the right to grow up in peace, free from fear and violence. To develop their full potential and become the person they want to be.

War Child makes a lasting impact. By protecting children from violence and offering psychosocial support and education.

We unleash children's inner strength with our creative and involving approach. And inspire as many people as we can to participate in our cause.

Together we can change the future.

Ambition

War Child's ambition is to reach beyond its own limitations by actively cooperating and sharing its approach with as many other organisations working with and for children in conflict areas as possible. Through cooperation, War Child will not only be able to reach more children, but will also be able to reach children who would be otherwise 'unreachable'. By 2015 War Child will actively reach one million children and young people.

Identity

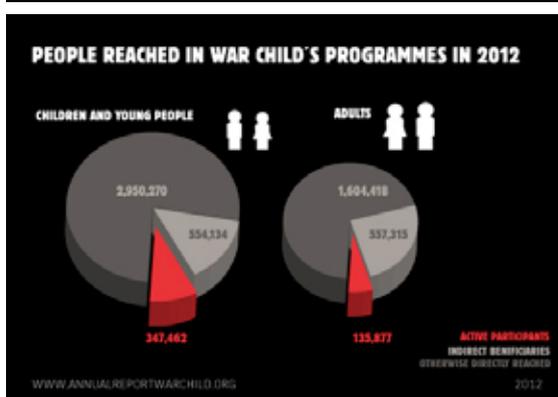
War Child is an independent and impartial international non-governmental organisation. We invest in a peaceful future for children and young people affected by armed conflict. War Child supports children regardless of their religion, ethnicity, social background, or gender.

War Child programmes



Active participants

Approximately 483,000 people, of whom 347,000 were children and young people, actively participated in our programmes. They joined high-intensity activities such as life skills courses or youth clubs. The number of active participants increased by 14% compared to 2011 as a result of a planned scale up in programme activities

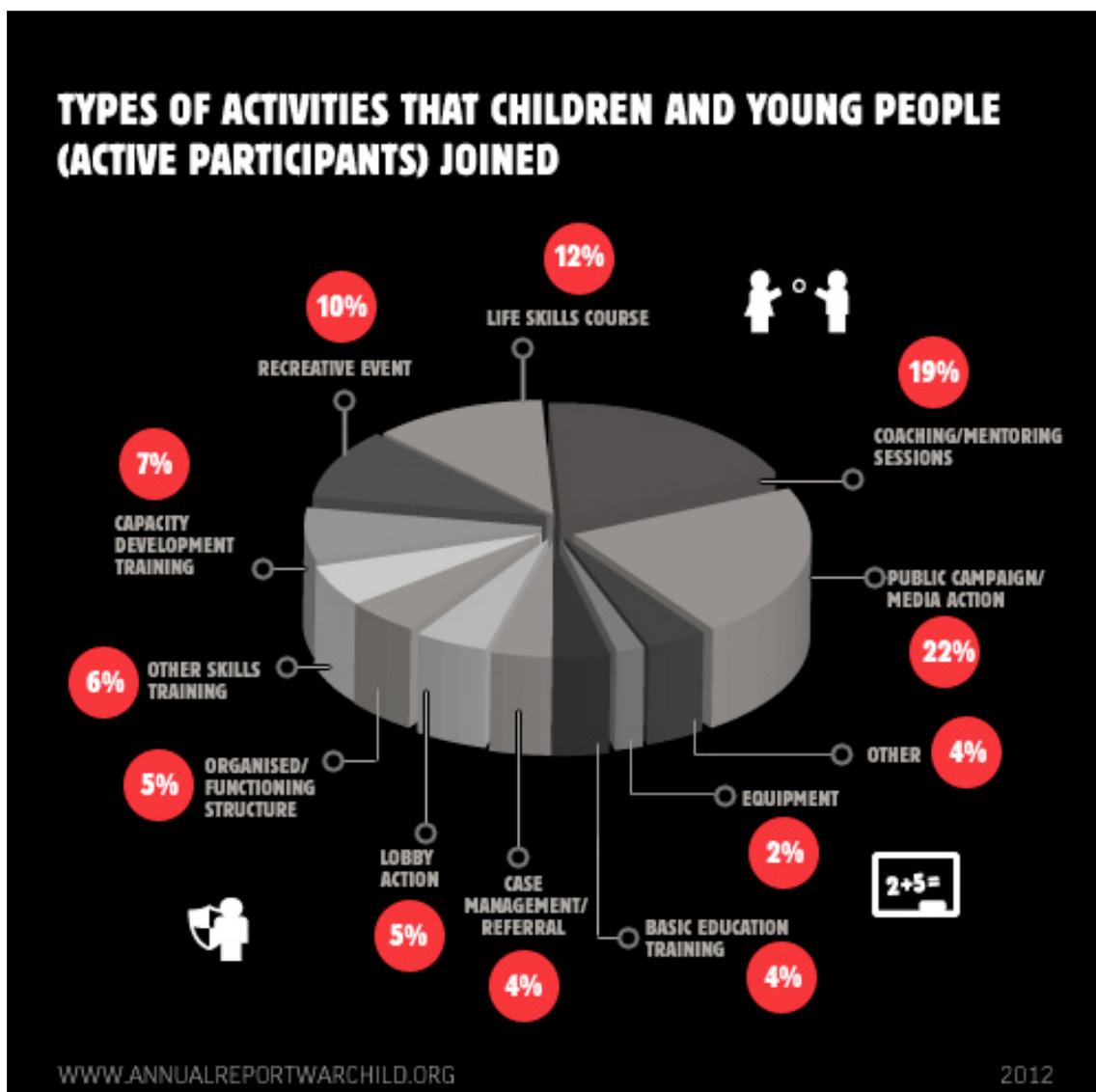


Numbers of children and adults per country

2012	Active Participants	Indirect beneficiaries	Otherwise directly reached				
	CYP*	Adults	CYP	Adults	CYP	Adults	Total
Afghanistan	1,790	1,069	625	-	400,000	100,059	503,543
Burundi	17,060	4,600	-	-	804,377	281,844	1,107,881
Colombia	24,421	5,394	29,686	5,560	25,298	40,300	130,659
DR Congo	75,114	16,836	-	-	-	-	91,950
Israel/oPt	7,211	1,898	200	131,012	23,808	12,944	177,073
Lebanon	5,321	1,988	344,121	319,320	16,203	24,980	711,933
South Sudan	15,805	4,348	28,636	6,097	36,828	13,614	105,328
Sierra Leone	12,538	1,199	568	57	1,501,725	1,058,835	2,574,922
Sri Lanka	49,029	24,179	95,106	84,977	28,446	18,683	300,420
Sudan	36,428	1,821	9,850	444	110,101	52,024	210,668
Uganda	102,745	72,545	45,342	29,848	3,484	1,135	255,099

* Children and young people

Types of activities that active participants (children and young people) joined

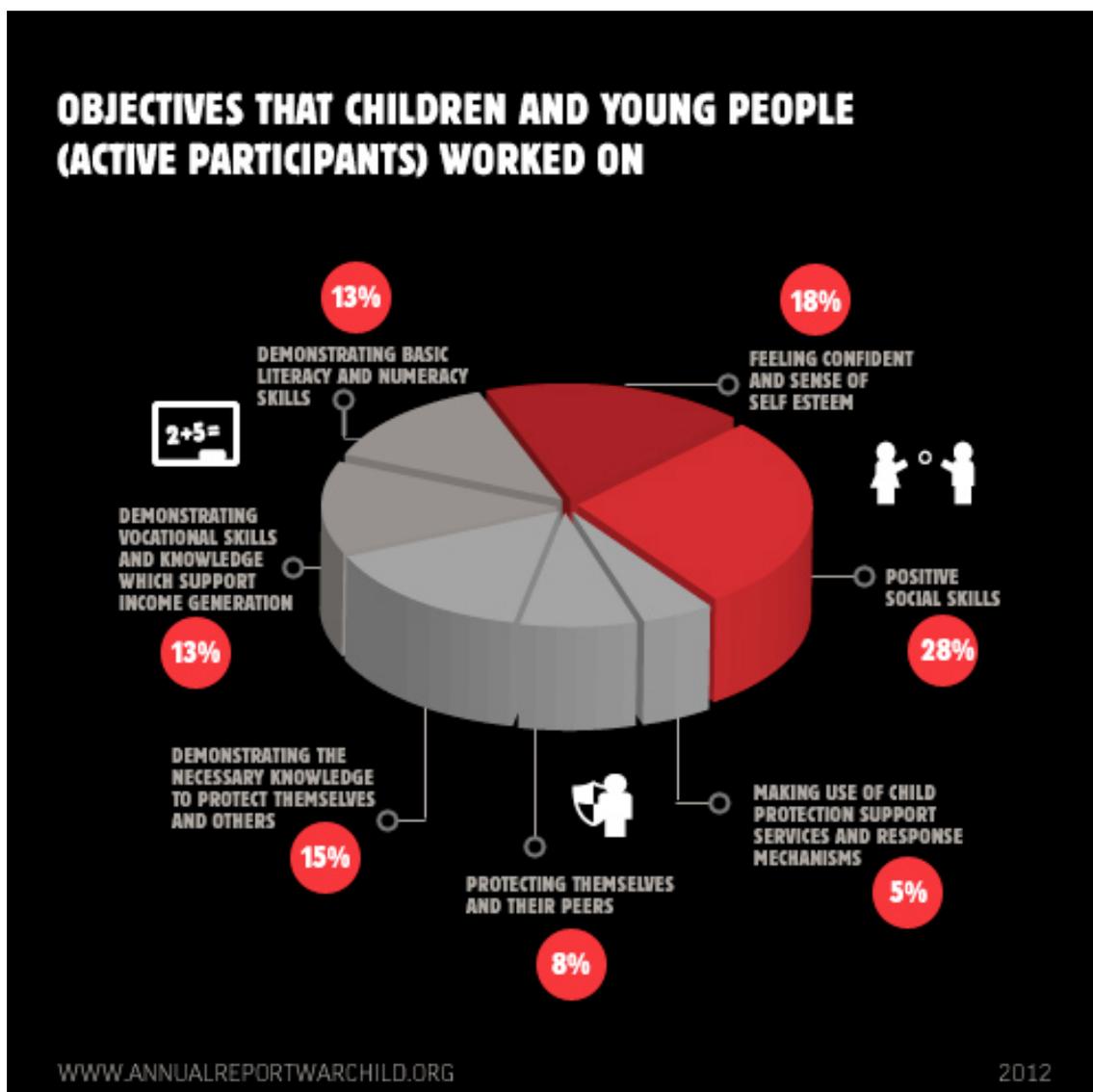


See glossary for explanation of terms.

Numbers reflect active participants only

Of the 347,000 children and young people who actively participated in programme activities, 20% took part in public campaigns such as child parliaments, theatre plays, or awareness-raising events. Another 19% benefitted from coaching or mentoring, and 12% participated in the life skills courses IDEAL and BIG DEAL. Only 4% of children and youth participated in basic education training like catch-up education and vocational skills. Most of the educational activities that War Child implements reach indirect beneficiaries (see B). These activities increase the capacity of school management, parents, teachers associations and the teachers themselves.

Objectives for children and young people actively participating in project activities



Armed conflict affects each child differently. But children themselves can develop the skills to overcome the effects of conflict in their lives. In 2012, 28% of War Child projects primarily aimed at improving social skills amongst participating children, and 18% aimed at increasing their self-esteem and confidence.

Of the total projects, 15% aimed at giving children the knowledge to protect themselves and their peers from, for example, corporal punishment or sexual and domestic violence. Another 8% of the projects wanted to go a step further and see children and young people actively protecting themselves and their peers through, for example, participating in self-created child rights clubs, theatre activities, or referring their peers to existing services. An additional 5% of the projects worked toward supporting children and young people to make use of child protection support services and response mechanisms such as counselling, medical services or family mediation.

Education projects in which children and young people actively participated provided them with literacy and numeracy courses (13%) and vocational skills training, (13%). This training allows participants to become self-sufficient as motorcycle mechanics, hairdressers, carpenters, tourist guides, or masons, instead of remaining caught up in the conflict.

Refocus on conflict zones and emergency response

War Child works in conflict and post-conflict areas. In the past few years we had a larger focus on post- conflict areas. We further developed integrated community-based programming in the field of child protection, education and psychosocial support. In 2012 we saw the need for a refocus on areas of active conflict where single and rapid are needed. Rapid interventions guidelines were developed at the beginning of the year.

Highlights

A number of rapid interventions took place:

- projects with Syrian refugees in Lebanon;
- support to psychosocial and child protection activities in Misrata, Libya, through a partnership with DanChurchAid;
- creation of Child Friendly Spaces In Juba, South Sudan for South Sudanese in transit from the north;
- psychosocial support for children in Gaza;
- a child protection project in the western part of South Kivu in DR Congo.

Effects

War Child measures the outcomes of its projects with scorecards and outcome indicators. Outcomes refer to the effects War Child projects want to achieve in the lives of children and adults. Progress was analysed, which resulted in outcome reports. In the full annual report we provide examples of outcomes realised in Uganda and Burundi, taken from their outcome reports published in 2012. The results of external evaluations and an in-depth effect study in South Sudan and Colombia are also available in the full annual report.

EXAMPLE PROJECT: SYRIAN CHILDREN UNDER FIRE

Conflict and consequences

A fierce civil war ravages the country of Syria. Children are literally under fire. Tens of thousands of families have fled across the border to Turkey, Jordan and Lebanon. Syria is now witnessing the most ferocious conflict seen since the beginning of the Arab Spring. Peaceful demonstrations against the regime were violently beaten down, to which the opposition responded with coordinated counterattacks. Government troops and rebel groups now fight in an escalating civil war. Atrocities and intimidation against the civilian population are not unknown. Children are kidnapped, tortured and killed. Those fleeing the country drag the horrific things they have seen with them. To prevent permanent damage their invisible scars need rapid treatment.

Project targets

The sudden influx of Syrian refugees in northern Lebanon demanded direct action from War Child's team there. A specially developed rapid intervention programme facilitated help as quickly as possible. War Child has created seven safe places where children directly start processing their profound experiences in creative workshops. The programme in northern Lebanon focuses not only on Syrian children, their Lebanese peers can participate as well. This increases mutual understanding, and ultimately safety. Children who have fallen behind due to their displacement can receive catch-up education so they can quickly join in a regular school nearby.

Project design and activities

Psychosocial emergency response

In safe places children build on their resilience and strength. In life skills workshops they regain confidence in themselves and trust in others; they regain a sense of control over their own lives, and see that others are there to help them. Children learn to cooperate, to deal with their emotions, express their feelings, share their experiences, and cope with their experiences. Parents and caregivers are also involved enabling them to better to support their children.

Supplementary education

Education in Lebanon is often in French. To make sure Syrian children do not fall behind they get French lessons in order to enrol them as quickly as possible in regular education. It not only brings back normalcy and structure to their lives, it also promotes the integration of refugees into their host communities.

Evaluation

More than 1,500 Syrian and Lebanese children have benefited from the project, which provided a safe space for children, with water, hygiene and recreational facilities, where children can play, learn, have a sense of routine and structure, and receive psychosocial support. Interviews with staff in the field and Syrian parents highlighted more motivation to attend school amongst participating children and brought happiness to their homes. Social workers and psychologists also highlighted changes in children's behaviour in comparison to the beginning of the project. Capacity building has been provided for relevant field staff on child protection, recreational activities and psychosocial support. Most importantly, the smooth integration of Lebanese and Syrian children has helped to build prospects for peaceful relations in the future between the two communities.

The main objective of the project was achieved given that 709 displaced Syrian children participated, slightly more than the targeted 700. The most important results were:

- The establishment of safe spaces was achieved exceeding the goal of six functioning spaces by one, as there were seven functioning spaces in total;
- Provision of psychosocial support through I DEAL was achieved and exceeded expectations given that 328 Syrian children participated (instead of 300 foreseen);
- Supplementary education was achieved and exceeded its goal considering that 552 Lebanese and Syrian children were beneficiaries (initial target: 300);
- Community outreach was achieved as awareness sessions on child protection were conducted in all the safe spaces, as well children with severe trauma or in need of additional support received referrals to appropriate services.

Achievements regarding project management:

- Working with local actors in northern Lebanon (Akkar and Tripoli regions) has facilitated community access and the quality of the intervention.
- Using schools as safe spaces ensured sustainability and has allowed us to directly link our programme to school enrolment.
- Our DEALs methodology has been adapted to the context of the emergency in order to serve more children.

Lessons learned

This project was a rapid response to the Syrian Refugee crisis. Because War Child was aware of the problems faced by the refugee children and the need for an intervention, a proper needs assessment and training of staff on monitoring tools was not done extensively enough. Some of these tools and formats were developed during the project implementation. In the next phase we will ensure that a proper needs assessment and set of monitoring tools is in place before implementation.

In addition, in the first months of the project it was difficult to reach out-of-school children due to the geographical dispersion of the refugees. War Child has therefore employed social workers to identify those children. In the second phase we will include an Accelerated Learning Programme through cultural centres, social development centres, local NGOs and municipalities in order to enrol these children in formal education in the upcoming scholastic year.

Future

Due to the dramatic increase in the number of Syrian refugees coming to Lebanon, War Child will continue and expand the project in 2013. Children who have moved to the southern and northern suburbs of Beirut and Palestinian Syrians who will go to Palestinian refugee camps will be provided with:

1. Access to safe spaces;
2. Psychosocial support;
3. Awareness on child protection;
4. Quality supplementary education and improved access to school.

15-year-old Mussa looked war in the eye

“It is war. Some houses in our area were bombed. The night before we fled a plane attacked our neighbourhood. It was very dark. We were all hiding. The noise was very loud so I stayed awake. We all laid flat on the floor for hours.”

15-year-old Mussa looked war in the eye. One day, Mussa’s school was destroyed by an aerial bombardment. The war came too close for the family to stay in their hometown Aleppo. Together with his ten brothers and sisters, Mussa fled to northern Lebanon.

Killed without any reason

The next morning, Mussa and his family left the family home in a rush. “On the road I saw houses in rubble and burned-out cars. I saw massacres: people and children killed without any reason.” He pauses, thinks and then whispers: “On the road I also saw a small body of a dead baby without a head. When we passed that, I had to close my eyes.”

Once he arrived in Lebanon, his father built a tent from wood and plastic. “We could not take anything. There was no time,” Mussa explains. “Things are good here. At least I don’t hear bombs at night and I don’t have to be afraid we will be killed. In Syria I was awake every night for at least two months because of all the scary sounds. Here I sleep better, but I do have nightmares.”

He explains he has the same nightmare almost every night: “I am in a car with beheaded people and I am the only one still alive.” Then he suddenly stops talking. “When I wake up crying, my mum comes to comfort me.”

Try to forget

At home Mussa never talks about what he saw. “We try to forget about it; it is our secret.” He participates in IDEAL three times a week and he explains how this helps him to forget. “I really try to put it away; we play and laugh and have fun. Always when I draw, I draw a happy family. After school I give it to my mum and it makes her very happy.” At school he made new friends. “Yes, I have lots of them, both Syrian and Lebanese. My new best friend is Lebanese. We play but we don’t talk much.”

Mussa was not able to finish the school year in Syria. “There were times we could hear the planes flying over my school. Everyone got scared and many didn’t come back to class.” Mussa has no idea whether his house in Syria is still standing. “I miss my house, my school and my nice clothes. And of course I miss my best friend Basel. I have no idea where he is. When we left, I saw that his house was still standing so that’s good.”

Where I belong

“I understand that we are here because it is safer but I miss my country; that’s where I belong and I hope to go back very soon. When I grow up I want to help to rebuild my country. I am sure there will be a lot of work for me there.”

Disclaimer: for safety reasons the name of the boy has been changed.



REPORT BY THE BOARD OF TRUSTEES

As per the date of this report the composition of the Board is:

M.P. (Peter) Bakker/Chairperson/General Affairs;
J.W. (Willemijn) Verloop/Vice chairperson/Marketing, Communications and Fundraising;
R. (Raymond) Cloosterman/ Member/Marketing and Fundraising;
E.K. (Evert) Greup/Treasurer/Finances and Information;
Dr. G.C.A. (Gerd) Junne/Member/Post Conflict Development;
Drs. A.G. (Bert) Koenders/Member/ Advocacy and International Networks.

Board member election procedure

The Board of Trustees is structured to ensure continuity of membership while at the same time allowing for continuous renewal. Board members stay in office for four years and can be reappointed for one additional term in the interest of continuity. Each board position has a specific profile and selection is based on expertise in War Child's fields of operation.

Xander van Meerwijk was part of War Child's Board for the past twelve years. He left the board at the end of 2011. With great expertise and commitment, he supervised, challenged and stimulated War Child's marketing and fundraising strategy and results. We thank him for his valuable contribution throughout so many years.

In 2012 Raymond Cloosterman, Founder and CEO of Rituals Cosmetics, was elected based on a profile specifying expertise in marketing and brand management and an innovative and entrepreneurial mind-set. War Child is very happy that Raymond joined the board.

Max Glaser is expected to join the Board of Trustees in 2013. This is a new position with a specific focus on security. Security is essential for a non-governmental organisation working in areas affected by armed conflict, and the expertise was not represented in the current Board of Trustees portfolio division. Max Glaser brings extensive field experience in conflict-affected areas to the Board of Trustees.

Accountability statement

This Annual Report for 2012 is drawn up in accordance with the accounting guidelines for fundraising institutions, Directive 660 of the Dutch Accounting Standards Board (DASB). With the Annual Account for 2012 War Child received a qualified audit opinion of PwC Accountants. This declaration is included in the Annual Account of War Child.

Meetings and board expenses

In 2012, the Board of Trustees held four regular meetings. In addition to monitoring the progress of the annual plan, the main topics were:

- Annual accounts and annual report 2011;
- Selection and appointing a new executive director;
- Reserve policy;
- The restructuring and division of the Marketing, Fundraising and Communications department;
- New location for head office.

Board expenses

Board members work on a voluntary basis. They don't receive any remuneration and pay all travel and other expenses themselves. In 2012, one exception was made when a board member was requested to

replace a War Child employee for an in-depth assignment in Lebanon at the last minute. Since this was regarded as a special assignment outside of the Board of Trustees' mandate, War Child decided to pay for the member's plane ticket and accommodation, totalling € 1,422. This is the only expense related to members of the Board of Trustees in 2012; all other expenses were paid for by the members themselves.

Evaluation of objectives, activities, Executive Director

In 2012 the priority for the Board of Trustees was to select and appoint a new executive director. With great help, provided pro bono, from Ebbinge, we reviewed 150 applications and were proud to appoint Bernard Uyttendaele, a long time friend of War Child, to the position.

In 2007 Bernard was the driving force behind Orange's (now T-Mobile's) involvement in supporting the application of ICT in our activities, and he was a co-founder of War Child's Business Ambassadors Network. Bernard has a proven track record in managing complex organisations, is a dedicated people manager, a result driven change manager and, last but not least, a very passionate advocate for the War Child mission.

We owe a big thank you to Mark Vogt, who was the executive director for nearly five years. During his tenure War Child grew significantly, particularly through institutional fundraising, thereby enabling us to reach out to many more children affected by war.

Though the Board of Trustees recognizes many challenges, we are pleased with the progress that was made in 2012 and we are confident about the future. The fundraising environment is tough, our planning and control is being enhanced, and the 'decision tree' is being updated. However, at the time of writing in early 2013 we know that management, with the great pro bono help of McKinsey, has successfully updated the strategic plan and the new management team is energized.

The Board of Trustees held its first formal self-evaluation in the form of a questionnaire early in 2012, leading to no special outcomes or actions. The review focused on finding an executive director fit for the next phase of War Child's development and finding the right people to fill the vacancies in the Board of Trustees (see 3.1). All regular Board tasks were performed in 2012, with special attention paid to the HR policy and the reserve policy. One of the Board meetings was kindly hosted by the Dutch Postcode Lottery, a loyal and significant donor to War Child.

Remuneration of the Executive Director

Following War Child's stringent low-cost policy, remuneration is set below the guidelines of the Dutch Fundraising Institutions Association (VFI) for management salaries of charitable organisations (Adviesregeling Beloning Directeuren van Goede Doelen), and the code of governance for charitable organisations (Code Wijffels, see www.vfi.nl). Management remuneration and additional benefits are determined annually by the Board of Trustees/Remuneration Committee on the basis of performance evaluations.

The Board of Trustees, in consultation with the executive director, has chosen a yearly director's remuneration package well under the VFI scheme. In 2012 War Child had three succeeding directors. Mark Vogt was executive director until February 22, and War Child welcomed its new executive director Bernard Uyttendaele on June 1, 2012. In the period in between, War Child employee Hendrik van Gent served as interim executive director. The actual remuneration in 2012 of the successive directors was: € 83,336.

This amount consists of € 12,823 for Mark Vogt (1.8 months), € 23,133 for Hendrik van Gent (3.2 months) and € 47,380 for Bernard Uyttendaele (7 months).

The total remuneration of € 83,336 (1 FTE 12 months) for the executive director position is well below the VFI guideline of € 140,046 (1 FTE 12 months, corresponding to War Child's VFI score of 505 points). In line with the VFI guidelines the amount of remuneration comprises the gross salary, holiday allowance, 13th month, and end of year benefits, if applicable. In the annual account, the amount and composition of management remuneration are reported. War Child director Bernard Uyttendaele has no relevant additional functions.

Risk management

War Child maintains a risk monitoring and evaluation system, which enables the anticipation and effective management of risks. It contains an overview of potential risks, assesses the probability that they will occur, and evaluates their impact on War Child. A risk assessment is done twice a year by the Management Team and the controller. Where relevant, measures to mitigate identified risks are taken. War Child works in insecure areas. The safety and security of staff is of great importance. In 2012, War Child updated its security procedures. Also, refresher trainings were organised for the security team at head office and staff members who regularly travel abroad. War Child's basic IT-infrastructure was upgraded and the hosting of servers was outsourced to improve security. Fraud, corruption and reputation risks are closely monitored by War Child. Measures to mitigate these risks are in place and no significant incidents occurred in 2012. Concerning child safety, two incidents were reported in 2012, one through our Colombia programme and one in our DR Congo programme. Furthermore, War Child reconsidered the desired size of its financial reserve for unforeseen funding gaps. The continuity reserve financially covers War Child's short-term risks and makes sure War Child can fulfil its future obligations.

Main risks in 2012

War Child continuously monitoring security measures and keeps close contact with local security networks. However, from time to time, mobility of staff is significantly hindered for security reasons:

- In **Lebanon** the security situation deteriorated, which hindered the mobility of War Child's staff. The security situation was affected by spill over from the Syrian crisis. Field visits to northern Lebanon were often too dangerous, which resulted in some delays in project activities.
- Security in the eastern part of **DR Congo** remains precarious and can affect the accessibility of project areas at any time. As a result of armed conflict close to War Child's project locations, War Child staff was evacuated for one week.
- In **Sudan** three grants from the Common Humanitarian Fund (CHF) allocated to War Child's Kosti and Khartoum projects had to be partly returned and/or renegotiated due to new government policies. The change in policy resulted in the closure of the Kosti Way Station in April and the Khartoum field location in May, rendering it impossible to reach the targeted number of children and young people.
- In **South Sudan** the security situation remained unstable, with both political unrest and violence in the border areas.
- Security in **Afghanistan** remains unstable. The level of War Child's security measures stays high, with continuous monitoring and close contact with the Afghan NGO Security Office.
- In **Sri Lanka** the external environment remained sensitive and restrictions to NGO operations led to delays in programme delivery.

FUNDRAISING AND COMMUNICATIONS

War Child can run its programmes thanks to the support of thousands of people who participate in our cause, generously donating money and products, offering expertise, organising actions and events and spreading our message. To us, these individuals, schools, clubs, organisations, companies, foundations, governments and institutional donors are crucial in fulfilling our mission. In order to realise War Child's strategy for 2015, the marketing, communications and fundraising department has to raise sufficient funds and build a good reputation, ensure clear positioning and adequate visibility, and develop longer-term relationships with those who support us.

2012 was a successful year in terms of fundraising. As a result of increased collaboration with governments and other NGOs, War Child realised growth in income from government grants and third parties. Also, fundraising from individual donors and corporate sponsors was successful. A total growth in income of 21% from 2011 was realised within the planned cost, as the table below shows.

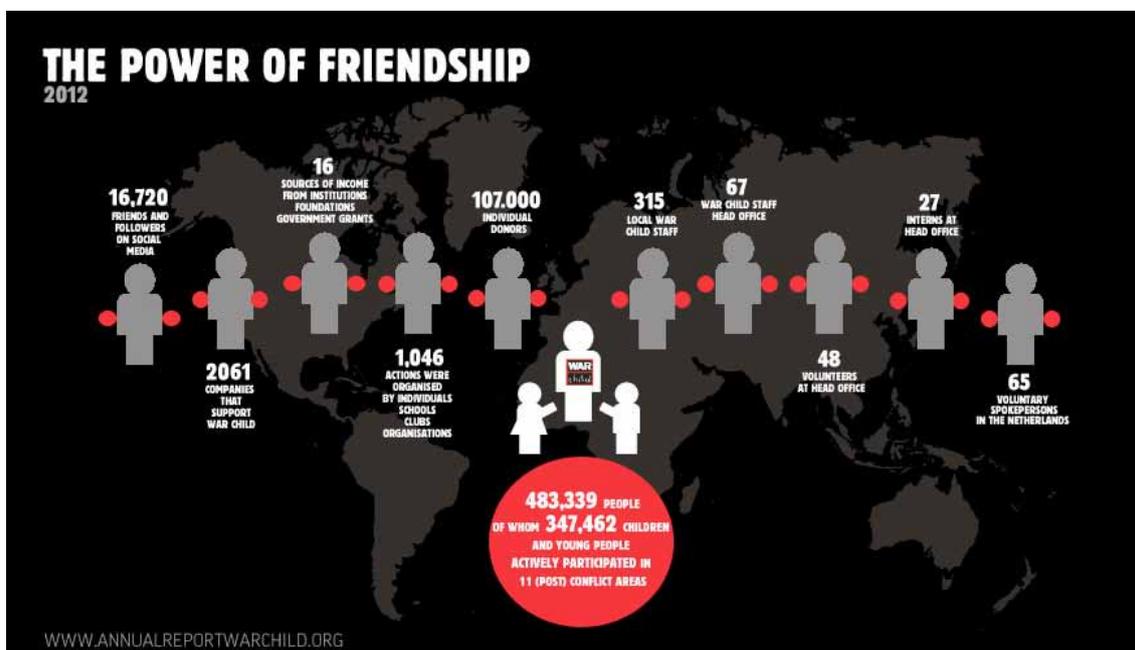
Income from fundraising

	Plan 2012	Realised 2012	Realised 2011	Growth 2011 vs. 2012	% of total income
Individual donors	7,843,686	8,419,193	7,837,368	7%	37%
Corporate sponsors	1,276,000	1,512,087	1,320,443	15%	7%
Foundations own fundraising	650,000	666,350	584,549	14%	3%
Actions by individuals and companies	1,470,314	1,103,252	888,868	24%	5%
Other groups (schools, churches, etc.)	526,000	57,740	76,530	-25%	0%
Legacies	200,000	608,745	543,040	12%	3%
Subtotal own fundraising	11,966,000	12,367,366	11,250,798	10%	55%
Dutch Postcode Lottery (NPL)	1,400,000	1,350,000	1,400,000	-4%	6%
Share in activities third parties ex. DPL*	2,676,700	1,775,490	369,186	381%	8%
Government grants*	5,944,961	7,140,609	5,442,685	31%	31%
Other non-fundraising income	-	48,806	82,922	-41%	0%
Total	21,987,661	22,682,272	18,545,591	22%	100%

*Funds received from EU and ECHO have been reclassified from Third Parties to Government Grants.

- In 2012, the total income from individual donors grew by 8% to € 9.1 million (including actions by individuals and legacies), which is € 100,000 more than estimated.
- More than 19% of War Child's direct fundraising comes from companies: € 2,238,000 (including actions by companies). War Child managed to grow in income from companies by 22% compared to 2011.
- Foundations own fundraising: In 2012, a new contract was signed with the Turing Foundation as well as with the Motorola Solutions Foundation for project funding.

- In 2012, the total number of actions organised by third parties was 1,046 while 750 were planned. Revenues generated from actions increased by 22.8% compared to 2011 to € 1,103,252.
- Third parties and government grants contributed € 10,266,099 to War Child's overall income, a growth of 42% from 2011 (€ 7,211,871).
- In 2012, the contribution of the Dutch Postcode Lottery was € 1,350,000.



Low-cost policy

War Child has a strict low-cost policy that promotes gaining sponsorship for the production of all materials and activities for communication and fundraising. The policy includes close monitoring, evaluation, and adjustment of activities to ensure that the results justify the effort invested.

The hallmark of the Central Bureau for Fundraising stipulates that a recognised non-profit organisation may devote a maximum of 25% of its own fundraising income to fundraising activities. In 2012, War Child's devoted 14.8% of its income to fundraising activities, well below the maximum.

Communication with stakeholders

One of War Child's strategic objectives is to raise awareness on the situation of children in conflict-affected areas. Millions of children who have lost their childhood to war do not receive support. Therefore War Child's communication strategy 2015 aims at increasing our constituency and their connection with War Child.

In 2012, War Child focussed on four objectives: standardizing brand management, increasing visibility in media with a key message that is clear and urgent, increasing dialogue with and involvement of target groups, and more effective international communications.

War Child actively approaches the media, organises public events, and has a compelling goodwill ambassador, Dutch singer Marco Borsato, who inspiringly and passionately spreads War Child's message. During 2012, we appeared in at least 2,409 online and offline publications. In general, the tone of voice

was neutral. More than one-third had a more explicitly positive tone; this is a larger part than usual. Only a small percentage was negative

Almost all (95%) of our printed publications were developed and produced with full sponsorship. War Child uses storytelling in all our means and events to communicate the impact of war on children and War Child's response to it. The participation of children and a creative approach are key to our work in the field as well as in our communication strategy.

Stakeholders

Stakeholders include: private donors, corporate sponsors, people who organise an action for War Child, Dutch kids and schools, children and young people in the War Child programme countries, partner organisations, other NGOs, institutional donors and foundations, United Nations, national governments, international networks, platforms, knowledge institutions, volunteers, War Child staff.

Some results from 2012:

- 1,252 offline publications and 63 items on television or radio: on target.
- In 2012 War Child redesigned www.warchild.nl. The new website realised a 20% increase of visitors and 40% increase in funds raised, which was according to plan.
- Further development of social media and web care met its targets as planned. Facebook had 400 new page likes on average each month in 2012. At the beginning of 2013, our Facebook page had 2,500 active users per month and an average reach of 36,576 people reading or contributing each month. On average, 788 people were talking about our pages or our Facebook posts each month. We had 257 new Twitter followers per month resulting in 10,066 unique followers in 2012 compared to 6,982 in 2011.
- The Power of Friendship campaign reached over 2 million people and we collected 5000 new social media leads.



FINANCE

Income	Realisation 2012	Plan 2012	Realisation 2011
Income private fundraising	12,367,366	11,966,000	11,250,798
Share in activities of third parties	3,125,490	4,076,700	1,769,186
Government grants	7,140,609	5,944,961	5,442,685
Other financial income	48,806	0	82,922
Sum of income	22,682,271	21,987,661	18,545,501

Expenditure	Realisation 2012	Plan 2012	Realisation 2011
Expenditure on behalf of the objective			
Project activities	15,540,255	15,089,623	12,847,499
Preparation & coordination	958,782	1,131,476	875,441
Communication & awareness raising	2,006,430	1,830,316	1,886,598
Subtotal expenses on behalf of the objective	18,505,467	18,051,415	15,609,538
Expenditures fundraising			
Costs of own fundraising	1,799,765	1,733,591	2,042,520
Costs of obtaining third party & government grants	304,885	288,884	214,528
Subtotal expenses fundraising	2,104,650	2,022,475	2,257,048
Management & administration	1,504,181	1,358,475	1,178,805
Sum of expenses	22,114,298	21,432,365	19,045,391
Surplus / (Deficit)	567,974	555,296	(499,800)

Explanation of income

In 2012, income increased by 22% compared to 2011 to almost € 22.7 million, an increase of over € 4 million and approximately € 0.7 million above plan. Expenditures increased by 16% compared to 2011.

The 2011 deficit of approximately € 500,000 was followed by a surplus of approximately € 568,000 in 2012. War Child will use the surplus to build an earmarked reserve of € 121,189 for upgrading security measures in DRC and to increase its continuity reserve by € 446,784 to make sure War Child can fulfil its future obligations even if unexpected income gaps arise.

The increase in total income compared to 2011 and exceeding the planned income amount can be explained by:

- A € 408,000 increase in income from legacies compared to plan, which was € 65,000 higher than in 2011;
- Share in activities by third parties was € 900,000 below the planned income, however an increase of almost € 1.4 million was realized compared to 2011;

- An increase of over € 1,700,000 was realized through government grants and others, mainly as a result of MFS II, an important grant under which War Child spent more than € 1.7 million more than in 2011. Subsidies that we received in 2011 from PSO and the Dutch Embassy in Sudan were stable in 2012.

Explanation of expenditure

War Child's total expenditures amounted to roughly € 22.1 million, an increase of over € 3 million (16%) compared to 2011. The expenditures exceeded the budget for 2012 with approximately € 680,000. War Child was able to spend the largest part of its budget surplus on its objectives:

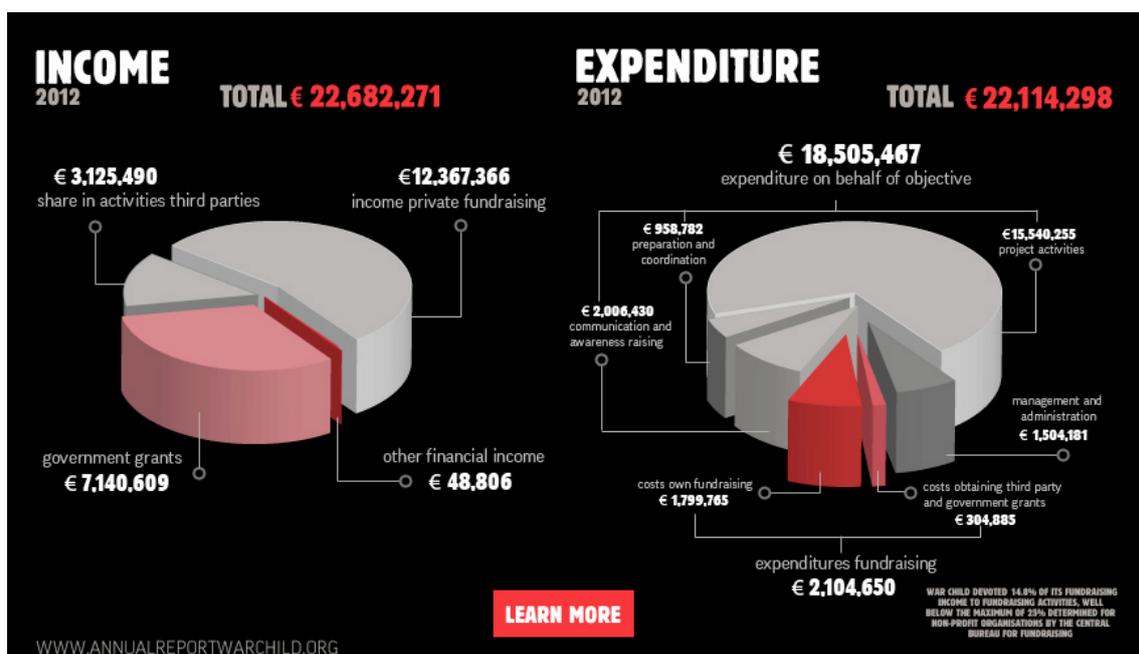
- Project activities rose by 21% compared to 2011. In 2012 War Child scaled up activities in almost all programme countries.
- The category 'preparation & coordination on behalf of the project activities' increased by 9%; just as in 2011, this increase is mainly caused by the strategic choice to invest more in global advocacy and the need for more security measures.
- The increase of communication and awareness raising costs is a result of increased presence of fundraisers and ambassadors in the streets. Because the impact of face-to-face contact is larger and it is focused on the content of War Child's work, War Child allocates expenditures related to War Child's presence in the street partly to fundraising and partly to communication and awareness-raising.

Expenditures fundraising

Costs of fundraising are 4% above plan and 6% under the level of 2011. The Central Bureau for Fundraising stipulates that a recognized charity may devote a maximum of 25% of its own fundraising income to fundraising activities. War Child's internal policy is and has always been to keep this expense significantly lower, at approximately 15%. In 2012 we spent 14.8% of our fundraising income on fundraising.

Management & administration

The percentage of costs for management & administration related to total costs is 6.8%. Although this ratio has been relatively stable, the absolute amount of management and administration costs has increased. This increase is mainly related to an increase of support staff in War Child's growing organization – both in terms of income and people.



Balance sheet

(after proposed profit appropriation)

	31 Dec 2012	31 Dec 2011
ASSETS		
Tangible fixed assets		
Property, plant and equipment	36,190	49,886
	36,190	49,886
Current assets		
Accounts receivable	2,179,910	1,473,106
Securities	-	-
Cash and cash equivalents	5,680,262	6,078,678
	7,860,172	7,551,784
	7,896,362	7,601,670
LIABILITIES		
Reserves and funds		
Reserves		
Continuity reserve	5,623,289	4,650,000
Earmarked reserve	121,189	526,505
General reserve	-	-
	5,744,478	5,176,505
Funds		
Earmarked funds	-	-
Funds	-	-
	-	-
Short-term liabilities		
Project obligations	-	-
Accounts payable	770,620	396,194
Taxes and social security payments	188,824	120,870
Accruals, provisions and other liabilities	1,192,439	1,908,100
	2,151,884	2,425,165
	7,896,362	7,601,670

Explanation of reserve and funds

1. Continuity reserve

The continuity reserve financially covers War Child's short term risks and makes sure War Child can fulfil its obligations even if an unexpected income gap arises. War Child monitors the desired size of its continuity reserve twice every year based on risks perceived for approval by its Board of Trustees. War Child's continuity reserve complies with the requirements of the VFI.

The continuity reserve is set at € 5.6 million, in line with War Child's most recently approved reserve policy, dating from December 2012. War Child tries to balance the desire to spend as much of its income as possible to help war children, with the need to maintain a prudent reserve. By setting its continuity reserve at this level, War Child believes it has determined an appropriate balance between prudence in the light of risk management and objective-based spending.

2. Earmarked reserve

The earmarked reserve is the part of the reserve that is set aside by the Board of Trustees for a specific purpose. In 2012, an earmarked reserve of € 121,189 was set aside for security measures in DR Congo. In 2012 a budget was made available to increase the security measures taken in DRC, but the total wasn't completely spent. Therefore an earmarked reserve has been created for 2013.

Specification and on-charge expenses to destination (in euro)

Destination	Objective	Fund-raising	Management & Administration								
Expenses	Communication & Awareness raising	Preparation & Coordination	Project activities	Own Fundraising	Joint actions	Third party actions*	Subsidies (third parties & government)	Investments	Total 2012	Budget 2012	Total 2011
Subsidies & contributions	-	€ 288.650	€ 14.744.775	-	-	-	€ 20.440	-	€ 15.053.865	€ 14.771.004	€ 12.372.720
Transfers	-	-	-	-	-	-	-	-	-	-	-
Purchases & acquisitions	-	-	€ 1.105.528	-	-	-	-	-	€ 1.105.528	€ 1.030.729	€ 1.438.437
Outsourced activities	-	-	-	-	-	-	-	-	-	-	-
Publicity and communication	€ 1.133.812	-	-	-	-	-	-	-	€ 1.133.812	€ 1.041.467	€ 1.039.200
Staff costs	€ 741.545	€ 569.474	€ 675.994	€ 589.959	-	-	€ 241.719	€ 1.278.244	€ 4.096.936	€ 3.851.565	€ 3.560.854
Housing costs	€ 48.963	€ 37.601	€ 44.634	€ 38.954	-	-	€ 15.960	€ 84.400	€ 270.511	€ 286.500	€ 272.297
Office and general costs	€ 80.049	€ 61.474	€ 72.973	€ 63.685	-	-	€ 26.093	€ 137.985	€ 442.260	€ 383.550	€ 220.691
Depreciation and interest paid	€ 2.061	€ 1.583	€ 1.879	€ 1.639	-	-	€ 672	€ 3.552	€ 11.385	€ 67.550	€ 141.192
Total expenses	€ 2.006.430	€ 956.782	€ 15.540.255	€ 1.799.765	-	-	€ 304.884	€ 1.504.181	€ 22.114.298	€ 21.432.365	€ 19.045.391

The above overview is in accordance with the "Model Toelichting lastenverdeling" from "Richtlijn 650 Fondsenwerende Instellingen".

* Please note that until 2012, War Child did not track expenses of sharing in third party actions separately. Expenses of obtaining funds from third party actions and from governments were administrated jointly. We intend to make changes to our administration in 2013 in order to be able to track expenses of sharing in third party actions separately. War Child does not have income from, or expenses on, joint actions.

COLOPHON

Text

War Child

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