



Sri Lanka Orphanage Foundation

ANNUAL REPORT 2015







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PROLOGUE

June 2016

Proudly we present our eleventh annual report. Thanks to all who've given us their trust we have succeeded in realizing our goal to raise € 175,000 in funds. Partly due to two regular sponsors who included our foundation in their last will, bequeathing the foundation with two large donations. With an overall income of € 326,000 -excluding interest- we have closed the fiscal year 2015. The overhead costs amounted to 5.9% in 2015, due to development costs of our new website.

Neither the Board nor the Supervisory Board receives an income for their services and a team of volunteers and professionals still assist us after eleven years. In the Somawathi Home we had to make in cooperation with the local trustees several adjustments in the local management. The Somawathi Home has also been active in fundraising locally. With an 'almsgivings' plan, sponsors are asked to offer a meal for all the resident children and staff.

The first children have left the Home and stand on their own feet. It is nice to see how well they are doing and start building their own future. Several boys work in hospitality, hotels and as a bartender and also in the technical field such as welding and maintenance. Even one of them studies Korean in the evening and hopes to find a job abroad. This is what we hoped to achieve and makes it so worthwhile. On the scale of poverty and misery in this world we add only a small drop. But all drops together create a splash and give a future to these orphaned and abandoned children.



On behalf of the Board,

Marja van Leeuwen
Chairman



SUMMARY

Legal entity	In the Netherlands: Foundation <ul style="list-style-type: none">Supervisory BoardExecutive BoardCommittee of Recommendation		Project	Full Sri Lankan management and supervision; financial aid from the Netherlands Demand based: focussed on needs and requirements Based on community philosophy with a regional function
	In Sri Lanka: Trust & NGO Somawathi Trust in Sri Lanka National NGO		Term	As long as there is a need for institutional childcare in Sri Lanka. This is discussed each year with the local child protection agency.
Organization	Private Aid Program All Board members work free of charge and without reimbursement of expenses		Capacity	150 children in home under full guardianship 25 care mothers 10 children out home with scholarship
Registration & Recognition	CBF – Quality Mark Charitable Institution ANBI registration Winner Transparency Award 2009 and 2010 National NGO-status in Sri Lanka Best children’s home south Sri Lanka		Mission	To create a loving and safe environment for children, run by local management. Where they can grow and develop into healthy, responsible and educated residents of society; with respect for the culture and traditions.
Volunteers & Professionals	Support Executive Board with complementary skills and expertise		Vision	The Somawathi Home offers each child a perspective by providing customized work and diversity programs. The Foundation raises funds to make this possible. The facilities thus provided are (partly) also available to the region.
Fundraising & Overhead	Funds raised excl. Interest	Overhead in %	Self-reliance	Homemade works of art, and fruit & vegetables that are home grown on a small scale are sold to visitors. It is investigated if more funds can be raised in this way in the coming years.
	2005 : € 2,526,000 2006 : € 612,000 2007 : € 401,000 2008 : € 354,000 2009 : € 427,000 2010 : € 355,000 2011 : € 247,618 2012 : € 273,666 2013 : € 232,696 2014 : € 185,589 2015 : € 326,000	2005: 0.5% 2006: 1.7% 2007: 2.9% 2008: 4.2% 2009: 2.9% 2010: 2.9% 2011: 5.6% 2012: 2.8% 2013: 4.3% 2014: 5.3% 2015: 5.9%		
Spent on Objective 2005-2014	Construction, infrastructure and operational costs: € 3,946,334		Facilities	In the children’s village Somawathi Home support and facilities are offered to: 116 in home children that have been placed under full guardianship 123 saving accounts with Rs. 500,- per month 100 students from the region attending extra educational programs 45 children attending the Montessori nursery and pre-school 1.500 patients with free medical care 65 local and paid employees, including 45 full-timers and 20 part-timers.
Annual Operational Costs	Approx. € 250,000 (depending on inflation)			
Reserves for project	Ultimo 2014 € 2,633,300 including interest revenues. Needed for the upcoming years and part of the guarantee to the Sri Lankan child protection agency.			
Financial audit	Deloitte Nederland SMJS Deloitte Sri Lanka		Politics	Except for the cooperation with the national Child Protection Agency there are no political connections
Construction management	Twynstra Gudde for tenders and certification of buildings.		Future	The Foundation and the Somawathi Trust have given a guarantee to the government of Sri Lanka through the National Child Protection Authority to support the in-home children and if necessary also coming generations of children that need institutional care.
Communication	www.weeshuisrilanka.nl info@weeshuisrilanka.nl Digital news letters Annual reports Social Media			



BACKGROUND



Sri Lanka

Surface	: 65,610 km ² (1.5x the Netherlands)
Capital	: Colombo
Inhabitants	: 20 Million
Density of population	: 304.8 inhabitants per km ²
Religion	: Buddhist 70.1%, Hindu 12.6%, Christian 7.6%, Muslim 9.7%
Language	: Sinhala (official language), Tamil and English

The Sri Lanka Orphanage Foundation was officially established on the 3rd of January 2005, main goal to set up a children's home with long term plan. The Tsunami of December 2004 is the cause of the project.



CHILD POLICY IN SRI LANKA

Facts

In Sri Lanka more than 19,000 children live in 488 homes, *state-run institutions* and *voluntary homes*. Poverty, abuse and unwanted pregnancies are the main reasons. In addition Sri Lanka has 200,000 to 300,000 abandoned children because their mother is forced for economic reasons to work in the Middle East.

Source: <http://resourcecentre.savethechildren.se/start/countries/srilanka>

Safety net function

On request of and in consultation with the National Child Protection Authority in Galle the Sri Lanka Orphanage Foundation is raising funds in order to offer a safety net function for:

- Children who cannot be placed within *extended families* or the stay within an extended family did not work out.
- A judge decides if the guardianship can be taken over by another party and which institute will become the guardian.
- Children placed in an *extended family programme*, receiving financial support, after school care, education and medical care.



PROJECT DESCRIPTION

The Sri Lanka Orphanage Foundation was established in 2005 immediately following the tsunami, and has the objective to give abandoned and orphaned children in Sri Lanka a better future. Funds are required to ensure continuity in the efforts to meet this objective. Funds to provide the children with a home, food, clothing and education. To teach them a trade and to give them a chance for a better future in life.

Following a 'cry for help' from a doctor-friend in Sri Lanka, Marja van Leeuwen immediately after the tsunami collected 24 boxes of medicine and dressing, and delivered these personally in Sri Lanka. She was back in the Netherlands on 30 December with a new goal in her life: to build a children's home in Sri Lanka. A television interview with Karel van der Graaf in New Year's Day 2005 gave her the platform to explain what her new goal was and 100 days later this private aid initiative was given its formal foundation through the establishment of the Sri Lanka Orphanage Foundation.

Providing food, shelter and clothing is only part of the story. Setting up a children's home, providing medical and psychological support, developing the children and ensuring continuity of this support, also in the longer term, is the other part and takes year to realize. It is a process during which needs are identified, choices are made and adjustments are made whenever necessary. On an area of 45.000 m², safely located on a hill near Lake Koggala the children's village Somawathi Home was built that the facilities to serve:

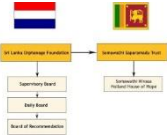
- 150 in-home children that have been placed under full guardianship
- 100 children living in the region who follow lessons
- 45 toddlers who attend the Somawathi Montessori nursery and pre-school
- 1500 patients from the region who receive medical and dental care free of charge
- 7 children with a scholarship
- 65 local staff members




All children at the Somawathi Home fall under the jurisdiction of the National Child Protection Agency (NCPA) that is the official government agency that inspects the orphanages and assigns children to the homes, directly or through a court order. The Somawathi Home meets all governmental requirements and has been given the A-status in Sri Lanka. For additional information, please refer to www.reliefweb.int and www.childprotection.gov.lk

The Somawathi Holland House of Hope is the home of the children till their 18th birthday or until they can stand on their own feet. The age of the children that are assigned to the Home is in the range of 3 to 9 years. For older or younger siblings an exception is made. A group of out-home children is part of the Somawathi community. The children live in the region in their own community. These children are to receive medical and psychological care and take part in extracurricular activities.

Scholarships In- and outflow of children	<p>A limited number of talented children living in the region receive a scholarship, a small monthly allowance enabling them to continue their studies at a high school or university elsewhere in the country. Subjects studied include Law, Medicine and Accounting.</p> <p>In the period 2005 – 2015 a group of 206 children have been placed under the guardianship of the Somawathi Home. Of this group, 83 have been placed by court order back under the guardianship of their family or left the Home to make their own living. In 2015 5 children were reunited with their families by court order and 5 young adults left the Home to make their own living. Ultimo December 2015 the Somawathi Home accommodates 116 children.</p> <p>The Somawathi Home has become more than just an orphanage and offers a wide range of facilities to adults and children living in the region free of charge. The medical clinic continues to be of great added value, as does the Montessori nursery pre-school for the toddlers because this allows the parents to find a job. And even the monks living in the nearby temples have become keen students in the computer classes.</p> <p>Per the end of 2015 the following facilities were offered:</p> <ul style="list-style-type: none"> • In-homes : 116 children under full guardianship • Out-homes : 7 children with a scholarship living in the region • Education : 100 students from the region; including 24 subjects training program. • Montessori : 45 toddlers attend the Montessori nursery and pre-school • Medical care : 1500 patients from the region receive medical and dental care free of charge at the clinic and pharmacy that is available 24/7 • Employment : 65 local staff members of which 45 are full-time and 20 part-time • Saving : 130 saving accounts for in- and out-home children. The monthly deposit is Rps. 500 (approximately € 3) and the capital thus saved becomes available when the child reaches his/her 18th birthday.
Somawathi Home and the region	



Staff	The Somawathi Home is based on the Buddhist beliefs and principles. The local staff is fully responsible for looking after the children and ensuring their wellbeing. Every staff member (m/f) receives a monthly salary and is covered by a health insurance. The care mothers are responsible for looking after their own 'home unit' in which 6 to 8 children live together with their care mother. Boys and girls live separately. The care mother looks after 'her family'. She helps the children with their homework, teaches them how to cook and keeps the home tidy and clean. Shopping is done together and the children call the care mother Ama (mother) and this reflects the way the children actually feel about her.
Education	When the children are 5 years old they go to the adjacent government school. Dressed in their school uniform they leave for school at 07.30 hours. For the toddlers a Montessori nursery and pre-school is located on the premises. This nursery/pre-school is also attended by toddlers living in the region and allows the Somawathi toddlers to make friends locally.
Vocational training	Being taught computer skills, English, Sewing, Music, Dancing, manual skills ranging from pottery to carpentry and homework lessons are the wide range of vocational training activities the children can attend. The first 30 children are the proud recipients of a Swimming Certificate. This wide range of training facilities allows the children to grow emotionally and intellectually, become emotionally balanced and build self-confidence.
Infrastructure	On the premises the following facilities are located: <ul style="list-style-type: none"> • Main buildings • Class rooms • Montessori nursery and pre-school • Medical clinic and pharmacy • 20 living pavilions • Playground, open air theatre and Somawathi shop • Sports field • Power generator • Well for own water supply • Security posts • Staff quarters • Dining facility for 300 persons • Management quarters
Organization	 <p>The Sri Lanka Orphanage Foundation has an Executive Board, Supervisory Board and a Committee of Recommendation. In addition there are so-called Ambassadors and volunteers that bring a wide range of skills and expertise to the project. All work free of charge. All members of the Foundation are non-paid and work is done from home to keep the costs as low as possible.</p>
Somawathi Trust	In Sri Lanka the Somawathi Trust has been established and consists of 9 non-paid members (6 from Sri Lanka and 3 from the Netherlands). The land on which the Home is located and the buildings have been placed under the jurisdiction of the Trust. The operational costs of the Home are paid through the Trust. Construction activities are done on the basis of agreed budgets. The Foundation transfers money on a monthly basis to the Trust to cover operational and construction costs. The Trust is responsible for the operational management of the Home.
Audit and Oversight	Twynstra Gudde Netherlands oversees all building activities of the project and handles the certification of the buildings. SJMS Deloitte Sri Lanka and Deloitte Netherlands audit the annual accounts of the Foundation and the Trust and issue the related auditor's opinion. The Somawathi Trust has been registered as an NGO in Colombo, Sri Lanka. One of the Dutch Trust members visits the project at least once a year to monitor progress.
Publications	All publications of the Foundation including the annual reports, are published on the website www.weeshuissrilanka.nl

CBF Certificate 	<p>The Dutch CBF certificate was obtained in 2013 and replaces the CBF Seal of Approval. The certificate specifically applies to small charities.</p>
A-status 	<p>The Sri Lanka Child Protection Agency has classified the Home as the best children's home in South Sri Lanka and has awarded it the A-status.</p>
Endowment and taxation	<p>Following new legislation in the Netherlands regarding endowment and fiscal deductibility the Dutch fiscal authorities have classified the Sri Lanka Orphanage Foundations and a so-called ANBI institution.</p>
Transparency prize  <i>Our organization has won the Transparency Prize 2009 and 2010</i>	<p>Since its establishment the Foundation has submitted its annual reports to compete for the so-called Transparency Prize, a prize that is awarded in the Netherlands annually to the charity that has the most 'transparent' annual report. The 2008, 2012 and 2013 annual reports of the Foundation were nominated. The Foundation was awarded the Transparency Prize in the category Small Charities for the annual reports 2009 and 2010.</p>
Continuity and Sustainability	<p>The continuity of the project is ensured through an agreement between the Trust and the Foundation that all credit balances of the Foundation will be used for the project. The financial position of the Foundation is solid.</p> <p>The project is keen on paying attention to the environmental consequences of its operation. It has introduced energy saving lamps, recycles water and has taken measures to ensure sustainable waste management. Installing solar panels is under investigation.</p>
Self-sufficiency	<p>The project is fully managed by local staff and receives a small annual monetary contribution per in-home child from the government. For full coverage of the operational costs the project depends on the financial contribution by the Foundation.</p> <p>Homegrown food for daily consumption includes coconuts, fruit and vegetables. The home supplies its own water through wells that are located on the premises and by collecting rainwater.</p>
The Future	<p>The Foundation and the Trust have given a guarantee to the government of Sri Lanka – the National Child Protection Agency – to support the in home children and if necessary also coming generations of children that need institutional care. The Trust meets with the agency annually to review the need for childcare.</p>



MISSION - VISION - STRATEGY

Mission To create a loving and safe environment for children in South Sri Lanka, run by local management. An environment based on respect for culture and traditions in which they can grow and develop into healthy, responsible and educated members of society.

Vision Somawathi Home offers each child perspective by customized work and diversity programs. The Sri Lanka Orphanage Foundation raises funds to make this possible. The facilities provided are (partly) also made available to the region.

Core objectives To achieve our mission four main objectives have been defined:

1. Housing for a maximum of 150 orphaned or abandoned children on an in-home basis, minimum of 80 children
2. In-house facilities such as medical care and education
3. In-house facilities also available to the region
4. Prepare children for independence and self-reliance from 18 years onwards.

Strategy To achieve these core objectives a dedicated organization has been formed in Sri Lanka and in the Netherlands (respectively the Somawathi Trust and the Sri Lanka Orphanage Foundation), each with its own specific tasks and responsibilities. These organizations work closely together to realize the joint mission, vision and core objectives. The control mechanisms aim to give insight in the activities of both organizations whilst at the same time monitoring the realization of their common objectives.

Both organizations must operate within the context of the country they operate in; a permanently changing environment. This document makes a distinction between the organizations in respectively the Netherlands and Sri Lanka. The chapter 'Working Procedures' elaborates on this. The specific context is described in case it influences the developments and choices of the respective organizations.

To substantiate this for the coming years a strategic policy has been developed. For each of strategic policy item targets have been set and which actions are needed to reach these targets. This approach makes it possible to evaluate the actions that have been taken and allows a high level evaluation of the effectiveness of the actions in relation to the core objectives of the project.

In 2013 a Medium Term Plan 2014-2019 was developed. This Plan takes into account the trends in Sri Lanka in key areas such as childcare, education, scholarships, medical care, cost levels and donations. For the Netherlands the Plan analyses the trends in donations and cost development. On the basis of these analyses long-term choices have been made of which the most important ones are:

Relationship Foundation – Trust:

1. The Foundation Orphanage Sri Lanka and the Trust will continue their cooperation on the basis of a long-term relationship. The current status quo therefore remains unchanged;
2. The Foundation wishes to continue to be in a position to endorse the policy direction of the Trust. This implies that the Foundation will remain part of the decision process regarding policy topics, targets and major budget changes. The Trust will assume greater responsibility for the activities to reach the targets. This constitutes a change compared with the current situation where the Foundation is involved with the project on detailed activity level.





Choices of the Trust in Sri Lanka:

1. Childcare: the capacity for the number of in-home children remains unchanged. Inflow of new children depends on the outflow;
2. Education: building on the education provided by the schools the Somawathi Home will continue to offer extra lessons and tutorial classes;
3. Toddler education: this will be continued in its current form;
4. Scholarships: the Trust will only offer scholarships to in-home children.
5. Medical care: the clinic is allowed to treat more patients as long as the current cost level remains unchanged;
6. Cost level: the operational costs will be maintained at their current level by implementing cost efficiency measures and developing sources of income;

Choices in the Netherlands:

1. Fundraising: the Foundation will use a part of the Reserves each year to help cover the costs of the project. Each year approximately € 100.000 will be withdrawn from the Reserves which means that the current Reserves of € 2,5 million will have been fully spent in approximately 20 years. The remainder of the funds needed to cover the annual cost of the project will be generated through fundraising activities in the Netherlands and in Sri Lanka. Should in any year fundraising exceed expectations the funds withdrawn from the Reserves will be reduced accordingly;
2. Costs: it is accepted that the costs of the Foundation in the Netherlands will slightly increase.

Strategy Sri Lanka

Almost all of the operational activities of the project are done in Sri Lanka under the supervision of the Trust. What started as a project for children affected by the tsunami of December 2004 has, driven by demand in Sri Lanka developed into something more than just an orphanage. Children of various backgrounds are assigned by the Sri Lankan Child Protection agency to the Somawathi Holland House of Hope. Starting point is that the Somawathi Home will continue to provide childcare as long as there is a demand for this in Sri Lanka. The Home serves as the parental home for the in-home children. It is the ambition of the Home to prepare the children for self-reliance when they become 18 years of age. To create local support and spin-off of the facilities the Home has widened its scope to include the region. People living locally may visit the clinic free of charge, a facility that includes a GP, pharmacy, laboratory, eye clinic and dentist. To give the in-home children as well as those living locally a better chance in life much attention is paid to education. Toddlers living locally can go to the nursery/pre-school that is located on the premises and for the older children living locally there are tutorial classes, for example computer skills.

Context Sri Lanka

Childcare policy

The starting point of the government policy of Sri Lanka regarding orphaned or abandoned children is that they are cared for in their own community by family or acquaintances. The demand for childcare grew as a result of the tsunami that destroyed many villages thereby reducing the possibilities of care for children in their own community. For some years now the Child Protection Agency has also placed non-tsunami related orphaned or abandoned children in the care of the Home. Apparently the principle of care in the own community cannot always be effectuated. It is expected that the coming decade will not see a reduction in the demand for institutional childcare in Sri Lanka.

Community-based society

Sri Lanka is a community-based society. This for example means that everyone in a community is responsible for the welfare of all the people that are part of this community. The role of the parents, respect for the elders and the Buddhist religion play an important role.



Long-term choices

The other strategic long-term choices (themes) included in the Medium Term Plan remain important:

- I. Health and Care
- II. Education
- III. Mobility and Employment
- IV. Personnel and Organization

I. Theme: Health and Care

All efforts aim to make the children responsible citizens of Sri Lanka that are self-sufficient once they become 18 years of age.

The children live in a pavilion that consists of 6-8 children and a care mother. Such small units stimulate a sense of belonging and 'family' feeling. In line with the culture of Sri Lanka boys and girls live separately and also on the premises measures have been taken to separate adolescent boys and girls. Efforts were continued in 2015 to offer physical and emotional care to in-home and out-home children and to those living locally.

Good quality care requires first and foremost a good infrastructure. The 20 pavilions have become the home for 116 children and their care mothers. Local wells with a water filtering system supply the water and a generator starts up in case of a power cut. Common facilities include a laundry, sewing workshop, playground, recreation room, open-air theatre and vegetable garden (part of the produce is sold and generates income). An intercom allows internal communication and security has been strengthened by installing camera surveillance. For the staff there are offices, staff quarters and a house for the residential manager. There are means of transport, a well-stocked bicycle shed and a garage. No new buildings were constructed in 2015.

The care extends beyond offering a loving, safe environment with enough to eat and drink. There is a 'child-monitoring-plan' in place that registers the progress and ambition of each child. Psychological help is available for the children and their care mothers, which is particularly helpful when the children are traumatized. Emotional and psychological support contributes to a healthy, emotional development allowing the child as a young adult to reintegrate in society and the labour market.

Contact with the family – if any – is an important addition to the care offered by the care mothers. Visits by the family are possible on specific days and there are 'grandma – granddad' days.

The Somawathi Home is a Buddhist based home with respect for local norms and values that has a fully local staff. The children are actively stimulated to take part in cultural activities; they visit the temple on Sundays, learn traditional dances and particularly the girls learn traditional skills such as lace making.

Sports, games, recreation and culture are an important part of living a healthy life. The sports field is often used, particularly for the national sport Cricket. Cricket matches are organized in which the Home competes with schools and other orphanages. Bicycle, walking tours and learning to swim in the sea are examples of other sport activities. The recreation room is used for games when it is not occupied for dancing and music lessons. These lessons result in wonderful performances and concerts. A children's disco and film evening are also included in the range of recreational activities. For the quiet moments books can be borrowed from the library or books can be read to the children in the area that has been created for this purpose. The creative children can enjoy themselves in the art classes or in the workshop. The works of art are sold in the shop. A Children's Society has been founded, allowing children to suggest theme nights, practice their debating skills during debating afternoons, participate in the choice of menus and excursions, and help in the local hospital and home for the elderly.

A medical clinic is located on the premises of the Somawathi Home since 2007. This clinic not only offers medical and dental care to the children of the Home and the staff and their families, but also is available for people living in the region. The facilities of the clinic include a GP, medicines and vaccinations, a laboratory that can do various tests and dental care. Some 1500 patients from the region visit this clinic free of charge. The clinic also offers general and medical information programs.

Evaluation and impact

The strategic choice Health and Care is evaluated by analysing the requests coming from the Home and the region and adjusting supply to demand. The demand for care for example has increased and the clinic now treats an extra 500 patients at no extra costs and with the current resources. The number of patients that are treated measures the impact of this strategic choice. The impact is therefore increasing.

II. Theme: Education

For two reasons Education is high on the priority list of the Somawathi Home

1. Over 80% of the in-home children are, due to their backgrounds, one or more years behind in studies;
2. Through regular education only 40% of the children in Sri Lanka pass their O-level exam.

These are the main reasons why the Somawathi Home provides daily private tuition to all in-home children. Twice a year the knowledge and progress of the children is examined at school. The school results of the in-home children are, despite the extra tutoring, under the national average, with a few exceptions. This means that after O-levels most of the children are expected to follow a specific vocational training to continue their education in line with their abilities, interest and chances of finding a job.

Many activities are focused on the responsibility to teach the children as many skills and life skills as possible and invest in their future. Education cannot start early enough; therefore a pre-school and nursery are on site. To compensate lack in education and the insufficient level of the local schools, daily private tuition is given in mathematics, English, computer classes, etc. Also to the cultural background of the children is attention paid: vocals, dance and music lessons are open for all children. Exam training programs are held especially for the elder children to prepare them for the O-levels exams.

A team of 24 part-time teachers offers various teaching program's which the children whatever their level can attend:

- Homework classes, exam training
- Pottery, carpentry, gardening, cooking, textiles, care for animals, nature and environment
- Trainings, English classes, Sinhala, e-learning, computer classes
- Mechanics, biology, arithmetic, science
- Swimming lessons, dance classes

Context Education Sri Lanka

At present primary school lasts six years. Primary school is followed by junior secondary education that takes five years (the children are then approx. 16 years). All pupils leave the junior secondary school with a General Certificate of Education exam for the Ordinary (GCE-O, or O-levels). Pupils who pass continue to the senior secondary education, General Education Advanced Certificate (GCE-A or A-levels). Only students with A-levels can continue with tertiary education at University. Those who are not admitted to one of the universities can follow a sort of vocational education or work as an apprentice employed by companies or public administration. Regular education is far from adequate and only 40% of the children in Sri Lanka pass with a sufficient mark.

Evaluation and impact

The impact of the additional educational is visible in comparison with the countrywide success rates. Therefore the school results are regularly evaluated. Many children have a learning deficit. Therefore the school results are regularly evaluated. Since most of the children have a learning deficit gaining the national average is an aim. In 2015 six children sat for their O-levels exam, despite the many extra tuition programs in the Somawathi Home, four children obtained a simple pass and continued their education with a vocational training. Two children passed with credits and continue their studies for A-levels. It turns out to be quite a task to match the national average success rate. Evaluation of the tutoring will take place again in 2016.



III. Theme: Mobility / employment

The main purpose of the organization, as stated in its mission, is to re-integrate the children who live in the Somawathi Home in the Sri Lankan society as educated and responsible adults who can look after themselves. The experience of the first nine years leads to the insight that there is a need to further explore the possibilities and efforts made to provide the best possible reintegration of the children. The composition of the population of children in the Somawathi Home, their backgrounds and their social opportunities result in the necessity to make policy choices based on these differences. We distinguish four categories of children who each require a specific approach:

- Fully in-home
- Temporary housing and care
- Young adults, age 16+
- Independent adults, out-home

In addition, the Foundation needs to prepare for future developments. From 2013 onwards every year will see a number of children reaching the age of 18. Three children left the Home in 2015 to live independently and were supported in finding a job. Despite the attention to and preparation for independence, some of the children will be unable to look after themselves at the age of 18. The Somawathi Home will offer them guidance and care for a longer period of time. Children, who are in the age range of 3 – 6 years when they are assigned to the Somawathi Home, have the opportunity to make optimal use of the facilities offered, to develop positively and prepare for self-reliance.

A plan has been developed to assess the opportunities each child over the age of 14 has. Extra vocational training courses with job opportunity potential have been selected. Visits to companies or institutions and holiday internships encourage teenagers to pursue their ambitions, offer them a perspective and prepare them for a future career choice.

Evaluation and impact

The impact can be measured by how quickly the young adults are able to find a job after leaving the Somawathi Home. After completing their O-level with a simple pass, an internship and a follow-up training were selected with the young adults. This has resulted in permanent positions in amongst others a restaurant, a hotel and in a handicraft centre.

For girls over the age of 18 it appears difficult to be able to stand on their own two feet. The national child protection authority has despite the age of majority a determining role in the future of young adult girls. As a result, it happens that girls over 18 years of age continue to live and work in the Somawathi Home.



IV. Theme: Staff and organisation

In Sri Lanka the Somawathi Trust manages the project. Trustees Mr. and Mrs. Saparamadu have indicated that because of their age they wish to fulfil a less prominent role in the Trust and have transferred most of their tasks to the other Trustees. In due course new Sri Lankan trustees will be appointed.

Having and retaining good staff is essential to achieve the objectives of the organization. Therefore we permanently work on quality improvement of the staff members, aiming for a result-oriented work attitude and increased commitment. Various training courses are offered to the staff and the quality of the staff is evaluated. The aim is to create a better match between the personal qualities and the job of the individual staff members. A qualitative and quantitative personnel plan has been implemented. A male supervisor strengthened the team in 2015. He has been given less office duties and therefore allowing him to spend more time coaching the 'older' boys. This set-up is proving to be a success.

Currently, the children's home has an A status at the Sri Lankan child protection authority which we want to maintain in the years to come. Therefore there is continuous attention for quality improvement.

A transparent business operation is of paramount importance. All relevant information is accurately tracked and reported weekly, including the Foundation in the Netherlands. Much attention is paid to cost consciousness and generating local revenues, for example by sales of the souvenir shop, the vegetable garden or waste. This focus was further strengthened in 2015, as well as requesting visitors for on-the-spot donations and becoming a sponsor. In Sri Lanka it is customary to offer a meal (Almsgiving) to the less well off on 'special' days such as the commemoration a parent's anniversary. The Somawathi Home has invited well-wishers to consider the Home when they make such a gift and the cost of a daily meal of the children was donated 62 times in 2015. It is hoped that in due course these Alms will cover the total costs of the meals of the children.

Evaluation and impact

As indicated, the quality of the staff is evaluated. Along with an annual evaluation by the child protection the quality is monitored. The impact can be measured by the A-status.

Unfortunately in 2015 the resident manager proved not to operate according to expectations. In December, replacement has been appointed to improve the management team. In consultation with the University in Matara, a Survey will be carried out in 2016 in order to review after eleven years the total operational organization.



Strategy the Netherlands

The Dutch Sri Lanka Orphanage Foundation focuses on fundraising and policy development. In addition to generating the annual operational costs it is, in view of the project evolving from giving emergency aid to supplying structural aid and support, also important to guarantee the continuity of the Board. After all, no end date has been set for the project yet. Therefore broadening and rejuvenating of the Board is an aim.

The Government increasingly transfers tasks and responsibilities to the 'market' and the many private initiatives therefore lead to greater competition in the charity industry. Corporate social responsibility is higher up on the agenda of businesses and institutions, and donors are critical and demand that efficiency and transparency standards are met. The Foundation is committed to efficient and effective project management and to offer maximum transparency when providing information about the project. The strategic policy themes of the former long-term policy plan remain applicable:

- I. Fundraising
- II. Organization
- III. Communication

I. FUNDRAISING

Sri Lanka Orphanage Foundation is since the start totally dependent on income from donations. Fundraising is the main responsibility of the Board in the Netherlands.

The annual operational costs of the orphanage in the period 2005-2015 amounted to approx. € 250,000. Since over the years a reasonable amount of donations has been received in Sri Lanka, this year's objective of the foundation was to raise € 200,000 in The Netherlands whereby it remains important to monitor the overhead costs. The foundation aims for a maximum overhead of 5%.

The raising of € 200,000 per year requires an active fundraising policy. New natural disasters, immediately get the full attention of the media, and occur across the globe. The focus in fundraising therefore remains on individuals, companies, service clubs, equity funds and schools. It was agreed with the Sri Lankan partner organization to start actively raising more funds in Sri Lanka.

Evaluation and impact

In 2015, the financial position and the fundraising activities were thoroughly examined, as part of the drafting of the long-term plan. It was established that the fundraising market is gradually changing which in 2015 for example was demonstrated by the decline in company donations whilst the private donations remained more or less unchanged.

Thanks to the receipt of two legacies the financial objective was reached easily. The overhead rate is increased to 5.9% in percentage terms. This is partly because of the increased audit costs and investment for the development of the new website. The pursuit of a maximum 5% overhead might also be increased in the coming years.





II Organisation

The policy of the Foundation aims to have all services and materials sponsored as much as possible. The Foundation makes use of volunteers and professionals and has no paid employees.

The continuity and quality of the Board should be ensured. Each member brings specific, professional expertise to the table of the Board. Expertise of new Board members will need to complement the expertise of the existing Board members and be in line with the demands placed by the objectives of the project. There have been no changes in the composition of the Board. The Supervisory Board, which supervises the functioning of the foundation, was positive about the way the Board of the Foundation operates. There have been no changes in the composition of the Supervisory Board.

The Foundation has no paid staff and is very dependent on its volunteers. Every effort is made to retain existing volunteers but also to recruit new volunteers, especially among a younger target group. Facebook turns out to be extremely useful for this purpose with a growing number of 'likers' and the number of messages shared among young people. Young people spontaneously come up with ideas for example to produce a movie, elaborate on the concept Family Tree and share it again with their network.

Transparency is of paramount importance to the Foundation. Within the Foundation care is given to accurate recording of meetings and appointments. There are in-depth audits by Ofir and Deloitte on accounting and the financial situation is regularly discussed. The Foundation welcomes audits by external parties and has therefore been awarded the CBF quality mark proving that the Foundation delivers what it promises.

Evaluation and impact

The organization has a high impact when most of the objectives of the Foundation are reached. With Deloitte Netherlands the partnership has been renewed for the forthcoming years.

III Communication

Communication is crucial in securing and retaining Stakeholders. Interested parties and sponsors are regularly updated about the progress of the project.

Social media, especially the Facebook account (English and Dutch), were frequently used in 2015. The Board has concluded that this medium has a larger and more effective impact than, for example, informational meetings. People appreciate it to be informed when it is convenient for them. The website and newsletters still have attention. To make the connection with Sri Lanka more visible the Family Tree concept is developed: a family tree with photographs of all the children and in the tree trunks photographs of all the sponsors. Together they form and feel as one big family.

Apart from information about the progress of the project the Board wishes to communicate a message of trustworthiness. The publicity around high salaries and bad practices certain charities have seriously affected the confidence of sponsors in the sector. As a result, the Foundation lost sponsors. The Foundation wishes to state clearly that it disassociates itself from bad practices and salaries are out of the question. Not only does our policy of transparency demonstrate this, it does not go unnoticed by third parties.

To reach out to new target groups it is important to capture every opportunity of free-publicity. The Foundation simply does not have the funds for expensive marketing campaigns. In 2015 the publicity around '10 years after the tsunami' offered several good opportunities for free publicity resulting in various publications and interviews in daily newspapers, magazines and radio broadcasts. RTL donated airtime in December and frequently broadcasted the TV-spot of the Foundation. But also on a smaller scale, the foundation presents itself through presentations in schools, at Trust funds and other institutions.

Evaluation and impact

There is no budget for communication. Evaluation takes place by evaluating the 'likes' on Facebook and the website visits. In addition, the report of the jury of the Transparent Award is carefully reviewed because it is considered an opportunity to learn lessons for future annual reports. The number of sponsors measures the impact of the marketing and communication actions. To improve communication and information a new website is under construction.





ORGANIZATION

Organization structure	
Contact details	<p><i>The Netherlands</i></p> <p>Sri Lanka Orphanage Foundation PO BOX 82261 2508 EG The Hague</p>
	<p><i>Sri Lanka</i></p> <p>Somawathi Saparamadu Trust No. 129 Dutugemenu Street Dehiwala</p> <p>Somawathi Home – Holland House of Hope Sri Udayamitta Nahimi Mawatha Idankissa Road Harumalgoda, Habaraduwa</p>
Registration	<p><i>The Netherlands</i></p> <ul style="list-style-type: none"> Chamber of Commerce number 27273221, The Hague Dutch Tax Services – ANBI Registration - Tax exemption - nr. 24269 CBF Certificate
	<p><i>Sri Lanka</i></p> <ul style="list-style-type: none"> NGO-registration FL-109304 'Voluntary Social Services / Non-Government Organization' Somawathi Saparamadu Trust Registration nr. 87358
Bank details	<p><i>The Netherlands</i></p> <p>Bank: ING Den Haag Name: Sri Lanka Orphanage Foundation Account number: ING 3211 City: The Hague IBAN: NL28PSTB0000003211 Swift/BIC code: PSTBNL21</p>
	<p><i>Sri Lanka</i></p> <p>Bank: People's Bank, Nugegoda – Sri Lanka Name: Somawathi Saparamadu Trust Account number: 1650108450 Branch number: 174 Swift/BIC code: PSBKLKXA 023</p>
Internet	<p>Website: www.weeshuissrilanka.nl or www.somawathihome.com e-mail: info@weeshuissrilanka.nl</p>



BOARD



Mrs. Marja J. van Leeuwen

Chairman - 1953
Appointed: 3 January 2005
Former Teacher Marketing and Communication

Side activity:
Trustee Somawathi Saparamadu Trust Colombo



Mrs. Saskia J. Pahud de Mortanges-Kroes

Treasurer - 1959
Appointed: 2 March 2005
Former Director Road Air Travel

Side activity
Trustee Somawathi Saparamadu Trust Colombo



Mrs. Marjolein H. Meerburg

Board member - 1972
Appointed: 23 Feb. 2013
Environmental manager and owner MMeer consultancy.



Mrs. Neeltje Turkstra

Board member - 1991
Appointed: 12 May 2015
Online Social media specialist



SOMAWATHI SAPARAMADU TRUST



Mr. W.A.S.D. Saparamadu

Trustee and Chairman
Son of the late Mrs. Somawathi Saparamadu, who donated the land and buildings to the Trust



Mrs. R.M. Saparamadu

"Founding Mother"
Trustee and member of the Management Team
Responsible for education, local culture, traditions and values



Mr. M. Saparamadu

Trustee and member of the Management Team
Responsible for construction work and infrastructural matters



Mr. N. Illeperuma

Trustee and Treasurer
Responsible for Financial management



Mrs. K. Wickremasinghe

Trustee
Responsible for licenses, Human Resource and Social Benefit program staff



Mrs. L. Boteju

Secretary of the Trust
Responsible for education and educational facilities in- and out-home children



Mr. Th.H.M. Broeke

Trustee
Responsible for quality control and investments

Side activity:
Advisor NRV Holiday



Mrs. Saskia J. Pahud de Mortanges-Kroes

Trustee
Responsible for quality control and investments, implementation of care plans and general follow up

Side activity:
Treasurer Sri Lanka Orphanage Foundation



Mrs. Marja J. van Leeuwen

Trustee
Responsible for quality control and investments, implementation of care plans and general follow up

Side activity:
Chairman Sri Lanka Orphanage Foundation



SUPERVISORY BOARD



Mr. M. (Marcel) de Rooij

Chairman - 1960
Appointed: 4 June 2008
Director Twynstra Gudde

Side activities:

Chairman Advisory Board
Radboud University Nijmegen,
faculty business administration
Member of Supervisory Board
RINO-Noord



Mr. Drs. J.A. (Anthony) de Monchy

Secretary - 1950
Appointed: 6 May 2009
Corporate Director of General
Affairs/Secretary of the
Executive Board
De Lage Landen



Mr. F.A.C. (Frank) van Ooijen

Board member - 1958
Appointed: 15 Nov. 2010
Director Corporate
Communication
Friesland/Campina

Side activities::

Member of the Reputation
forum the Netherlands (RfN)
Board member Stichting
Nederlands Visbureau



Mr. M. (Michael) Lentze

Board member - 1970
Appointed: 12 May 2015
Partner Notary Office
Ellens & Lentze

Side activities:

Member Association of
Mediators.



Mr. W.L. (Wim) Boone RA

Board member - 1945
Appointed: 30 Nov. 2006
Former partner Deloitte -
Chartered Accountant

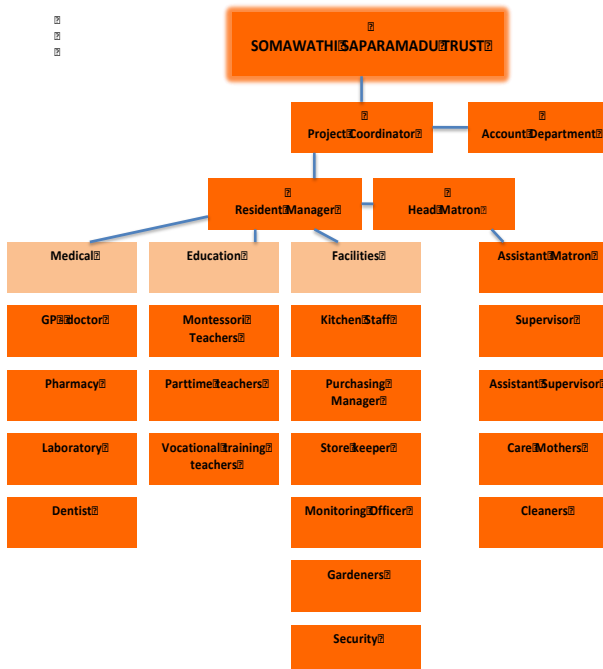
Side activities:

Commissioner NvT Beheer
Commissioner Depa Holding
Sector Coordinator Accountancy
& Financial Administration PUM.



ORGANIZATION SOMAWATHI HOME

In Somawathi Home a total of 65 staff members are employed (fulltime and part-time). All staff receives a salary and a health insurance is part of the package. The trustees receive no compensation for expenses.



PROCEDURES

In the Netherlands, the principle of management and control has been divided into two separate organs:

- I. The Board of the Sri Lanka Orphanage Foundation (hereinafter the Board)
- II. The Supervisory Board of the Sri Lanka Orphanage Foundation (hereinafter the Supervisory Board).

The different responsibilities of the Board and the Supervisory Board have been formalized in the Articles of Foundation. These Articles are public and are published on the website www.weeshuissrilanka.nl.

Biennially, the Supervisory Board evaluates the functioning of the Board on the results and the meeting of targets set. The findings are recorded in the minutes of the Supervisory Board meetings.

Before the Board starts executing its plans, these plans and budgets are reviewed and approved by the Supervisory Board. The actual realization of targets, performance, the progress of the project and the financial reports are regularly reviewed and evaluated by the Supervisory Board.

Before the Board shapes the implementation of its plans, these plans and the budget are submitted to the Supervisory Board for approval. This means pre-approval. The implementation of the plans, the progress of the project and the financial statements are subsequently reviewed by the Supervisory Board and evaluated. In addition to review and approval of the plans of the Board, the Supervisory Board also has an advisory role. Solicited and unsolicited advice can be given on investments, strategic decisions, fundraising, etc.

Supervision of the daily operational management of the project in Sri Lanka is the responsibility of Somawathi Saparamadu Trust. In addition to the Sri Lankan members of the Trust, two board members of Sri Lanka Orphanage Foundation are members of the Trust with the approval of the Supervisory Board. The Trust also has a third Dutch member. The Trust Agreement forms the basis of co-operation, and contains the conditions and responsibilities. None of the members of the Trust receive remuneration.

Part of the vision of the Sri Lanka Orphanage Foundation is that the on the spot, day to day operational management is carried out by local staff, all paid in accordance with local wage standards. The operational management drafts a progress report weekly. Monthly, consultations take place between the local members of the trust, the project coordinator and the resident manager.

The Trust, including the three Dutch trustees, meets every three months. At these Trust meetings, the progress of the project is discussed, as are operational matters. Also on the agenda are potential investments, the analysis of financial reports, quality, the impact of policies and improvement proposals. Minutes are made of these meetings. These minutes are summarized in the progress reports of the Board to the Supervisory Board.

I. PROCEDURES OF THE BOARD

The Board of the Sri Lanka Orphanage Foundation consists of four members. All members of the Board are volunteers and are supported by:

- the members of the Supervisory Board
- companies that provide expertise
- a team of volunteers that contribute to the implementation on a project basis.

The composition, powers and responsibilities of the Board are set out in 2014 in rules of procedure.

The Board is primarily responsible for fundraising for the Foundation. Also, strategy and policy, budget, annual plans and their implementation are the responsibility of the Board.

Project Monitoring and Policy

On average, Board meetings take place every two months. Intermediate special sessions are held on specific topics, such as the annual report on the fund-raising plan. During the meetings issues addressed will be:

- Strategic choices regarding fundraising and positioning
- Status and progress of fundraising activities
- Marketing activities and market approach
- Public relations activities (interviews, presentations, activities and actions in the country, etc.)
- Finance (status, asset management, liquidity, etc.)
- Labelled donations, their expenditure and accountability
- The state of affairs in the Somawathi Home and progress
- The time commitment, availability and feasibility in terms of deadlines
- Evaluation of:

>> The functioning of the Board and its individual members

>> The effectiveness of marketing activities initiated

Cost Control

The Foundation has an ambitious cost target. Overhead costs are minimal. Housing costs are non-existent, and also with regard to other costs, the Board is very critical. For the time being, the Foundation succeeded in getting practically all activities sponsored and / or 'in kind'.

Control Systems and Content Analysis

Because of the short lines within the organization, the frequent meetings and regular co-ordination of activities, the administration of the Foundation is very clear. Planned activities are frequently analysed and adjusted if necessary. Furthermore, minutes are made, there is a progress review and the donations are reported in a donation list each quarter.

Remuneration

The Articles of Association provide that the Board does not receive any remuneration. The Board members who are also part of the Trust visit the project approximately four times a year at the expense of the Trust. Once every two years, the other members of the Board visit the project with a ticket paid for by the Foundation, through which the commitment and motivation are maintained, they are kept informed of the progress of the project and the contacts are maintained.

The members of the Board receive no salary, expenses can be reimbursed. The chairman of the Board receives a reimbursement.

Schedule of Resignation

In 2008, a schedule of resignation was established for the Board with a term of five years. The members of the Board are appointed by the Supervisory Board. In accordance with the Articles of Association, a member of the Board who resigned in accordance with the schedule may be reappointed immediately.

Changes

In 2015, the board member Mrs. Ineke Roost has resigned and has been replaced by Mrs. Neeltje Turkstra.

Stakeholders

In addition to the Supervisory Board, the most important stakeholders are the sponsors and the professionals who support the Foundation with specific expertise.

The Supervisory Board, with its supervisory and advisory role, is the only stakeholder with direct influence on the policies of the Foundation. The influence of sponsors and external experts is confined to areas such as the management of the website, certification of buildings in Sri Lanka, or doing research on specific (sub) sectors and does not focus on the policies of the Foundation. The Foundation has no formal partnerships with other organizations in the Netherlands or Sri Lanka.



II. PROCEDURE OF THE SUPERVISORY BOARD

The Supervisory Board consists of five members, all from or with a background in business. The Supervisory Board supervises the policy of the Board and the general course of affairs of the Foundation.

Frequency of meetings

In accordance with the Articles of Foundation, the Supervisory Board should meet once a year. The actual frequency is twice a year to remain closely involved with the developments of the Foundation.

Discussion Points

Topics that will be discussed at the meetings of the Supervisory Board:

- Financial status, financial projections, fund-raising and asset management
- Annual Report
- Long-term vision for health care, education and future of the children
- Activities of the orphanage in relation to the desired scope of services of the orphanage
- External communication
- Composition and continuity of the Board
- Research and research proposals in support of the long-term vision for the orphanage and fundraising
- Progress reports, partly in relation to the long-term policy of the orphanage

Information

The Supervisory Board is informed by:

- Monthly progress reports
- Quarterly financial reports and semi-annual balance
- Newsletters
- Visits to the project in Sri Lanka
- Interim current events
- Individual interviews

Attendance

The majority of the Supervisory Board was present at the semi-annual meetings. With the external auditor separate discussions are held on the implementation of financial policy, the administrative organization and internal audit.

Activities

Apart from their supervisory duties, the members of the Supervisory Board feel closely involved with the development and activities of the orphanage. This resulted in, among others:

- Tapping into networks
- Personal visits to the project
- Support of various communication projects

Interventions

In 2015 no interventions occurred by the Supervisory Board. As shown in the evaluation, the Board Supervisory expressed its satisfaction with the work and achievements of the Board.

Changes

In 2015 Mr. Marcel Schuttelaar has resigned from the Supervisory Board and has been replaced by Mr. Michael Lentze.

Remuneration

The members of the Supervisory Board are unpaid and receive no structural or incidental expenses.

Schedule of Resignation

The members of the Supervisory Board are appointed for five years and may be reappointed immediately after this period.



III CO-OPERATION VOLUNTEERS

Co-operation with volunteers for the Sri Lanka Orphanage Foundation consists of:

- Professionals
- Ambassadors and volunteers

Professionals

A team of professionals is available to us to provide expertise where necessary. The professionals are called upon and their expertise is used regularly. Just as many professionals have visited the project, very different matters have been discussed individually. This ranges from advice in the areas of asset management, legal and tax matters, design and creativity, web design, printing, organization and development of the administration, construction and project management, to various other kinds of support. The group of professionals is an important target group, with which frequent contacts are maintained.

Ambassadors and Volunteers

In addition to the group of professionals, the Foundation has a solid core of about twenty volunteers and ambassadors, all very involved and committed to the project. Most volunteers have visited the project several times and maintain contacts within their region to share their experiences with the Somawathi Home and to raise money. Second, a set team of volunteers assists daily with various activities. In 2015, the Board organized a small meeting for ambassadors and volunteers to inform them about the progress and to enthuse them to develop fundraising activities. The meeting was very much appreciated and has resulted in some fun initiatives.

The help of volunteers on location of the project in Sri Lanka is limited. Where at the start a lot of help was needed to get infrastructural matters right, the project is now running under the full responsibility of local management.

Satisfaction Survey

A survey into the satisfaction of professionals, ambassadors and volunteers has never been done. The fact that each and everyone plays one's part, and that each of them is and remains devoted to the organization and regularly demonstrates his or her motivation, is sufficient for the Foundation.

Complaints

In 2015, the Foundation received no complaints.

Committee of Recommendation

In 2015, no special meeting for the members of the Committee of Recommendation was organized. At all presentations held, the members were unable to come. However, individual interviews were conducted.





PROCEDURE CO-OPERATION SRI LANKA

Procedure of the Trust

A Trust was founded in Sri Lanka based on Sri Lankan law. The ownership of the premises and the existing buildings has been lodged in the Somawathi Saparamadu Trust. The Trust Agreement provides the rules for co-operation, conditions and joint responsibilities. The Trust Agreement was concluded in consultation with and under the guidance of SJMS / Deloitte and is registered under No. 87358.

The Trust meets four times a year in Sri Lanka. In addition, there is almost daily contact by email and / or phone on current affairs.

During the trust meetings, matters discussed are amongst others:

- Investment in construction, infrastructure and operational issues
- Progress of construction
- Operational issues and progress of project
- Care plans and future of the children
- Educational and medical facilities
- Staff and organization
- Needs and requirements in consultation with the Probation (National Child Protection Authority)
- General affairs (insurance, environmental issues, water management, etc.)

The Trust supervises the operational management team on site (Somawathi Home) and the implementation and progress of the project. Every week, all trustees receive a comprehensive report of the resident manager about the state of affairs on the basis of a pre-aligned format (the 'weekly report'). Twice a year SJMS / Deloitte draws up the interim balance sheet.

Explanatory Notes to Other Positions Held

Two members of the Board are appointed as trustee in the Somawathi Saparamadu Trust. This combined function is to represent the interests of the Sri Lanka Orphanage Foundation in Sri Lanka, to represent the interests of the Trust in the Foundation, and to have insight into and to have co- decision powers in the operational and financial business management of the project in Sri Lanka. To monitor the vision and mission of the Foundation and the project, Mr. Th.HM Broeke has been appointed as a third Dutch trustee.

Remuneration

The Trust Agreement states that none of the trustees receive compensation / remuneration, excluding travel and subsistence costs of the Dutch trustees to visit the project. The Sri Lankan members of the trust receive no structural or incidental expenses.

Recruitment, Selection and Appointment of Trustees

The trustees are appointed for a period of three years. This will be extended for a further period after evaluation. In 2015 there have been no changes. Because of the advanced age of Mr. and Mrs. Saparamadu new trustees will be sought in future.

In 2014 the statutes of the Trust in Sri Lanka were adjusted whereby future trustees no longer need to be appointed within the Saparamadu family.



DILEMMAS AND RISK MANAGEMENT

Financial Dilemmas and Risks

Continuity Income

The Sri Lanka Orphanage Foundation has since its inception been entirely dependent on income from donations. Loss of revenue is therefore the main risk.

Every year, the Foundation has, in addition to a large number of loyal private sponsors, achieved a substantial part of its target by donations from corporations and foundations / capital funds. Most of these donations have been promised for a limited period of time. An important objective of the Foundation is therefore to find partners who want to commit themselves financially to the Sri Lanka Orphanage Foundation for a longer period of time, in order to keep the risk of failing to meet the financial targets to a minimum. In the past, this target has always been met. However, it takes more and more effort to meet this target, because by now the Foundation has approached / exhausted its own network. Finding new sources and networks is becoming increasingly difficult. To ensure continuity, this dilemma has been extensively discussed in the Long-Term Plan 2014-2019, which was drawn up in 2013. The Trust in Sri Lanka sees opportunities to increase fundraising in Sri Lanka and has started to develop initiatives, supported by the experience of the Foundation in the Netherlands. The Foundation will facilitate the Trust to become successful in this regard. In addition, the designated reserve will be gradually drawn on if the fundraising results are not satisfactory.

Management Reserves

The current designated reserve of the Foundation ensures that the project in Sri Lanka can be continued for a number of years, should sudden or unexpected events cause a stop of donations. The designated reserve of the Foundation is managed using interest-bearing accounts with respected banking institutions in order to obtain the highest possible revenues at the least possible risk. In light of the failing banks, the Foundation has in 2013 spread its funds over multiple banks in order to reduce the impact of a possible bankruptcy of a bank. The Foundation has never invested in shares or stocks, or in other high risk options. In 2015, this was reconsidered in view of the extremely low interest rates. The risks of investing are, however, considered being too large and it has again been decided to keep the funds in savings accounts.

Investment and commitment to the project will be done only on the basis of available assets. Given the available designated reserve, the successful fundraising in recent years and the lasting and committed involvement of sponsors, the Sri Lanka Orphanage Foundation anticipates that it can comply with its agreement with the Sri Lankan government regarding the continuity of the project required for the allocation of children to the project.

Reliability

It is essential for the Foundation that funds raised are spent correctly and reliably. The projects susceptibility to fraud is very small, thus reassuring sponsors that donations are actually fully spent on the project. The risk of fraud is limited due to the close contact with the Sri Lankan partner organization and regular audits taking place in Sri Lanka. In addition, Board members or professionals are regularly on site to monitor progress. Furthermore, there is of course the annual audit of the financial reports by Deloitte accountants, both in the Netherlands and in Sri Lanka.

Reputation Risks

The reputation of the Foundation and the Trust is very important to gain and to maintain the confidence of sponsors, but also for the allocation of children to the care of the orphanage by the Child Protection Authority of Sri Lanka. Things like fraud and / or corruption are prevented by the measures mentioned above. The quality and reliability of local staff is a decisive factor. The local partner organization is committed to ensure this quality by screening candidates extensively before they are taken on and by supervising the performance of the staff carefully.

For about one year the Trust in Sri Lanka is regularly confronted with negative reporting. This is activated by several members of the Saparamadu family against the trustees in the Somawathi Saparamadu Trust. A family dispute within the Saparamadu Family is the cause. The accusations of financial malpractice are not confirmed by Twynstra Gudde, SJMS Deloitte Colombo or Deloitte Netherlands. The Foundation does its utmost to limit possible reputation damage.

Organizational Continuity

The Sri Lanka Orphanage Foundation is managed solely by volunteers. The stability and continuity of the Dutch fundraising organization thus strongly depends on the quality and permanent devotion of these volunteers, together with the professional support from corporate organizations. Communication is therefore not only aimed at recruiting new sponsors, but also on keeping these volunteers informed and involved.

All operational activities are carried out by the Board. The deployment and time commitment are therefore more than is common for a board position. It has been found that it is not easy to draw new Board members. If a Board member resigns, this may temporarily result in an additional workload for other members, or in the setting of priorities. The Long-Term Plan 2014-2019 therefore also focusses on shifting (fundraising) capacity to the Trust in Sri Lanka.

Liability of the Board

The Board has regular internal assessments and the Supervisory Board assesses the Board biennially, in addition to the day to day monitoring tasks. Dilemmas and risks are shared and discussed and subsequently control measures are taken for which the Board takes responsibility. For the members of the Board, board liability insurance has been taken out.

Safety of the Children en Staff in Sri Lanka

To minimize the risks to the safety of children and staff of the Somawathi Home, measures have been taken in the field of fire safety, hygiene and health. Thus, there is a protocol related to the prevention of fire, all buildings are equipped with approved fire extinguishers and to the staff has been given fire safety training.

All children are vaccinated against infectious diseases. Now that many children have reached puberty, extra attention has been paid to sex education and boys and girls live separately.

Security posts have been built at the various entrances of the premises. They are manned 24 -hours a day, so that the safety of the children can be guaranteed optimally. In addition cameras have been installed to monitor both children and staff better.

Also, for all employees a calamity fund has been established from which benefits are provided in case of, for example long-term disability. Since the end of the civil war in 2009, the political situation is relatively stable. The likelihood of general security risks in the region is small to very small.





FUNDRAISING AND COST OF FUNDRAISING

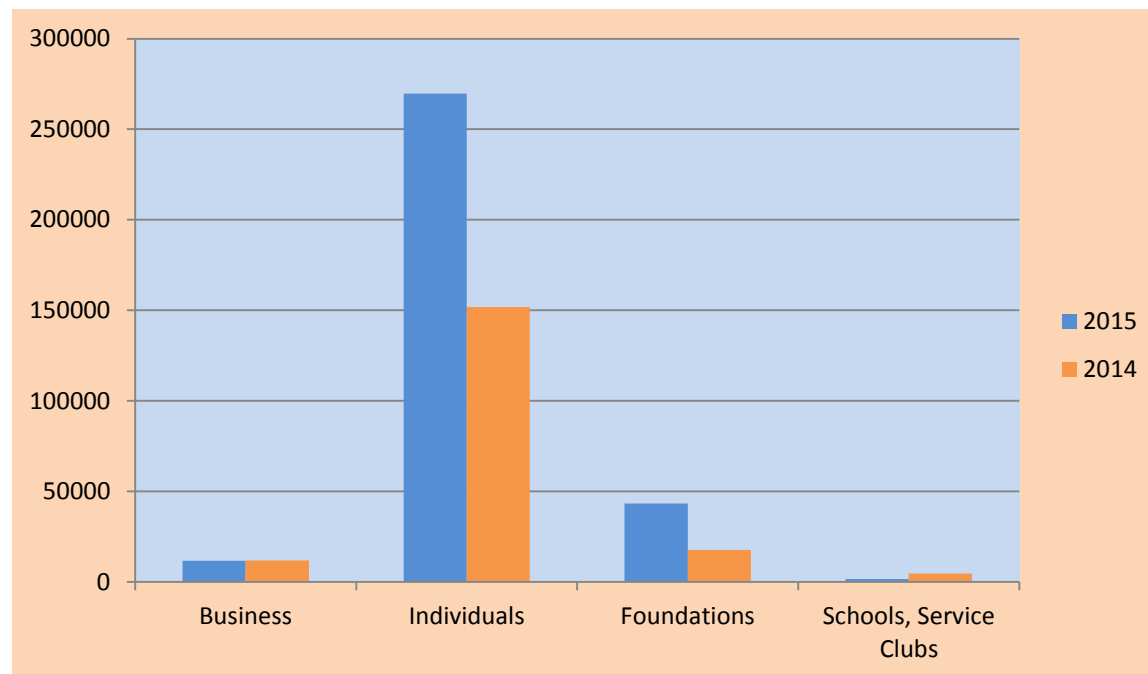
Sri Lanka Orphanage Foundation tries with limited resources and with a low investment to achieve results as efficiently and effectively as possible. For now it is a deliberate and strategic choice to spend no costs on paid advertisements and fundraising actions. So far, all fundraising activities are offered to the Foundation and each activity is carefully considered whether the action is in line with our policy.

Sri Lanka Orphanage Foundation is, for cost reasons, not affiliated with the trade association VFI, we endorse the code of conduct of the Commission Wijffels and we use the guidelines of this Committee in our policy.

In 2015 the Sri Lanka Orphanage Foundation raised € 326,010 in donations and has met the objective of € 175,000 in fundraising. Compared to 2014 there is an increase in donations of € 140,421. The donations in the segments individuals and foundations are much higher than in 2014. This is among other things due to two received legacies. The total amount received in donations has resulted to the satisfaction of the Board resulted to a higher result that budgeted.

Sponsors	2015 €	2014 €	Delta €
Business	11,620	11,756	-136
Individuals	269,671	151,778	+117,893
Foundations	43,294	17,584	+25,710
Schools, service clubs	1,425	4,471	-3,046
Total	326,010	185,589	+140,421

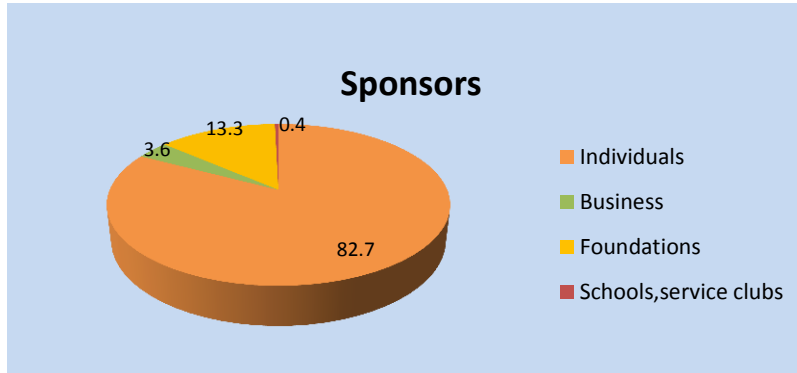
In 2015 the foundation received € 326,010 in donations, divided as follows:





Sponsors	2015	2014	Delta
Individuals	82.7%	81.7%	+1.0%
Business	3.6%	6.4%	-2.8%
Foundations	13.3%	9.5%	+3.8%
Schools, service clubs	0.4%	2.4%	-2.0%

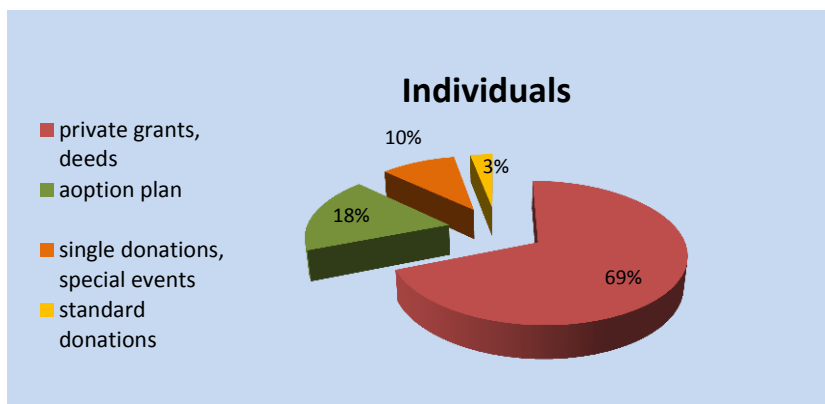
The subdivision by category sponsors 2015 in % is as follows:



The category Individuals is the largest contributor in 2015 and can be subdivided as follows:

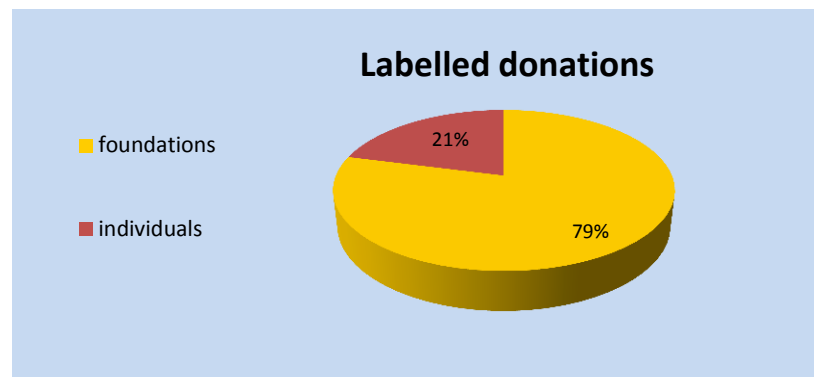
Individuals	2015 €	2014 €	Delta €
Private grants, deeds	184,847	66,273	+118,574
Adoption plan	49,456	55,571	-6,115
Single donations, special events	27,350	20,822	+6,528
Standard donations	8,018	9,112	-1,094
Total	269,671	151,778	+117,893

The category Individuals is subdivided in % as follows:



**Labelled donations in 2015:**

Sponsors	2015 €	2014 €	Delta €
Foundations	42,000	16,500	+25,500
Business	0	0	0
Individuals	11,335	0	+11,335
Schools, service clubs	0	3,900	-3,900
Total	53,335	20,400	+32,935

Labelled donations in 2015 in %:**NOTES TO FUNDRAISING**

Individuals	<ul style="list-style-type: none"> The category of <i>donations, bequests</i> consists of donors who donate either through a notary deed or standing order. The foundation received in 2015 the total amount of € 184,847 in donations and bequests. In 2015 the foundation received two legacies, in total € 154,239. This is the cause of increase in this category. The category <i>adoption</i> plan of monthly collections consists of mostly private sponsors who have adopted a plate, cup, bed or scholarship for a longer period of time. At year-end 2015, the number of monthly sponsors totaled 324. Although the number of sponsors and the donated amounts fluctuate yearly, this category generates a constant source of revenue and the foundation has received the amount of € 49,456. Compared to 2014 there is a decrease of 10% revenue from this category donors. In 2015 the amount of € 27,350 was donated in separate <i>private donations</i>. This concerns the proceeds of birthdays, anniversaries and other special occasions of individuals who like to use the occasion to raise funds for the foundation. Private individuals who donated a fixed amount monthly accumulated to € 8,018 in 2015.
Special Events	<ul style="list-style-type: none"> Volunteers and ambassadors of the foundation regularly organize activities in the country. These funds are raised among family and friends and spend in Sri Lanka in consultation with the local management. At Albert Heijn in Dordrecht and Schiedam customers could donate their deposit receipts to the foundation. The total revenue in 2015 amounted to € 5,753.
Business	<ul style="list-style-type: none"> The Foundation has not succeeded in 2015 to find new structural business support. Due to the current poor economic conditions companies are less likely to commit to a charity.
Foundations	<ul style="list-style-type: none"> In 2015 we managed to raise funds from foundations and a total of € 43,294 in donations has been received from foundations. A raise of 60% compared to last year!
Schools & service clubs	<ul style="list-style-type: none"> Schools, associations and clubs organize actions in the country and their proceeds will benefit charities. In 2015 the Foundation did not succeed to receive many donations from this category.



Labelled donations	<ul style="list-style-type: none"> In 2015, 20% of the donations are labelled for specific purposes e.g. education, medical care, clothing and computers etc. The foundation started issuing six years ago a list of 'sponsor propositions' and has complied with a clear need for donors to donate funds for a specific purpose. Funds for school uniforms and school necessities were raised in 2015 through the Facebook account of the foundation.
Other income	<p>Visitors of the Somawathi Home regularly made cash donation in Sri Lanka. These funds are not included in the financial statements of the Sri Lanka Orphanage Foundation, but they are worth mentioning.</p> <p>In 2015 the amount of € 7,229 in cash donations was received in Sri Lanka. Also the Somawathi Home introduced an almsgiving program for meals in 2015 in Sri Lanka and received the amount of € 11,250 in almsgivings. The revenues in Sri Lanka are directly deposited into the bank account of the Somawathi Home and are included in the audit, prepared by SJMS /Deloitte Colombo.</p>

COST AND COST PERCENTAGE OF FUNDRAISING:

	2015 €	2014 €
Cost of Fundraising and cost percentage of fundraising		
Budget income fundraising	175,000	165,000
Budget cost fundraising	9,000	7,000
Budget cost percentage fundraising	5.1%	4.2%
Income fundraising	326,010	185,589
Cost fundraising	4,875	3,638
Realised cost percentage fundraising	1.5%	2.0%

The Foundation maintains a standard of up to 5% 'cost of fundraising' in 'income own fundraising' and has not exceeded this standard to date. An event was organized in March 2015 to celebrate the 10th anniversary of the project together with sponsors and donors. Next to this event, few costs were made for the purpose of fundraising activities. They include a number of mailings and telephone charges to fix and potential new donors and a number of targeted mailings to the business community. Unfortunately, these mailings have not resulted in a new (main) sponsor.

The fundraising costs of the Foundation have a general nature and cannot be booked at a specific category of donations. Therefore it is neither relevant nor possible to make an analysis of the fundraising costs per category.

Most of the means and costs for fundraising are offered free of charge by loyal business relations. Other costs such as travel costs to attend meetings, give presentations, or telephone costs are paid personally by most of the Board members. Only telephone costs and travel expenses to give presentations are reimbursed to the chairman of the foundation. The board is unpaid and the Foundation has no employees.

In the budget it is taken into account that current sponsors stop their donations in kind. Presently the Foundation is looking for a printing and editing firm to sponsor in kind.



EVALUATION AND CONCLUSIONS

In 2015 the amount in donations totaled approximately to the same amount as in 2014. The drop in fundraising compared to all previous years stabilized. After ten years, the foundation no longer has a main sponsor and public attention for the project is greatly reduced. In 2015, the Foundation received an unexpected second bequest which increased the budgeted € 175,000 in fundraising. The conclusion of the Foundation to expand fundraising activities in the future years to Sri Lanka appears to be wise.

- The private donor is also in 2015 the largest group of sponsors and remains a loyal and very valuable target group for the Foundation. In total approximately € 118,000 more in private donations has been received, mainly within the segment notarial deeds/legacies. The others segments adoption plan and fixed donations showed a slight decrease of income of 10%. The focus on getting significantly more fixed adopters through the use of social media, has failed unfortunately. The number of permanent adopters has dropped with approximately 10%. However, the use of social media for fund raising for a specific purpose is very successful.
- Focus on the business sector remains necessary. The Foundation is still trying to extend its permanent partners with labelled multi-year donations, despite the economic crisis. For this purpose an elaborated sponsor proposition programme has been developed in order to approach and inform the business sector. In 2013, company 'De Lage Landen' has contributed its final donation which had a major impact on the share of donations received from the business sector. In 2015, the share of donations from the business sector decreased to 3.6%.
- In the current economic situation it is not likely that a new main sponsor of the same calibre and commitment to the Foundation will be found.
- Foundations and Trust funds are like the business sector an important target group. In 2015 we managed to receive donations of new foundations and received sponsorship of € 43,294. The Foundation will continue to focus on this target group in the upcoming years. In 2015, the Foundation has not received donations from government authorities.
- Labelled donations of the 'Sponsor Propositions Programme' are a great success. For 2016, the Foundation will release a renewed programme in order to meet the request for specific labelled donations. With the use of social media private individuals will also be approached for labelled donations and the almsgiving programme of the Somawathi Home.
- Schools and service clubs have contributed in 2015 only 0.4% of the total received donations. The Foundation continues to focus together with the ambassadors and volunteers actively on this target group.

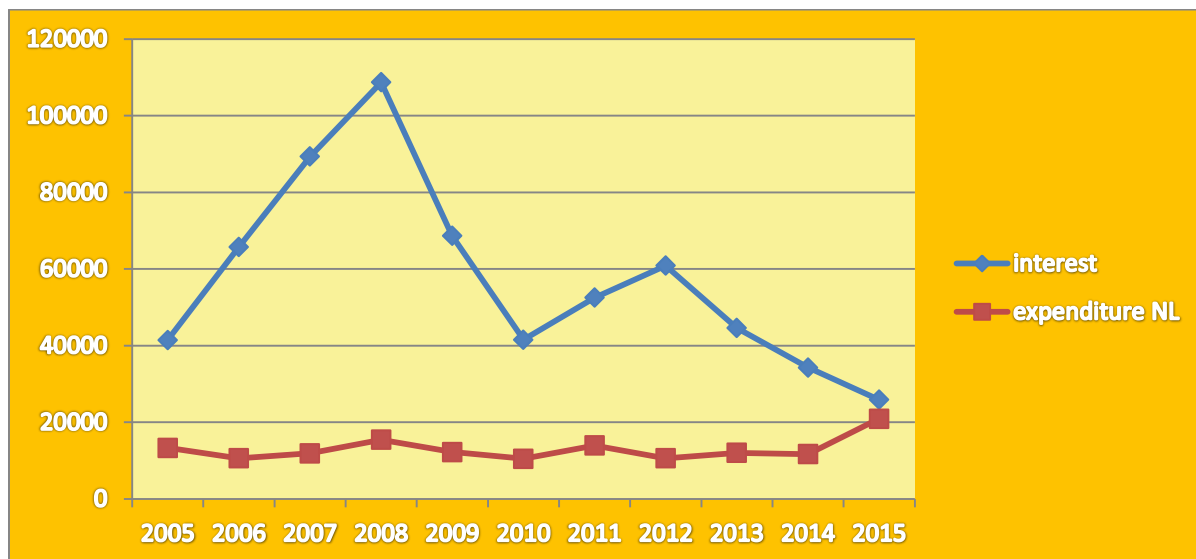
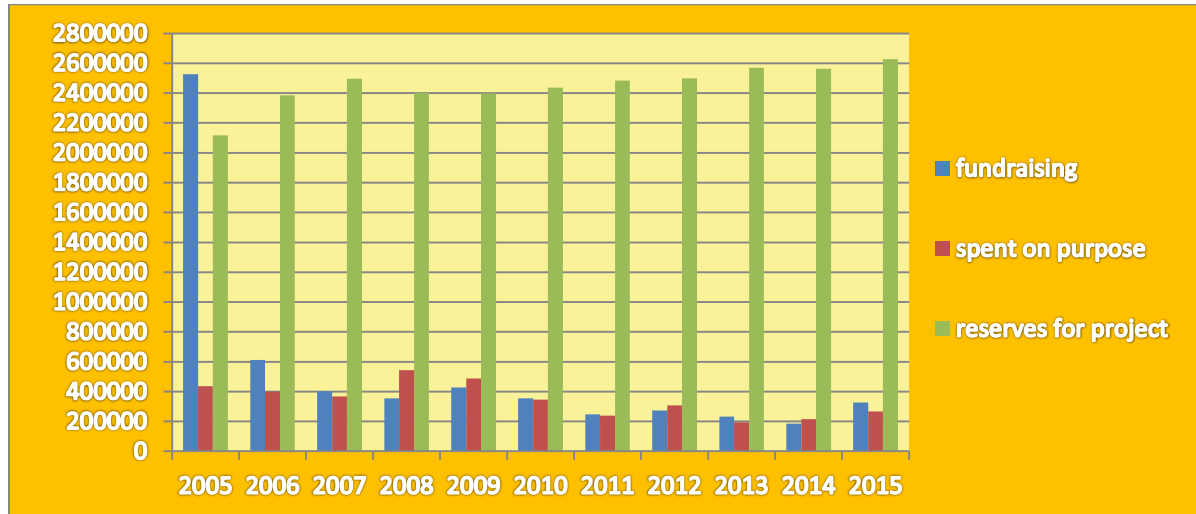
FINANCIAL REPORT

2015





KEY FIGURES 2005-2015



2015	Income own fundraising 2015	326,010	
	Interest 2015	25,880	
	Expenditure the Netherlands 2015	20,921	
	Spent on purpose Sri Lanka 2015	266,502	
	% overhead	5.9%	
	Expenditure ratio to purpose Sri Lanka	76%	
	Result ultimo 2015		2,628,460
2005 - 2015	Income own fundraising 2005 - 2015	5,941,385	
	Interest 2005 - 2015	633,409	
	Total income 2005 - 2015	6,574,794	
	Expenditure the Netherlands 2005 - 2015	143,004	
	Spent on purpose Sri Lanka 2005 - 2015	3,803,330	
	% overhead 2005 - 2015	2.2%	
	Expenditure ratio to purpose Sri Lanka 2005 - 2015	58%	
	Total expenditure 2005 - 2015	3,946,334	
	Income minus expenditure = result ultimo 2015		2,628,460



FINANCES 2015-2016

Finances	Budget 2015	Realised 2015	Budget 2016
Income own fundraising NL	€	€	€
Adoption plan	50,000	40,572	35,000
Donations and gifts	150,000	285,438	150,000
Interest revenues	25,000	25,880	15,000
Total income own fundraising NL	225,000	351,890	200,000
Cost own fundraising NL			
Office expenses	6,000	6,116	6,000
Travel expenses	4,000	2,628	4,000
Auditors fee	4,000	4,840	5,000
Bank charges and insurances	2,000	1,489	2,000
Membership fees	1,000	973	1,000
Marketing/PR	8,000	4,875	7,000
Total cost NL	25,000	20,921	25,000
Total available for purpose	200,000	330,969	175,000
Expenditure Somawathi Home Operations			
Staff salaries	65,000	65,213	68,000
Food	65,000	68,018	68,000
Security	22,000	24,408	25,000
Gas, water, electricity	15,000	12,572	13,000
Office expenses, telephone, internet	4,000	4,721	5,000
Clothing	2,500	2,394	2,500
Transport and maintenance vehicles	1,000	3,021	3,000
Insurances, bank charges, auditors fee	3,000	3,730	4,000
Saving account in-home children	5,000	4,776	5,000
General costs	8,500	12,362	15,000
Support costs Trust	5,000	12,500	12,500
Total Somawathi Home Operations	196,000	213,715	221,000
Somawathi Education			
Scholarships out-home children and saving accounts	1,500	0	0
Teachers	8,000	6,824	7,500
Education materials	3,000	3,337	2,500
Montessori pre-school and nursery	3,500	3,427	3,500
School uniforms	2,000	1,734	2,000
Vocational Training Programme and ICT	6,000	7,308	7,500
Total Somawathi Education	24,000	22,630	23,000
Somawathi Medical Care			
Salary G.P. and staff salaries Medical post	4,000	3,651	4,000
Dental post incl. salary dentist	1,500	988	1,000
Pharmacy incl. medication	2,000	1,768	2,000
Laboratory costs incl. staff	2,000	1,235	1,500
Medical Camps	500	0	500
Total Somawathi Medical Care	10,000	7,642	9,000
Total costs Somawathi Home	230,000	243,987	253,000
Construction and maintenance	15,000	22,515	25,000
Depreciation	50,000	50,000	50,000
TOTAL	295,000	316,502	328,000

**EXPLANATION BUDGET AND REALISED IN 2015 AND BUDGET 2016****INCOME OWN FUNDRAISING THE NETHERLANDS**

Adoption plan and donations	In 2015, the regular donations via the Adoption-plan : plate / bed / cup / Scholarship slightly decreased. A number of regular donors cancelled after years , but new donors were recruited. For 2016, the Foundation expects the slight decrease in number of regular donors will continue. The amount of grants and donations is higher than budgeted in 2015 due to two bequests . Without the legacies, the budget would not have been met.
Interest	The interest received is in line with the budget. For 2016 lower interest rates are expected than 2015.
Conclusion	For 2016 significantly lower Income own fundraising is estimated.. The Foundation expects 10 years after the Tsunami not to raise the same amount of funds in the Netherlands and plans to redirect part of the fundraising to Sri Lanka.

COST FUNDRAISING AND OFFICE EXPENSES THE NETHERLANDS

Fundraising and office expenses	Fundraising costs were lower than budgeted in 2015. The Foundation leases no office space and is free of charge established at home of the initiator . Office costs are higher than budgeted for due to printing costs which are no longer sponsored and initial costs for redesign of the website. In March 2015 the 10 th anniversary of the Foundation was celebrated together with sponsors and donors. Marketing and P.R costs were made for this event. In 2016 the Foundation expects to maintain the same cost level with the previous year.								
Support in the Netherlands	A number of companies supports the Foundation with free services and advice for the amount of : <table> <tr> <td>JC Group</td><td>€ 2,500</td></tr> <tr> <td>StudioMix</td><td>€ 10,000</td></tr> <tr> <td>Administraton office OFIR</td><td>€ 2,000</td></tr> <tr> <td>Notary Firm Ellens & Lentze</td><td>€ 2,000</td></tr> </table>	JC Group	€ 2,500	StudioMix	€ 10,000	Administraton office OFIR	€ 2,000	Notary Firm Ellens & Lentze	€ 2,000
JC Group	€ 2,500								
StudioMix	€ 10,000								
Administraton office OFIR	€ 2,000								
Notary Firm Ellens & Lentze	€ 2,000								
Volunteers	The Foundation has no paid employees and has an unpaid Board and Supervisory Board. Moreover the Foundation is supported by a team of volunteers. On a weekly basis approximately 120 hours (three FTE's) in time is spent on the Foundation voluntarily and unpaid.								

EXPENDITURE SOMAWATHI HOME OPERATIONS

Staff salaries, food, security, Fuel/water/electricity	These four items of expenditure determine together about 85% of the operational costs of the Somawathi Home. Compared to the budget 2015 in particular the cost of food and security are higher than budgeted and the salary costs and the energy and water costs slightly lower than budgeted. In total these four cost present 85% of the operating costs. In the budget for 2016, account shall be taken of an increase in costs for staff. The security is outsourced. The foundation aims to stabilize the total expenditure.
Other expenses	The remaining 15% of the operating cost includes transportation and maintenance of the vehicles. The general costs including Trust expenses are significantly higher than budgeted for. This is due to the appointment of an assistant to the Trust. For 2016 the budget is adjusted accordingly. The other expenses are fairly stable and in line with the budget.
Conclusion	Total actual cost 2015 are about 7% higher than budgeted. This is largely due to the weak Euro. The project expenses 2015 in Sri Lanka Rupee are stable. For 2016 an increase of 4% operating costs are budgeted for.

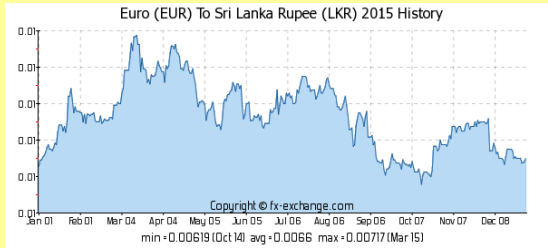
Expenditure Somawathi Home Education

Education	The out-home children with a scholarship is phased out after 10 years. A number of teenagers will leave high school annually in the coming years and a rise to cost for learning a craft is expected.
Conclusion	The total actual education costs 2015 are in line with the budget. For 2016 few mutations are expected other than more vocational education.

Expenditure Somawathi Medical Care

Somawathi Medical Care	In 2015 no Medical Camp was organised and the eye clinic has been out sourced.
Conclusion	The total actual costs for medical care are 25% lower than budgeted. Although the medical post has been extended to 1500 patients, no large increase in costs is expected for 2016.



Construction Work and maintenance	
Water Supply	2015 involved expenditure for multiple connections on the water network of the project.
Maintenance	In 2015 general maintenance work on the living pavilions which will be continued in 2016.
Conclusion	Total actual cost for maintenance and construction is higher than budgeted, for 2016, a higher amount is budgeted. If necessary, the budget can be extended.
Depreciation	<p>As of 2007 the depreciation has been incorporated as follows in the annual audit of SJMS/Deloitte Colombo :</p> <ul style="list-style-type: none"> Buildings > 20 years Equipment > 3 years Furniture > 5 years ICT > 2 years
Inflation	<p>For 2015 the average inflation of Sri Lanka has been determined on 0.9% (Source : http://www.tradingeconomics.com/sri-lanka/inflation-cpi). The foundation manages its funds in the Netherlands in euro credit balances. An amount for construction and for operational costs is remitted monthly to the Trust in Sri Lanka. The average rate of the Sri Lanka Rupee has been determined during the year 2015 on 151 with regard to the Euro. The actual expenses of the foundation are made in Sri Lanka Rupee. Due to the 13% less favourable exchange rate of the Euro in 2015, the operational costs have increased with 7%. However, the fluctuation of the exchange rate and the development of cost of living remains a point of attention. The budget is made in Euros. An exchange rate of 150 has been used for budgeting purposes for the coming five years.</p>
History Exchange Rates	<p>Covered term 01 January 2015 - 31 December 2015</p> <p>History Exchange rates Evolution of the Euro to the Sri Lanka Rupee http://eur.fx-exchange.com/lkr/exchange-rates-history.html</p> <p>Max. 163.3179 LKR (11 February 2015) Min. 139.4328 LKR (15 March 2015) Average 151.7854 LKR</p>  <p>Copyright © fx-exchange.com min = 0.00619 (Oct 14) avg = 0.0066 max = 0.00717 (Mar 15)</p>



FINANCIAL PROGNOSIS 2016

Fase ultimo	first 5-years					second 5-years					3rd 5 yrs.	4th 5yrs.
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	t/m 2030	t/m 2035
	€ 100K	€ 100K	€ 100K	€ 100K	€ 100K	€ 100K	€ 100K	€ 100K	€ 100K	€ 100K	€ 100K	€ 100K
Income												
* expenditure NL	185	125	125	110	110	110	100	100	100	100	400	300
* interest NL	15	15	15	15	15	30	29	29	27	25	80	30
* income / savings SL	30	40	50	60	70	80	80	80	90	90	500	500
Expenditure												
* fundraising NL	25	25	25	25	25	25	25	25	25	25	125	125
* operational costs SL	255	255	255	260	260	265	265	265	270	270	1,375	1,375
* maintenance SL	25	25	25	25	25	25	25	25	25	25	125	125
* depreciation SL	50	50	50	50	50	50	50	50	50	50	250	250
Net result	-125	-175	-165	-175	-165	-145	-156	-156	-153	-155	-895	-1,045
Reserves	2,343	2,168	2,003	1,828	1,663	1,518	1,362	1,206	1,053	898	3	-1,042
Cashflow												
* correction depreciation	50	50	50	50	50	50	50	50	50	50	250	250
Cashflow	2,443	2,318	2,203	2,078	1,963	1,868	1,762	1,656	1,553	1,448	803	8

At the request of the child protection in Sri Lanka the Somawathi Home will continue during the next two decades to give care to orphaned and abandoned children. To be able to honour this request a long-term financial forecast is drawn up and included in the Long-range plan of the Foundation. Main principles:

- Expected trend in decline in annual revenues of the Sri Lanka Orphanage Foundation in the Netherlands in fundraising
- Continuous low interest revenues in the Netherlands
- Destination reserve for project in the Netherlands will be used and phased out
- The cost of fundraising of Sri Lanka Orphanage Foundation will increase
- Trust in Sri Lanka will be responsible for local fundraising
- Realize project savings in Sri Lanka e.g. in the field of energy consumption
- Operational project costs will increase in Sri Lanka



FINANCIAL STATEMENTS 2015





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**BALANCE SHEET DECEMBER 2015****DESTINATION AFTER BALANCE INCOME AND EXPENDITURE**

ASSETS		31.12.15	31.12.14
		€	€
1.1	Accounts receivable and Accrued income		
	- Interest	25,720	33,877
		25,720	33,877
1.2	Cash		
	- Deposit accounts	2,583,690	2,511,960
	- Current accounts	23,890	21,350
		2,607,580	2,533,310
		2,633,300	2,567,187
LIABILITIES		31.12.15	31.12.14
		€	€
2.1	Capital and reserves		
	Reserves		
	- continuity reserve	2,568,322	34,258
	- reserves for projects	60,138	2,529,735
		2,628,460	2,563,993
2.2	Current liabilities		
	- Costs to be paid	4,840	3,194
		4,840	3,194
		2,633,300	2,567,187

STATEMENT OF INCOME AND EXPENDITURE 2015

	Realised 2015	Budget 2015	Realised 2014
	€	€	€
3.0 Income			
3.1.1 Income general fundraising	171,771	185,000	135,589
3.1.2 Income from stock/ interest	25,880	25,000	34,258
3.1.3 Legacy	154,239	15,000	50,000
TOTAL INCOME	351,890	225,000	219,847
3.2 Expenditure			
Spent on purpose			
3.2.1 Somawathi Home	243,987	230,000	206,422
3.2.2 Somawathi Construction	22,515	15,000	8,575
TOTAL SPEND ON PURPOSE	266,502	245,000	214,997
3.3 Costs income			
3.3.1 Costs own fundraising	4,875	9,000	3,638
Management and administration	16,046	16,000	8,055
3.3.2 Costs management and administration	20,921	25,000	11,693
TOTAL EXPENDITURE	287,423	270,000	226,690
RESULT			-6,843
Appropriation of net result			
Addition / withdraw			
- Continuity reserve	25,880	25,000	34,258
- Reserve for projects	38,587	-70,000	-41,101



ACCOUNTING POLICIES 2015

General

The annual reporting of the Balance of Income and Expenditure has been compiled according to the recently revised guidelines RJ 650 for fundraising institutions. All the specified amounts are in Euros. Unless otherwise stated, assets and liabilities are presented at face value. Income and expenses are accounted for on an accrual basis.

Accounting policies for the valuation of assets and liabilities

Accounts receivable and accrued income: Accounts receivable are stated at face value, less an allowance for possible uncollectible amounts.

Reserves

The surplus or operating loss of the financial year will be added or subtracted from the reserves.

From the financial year 2014 revenue of reserves and funds will be added to the continuity reserve in order to ensure that in the future the cost of management and administration and own fundraising are secured.

The reserves for projects will be used to support the needs of the construction and the operational costs of the Somawathi Home Holland House of Hope and the medical and educational programs for the region.

Income from own fundraising

Income own fundraising states all received gross donations, gifts and interest during the financial year.

Costs own fundraising

All costs directly related to the fundraising activities are included. In 2015 this includes representation costs on behalf of presentations and telephone and postage fees. In March 2015 an event was organised to celebrate the 10th anniversary of the project.

Costs management and administration

This includes all the office costs of the Dutch foundation, the auditors fee, the CBF-fee and travel expenses to Sri Lanka.

Spent on purpose

All direct support and contributions spent on the purpose of the foundation during the financial year are part of the aid programme to support the orphanage. Contributions are chargeable to the financial year in which payment takes place.

NOTES TO THE BALANCE SHEET 2015

1.1 Accounts receivable and accrued income

The item accounts receivable and accrued income concerns an interest claim (€25,720) and is composed out of statements given by various banks, as well as a calculation of the bank fixed deposits.

1.2 Cash

This item concerns reserves placed in short term deposits, as well as the funds in current accounts and cash at the bank.

The Sri Lanka Orphanage Foundation does not hold any shares and is not an investor.

The Sri Lanka Orphanage Foundation makes sure that all assets are deposited in accounts that immediate withdrawal to fund the project is possible. Funds not needed on a short term basis are deposited in interest saving accounts. The total funds on interest saving accounts can fluctuate yearly.

2.1 Reserves

The foundation capital has increased in 2015 by € 35,857 due to an unexpected legacies. The budget of 2015 expected an decrease of the foundation capital.

2.1.1 Freely disposable reserves

The development of freely disposable reserves for projects	2015	2014
	€	€
Balance per January 1	2,529,735	2,570,836
Appropriation of net result	38,587	-41,101
Balance 31 December	2,568,322	2,529,735

The surplus or operating loss of the financial year will be added or subtracted from the reserves.

The reserves will be used to support the needs of the construction and the operational costs of the Somawathi Home Holland House of Hope and the medical and educational programs for the region.

The development of continuity reserve	2015	2014
	€	€
Balance per January 1	34,258	0
Appropriation of net result	25,880	34,258
Balance 31 December	60,138	34,258



From the financial year 2014 revenue of reserves and funds will be added to the continuity reserve in order to ensure that in the future the cost of management and administration and own fundraising are secured.

Reserves

Sri Lanka Orphanage Foundation is committed to funding the operational costs of the Somawathi Home for as long as there is a need for this form of childcare in Sri Lanka. The Foundation operates - in accordance with the agreements made with the child-protection of Sri Lanka - a continuity reserve that guarantees the exploitation of the Somawathi Home for several years.

2.2 Current liabilities

This concerns the auditors' fee regarding the financial year 2015.

2.3 In advance received income

In 2015 no amount has been received as an advance received income.

2.4 Contingent assets and liabilities

The Sri Lanka Orphanage Foundation is recognized by the Dutch Tax Law as a charitable institution as mentioned in article 24, paragraph 4 of the Succession Law 1956. The Sri Lanka Orphanage Foundation has been recognised in 2007 as an ANBI- institution 24269.

NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE 2015

3.0. General analysis on the statement of income and expenditure 2015

Aid

The Sri Lanka Orphanage Foundation was founded within days after the tsunami disaster and has one sole aim in humanitarian aid being raising funds for the construction and operation of the Somawathi Home Holland House of Hope in Sri Lanka including financing the facilities for the in-homes of the project and the people leaving in the region, guaranteeing the long term continuity. During 2015 the focus has been on implementing and monitoring the improved internal educational programmes and job orientation programmes for a group of teenagers in the Somawathi Home. As of December 2015 the Somawathi Home offers permanent housing to 116 children, day-care at the Montessori pre-school and nursery school to 45 children from the village and medical care to 1,500 patients from the region.

Fundraising

The Foundation has obtained the revenues in 2015 from various sources: private individuals, corporate accounts, schools, associations, clubs, service-clubs and others.

During the past year an amount of over € 326,010 was donated and the Foundation is very pleased with the achieved result. This includes two legacies, in total € 154,239. From regular fundraising the total amount of € 171,771 which is slightly lower than expected. The project reserve is important for the continuity of the project. The Child Protection Authority in Sri Lanka has requested to keep the raised funds in 2005, the year after the Tsunami, as a capital reserve. Sri Lanka Orphanage Foundation is a new initiative and doesn't have a decennia long track record in aid programmes in Sri Lanka. The risk of decreasing the capital reserve by a loss on the stock market and therefore no longer meeting up to the commitment to the child protection authority, is a major reason for the Foundation not to invest in shares.



3.0 Income

All donations and gifts will be used to support the only aid project of the Foundation: the Somawathi Home Holland House of Hope and all her activities at Harumalgoda, Habaraduwa, Sri Lanka. For a detailed explanation on fundraising, see social annual report, chapter Fundraising.

3.1. The results own fundraising can be categorized as follows:

	€	€
General donations	77,864	
Donations via standing orders	40,572	
Total Income		118,436

3.1.1 Income from labelled fundraising 2015

Foundation Campo Verde for education	28,000	
Foundation Pelgrimshoeve for medical care	1,000	
Foundation Talpa for medical care	5,000	
Foundation De Beer Stichting for vocational education and training	8,000	
Private sponsor for solar panels	11,335	
Total income labelled fundraising		53,335
TOTAL INCOME OWN FUNDRAISING		

3.1.2 Income from interest 2015

Interest revenues	25,880	25,880

3.1.3 Other Income 2015

Legacy Mrs. Kousbroek	76,800	
Legacy Mrs. Vader	77,439	
Total Legacies		154,239
TOTAL INCOME		351,890

3.2 Spent on purpose

In 2015 the total amount of € 266,502 has been transferred to the de Somawathi Saparamadu Trust. The money has been spent on maintenance work, operational costs of the Somawathi Home, monthly donations to the children living with extended families programme, the education facilities for both the in- home and out- home children as well as the medical post. The total operational and maintenance costs were € 266,502. SJMS Associates, Chartered Accountants, Colombo, Sri Lanka has audited the 2015 annual accounts of the Trust and issued the control statements on 25th of March 2016. During 2015 no major investment related to construction was necessary, but more attention was given to general maintenance work. Deloitte Netherlands has audited the Dutch Sri Lanka Orphanage Foundation and issued the control statements on 27th of June 2016.

**3.2.1 Somawathi Home Operations 2015**

	€	€
Operational costs Somawathi Home, Education and Medical Post	Realised 2015	Budget 2015
Operational costs Somawathi Home	213,715	196,000
Somawathi Home Education	22,630	24,000
Somawathi Home Medical Post	7,642	10,000
Total spent on purpose Somawathi Home Operations	243,987	230,000

3.2.2. Somawathi Home Construction 2015

	€	€
Somawathi Home Construction	Realised 2015	Budget 2015
Maintenance and repairs to living pavilions	22,515	15,000
Total spent on purpose Somawathi Home Construction	22,515	15,000

Total Somawathi Home Operations	243,987	230,000
Total Somawathi Home Construction	22,515	15,000
Total spent on purpose Operations and Construction 2015	266,502	245,000

Operational costs

Total operating costs are significantly higher in 2015 than initially budgeted, especially the operational costs. There are a number of apparent reasons. The budget has been drawn up in Euro's, however, spending is in Sri Lanka Rupees. The exchange rate fluctuates and the drafting of the budget is based on an average conversion rate of 160. The actually achieved average conversion rate is at the end of 2015: 149. This means a difference of 9% higher expenditure in Euros. In 2015 local and foreign visitors to the Somawathi Home have donated to the project both in cash and in goods. These donations are not included in the Dutch financial statements and are spent locally directly on the project. The donations are included in the annual accounts drawn up by SJMS Deloitte Sri Lanka. In total locally directly donated in 2015:

- Cash € 18,479 including 62 fully or partly sponsored days with Almsgivings
- Goods at the value of € 9,236

3.3 Notes on expenditure appendix 3

The overhead costs of the Foundation in the Netherlands are minimal. The office of the foundation is located at the home address of the initiator of the project and during 2015 no charges were levied.

Destination Expenditure	Purpose	Income raising	Management and Administration	Total 2015	Budget 2015	Total 2014
	Somawathi Home	Fundraising				
	€	€	€	€	€	€
Subsidy provided	266,502			266,502	245,000	214,997
Publicity and communication costs		2,983	0	2,983	9,000	1,166
Staff salaries	0	0	1,500	1,500	0	0
Housing costs	0	0	0	0	0	0
Office- and general costs		1,892	14,546	16,438	16,000	10,337
Depreciation	0	0	0		0	1,982
Total	266,502	4,875	16,046	287,423	270,000	226,690

**3.3.1 Cost own fundraising**

Representation costs	2,755	
Postage costs	228	
Telephone costs	1,417	
Office supplies	73	
Printing cost	402	
Total costs own fundraising		4,875

3.3.2 Management and administration costs

Auditors fee	4,840	
Contributions	973	
Bank charges	1,005	
Insurances	484	
ICT	4,616	
Board remuneration	1,500	
Travel costs Sri Lanka	2,628	
Total costs management and administration		16,046
Total costs own fundraising and management- and administration costs		20,921

Cost percentage

The Foundation strives to keep costs very low and uses 5% as a standard for both 'cost own fundraising' as 'management and administration costs'. This is so far successful. If it becomes more difficult to raise funds in the future, the Foundation will have to adjust its cost standard. The 'costs of own fundraising' constituted in 2015 only 1.5% of 'income from own fundraising' of the Sri Lanka Orphanage Foundation and is well under the standard of the Foundation and the standard that the Dutch Central Bureau for Fundraising (CBF) has set. The 'costs management and administration' in 'total income' of the Sri Lanka Orphanage Foundation constituted in 2015 4.6% and is under the set standard of the Sri Lanka Orphanage Foundation. The extremely low percentages have been realized thanks to the great support of many volunteers and Dutch companies who provided services, products and time free of charge to the Sri Lanka Orphanage Foundation.

Percentage spent on purpose of income 2015 and spent on expenditure 2015

The percentage spent on purpose of the total income in 2015 is 76%.

The percentage spent on expenditure of the total income in 2015 is 93%.



OTHER INFORMATION

Statutory appropriation of net result

No resolutions have been included concerning the destination of the net result.

Appropriation of net result

Net result will be, anticipating the approval of the Board, added to the reserves.

Added to the freely disposable reserves € 64,467.

Signed by the Board on 27th of June 2016

Marja van Leeuwen

Chairman

Saskia Pahud de Mortanges

Treasurer



AUDITOR'S REPORT 2015





INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SOMAWATHI SAPARAMADU TRUST FUND

Report on the Financial Statements

We have audited the accompanying financial statements of Somawathi Saparamadu Trust Fund, which comprise the statement of financial position as at 31st December 2015 and the related statement of comprehensive income and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Trustees' Responsibility for the financial statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and Sri Lanka Statement of Recommended Practices for Not-for-Profit Organizations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, Somawathi Saparamadu Trust Fund maintained proper accounting records for the year ended 31st December 2015 and financial statements give a true and fair view of the financial position of the trust fund as at 31st December 2015 and of its financial performance for the year then ended.

SJMS ASSOCIATES

Chartered Accountants

Colombo

25th March 2016



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Controleverklaring van de onafhankelijke accountant

Aan: het bestuur van Stichting Weeshuis Sri Lanka

Wij hebben de in dit rapport opgenomen jaarrekening 2015 van Stichting Weeshuis Sri Lanka te Den Haag gecontroleerd. Deze jaarrekening bestaat uit de balans per 31 december 2015 en de staat van baten en lasten over 2015 met de toelichting, waarin zijn opgenomen een overzicht van de gehanteerde grondslagen voor financiële verslaggeving en andere toelichtingen.

Verantwoordelijkheid van het bestuur

Het bestuur van de stichting is verantwoordelijk voor het opmaken van de jaarrekening die het vermogen en het resultaat getrouw dient weer te geven alsmede voor het opstellen van het jaarverslag in overeenstemming met de in Nederland geldende Richtlijnen voor de jaarverslaggeving 650 Fondsenwervende instellingen. Het bestuur is voorts verantwoordelijk voor een zodanige interne beheersing als het noodzakelijk acht om het opmaken van de jaarrekening mogelijk te maken zonder afwijkingen van materieel belang als gevolg van fraude of fouten.

Verantwoordelijkheid van de accountant

Onze verantwoordelijkheid is het geven van een oordeel over de jaarrekening op basis van onze controle. Wij hebben onze controle verricht in overeenstemming met Nederlands recht, waaronder de Nederlandse controlestandaarden. Dit vereist dat wij voldoen aan de voor ons geldende ethische voorschriften en dat wij onze controle zodanig plannen en uitvoeren dat een redelijke mate van zekerheid wordt verkregen dat de jaarrekening geen afwijking van materieel belang bevat.

Een controle omvat het uitvoeren van werkzaamheden ter verkrijging van controle-informatie over de bedragen en de toelichtingen in de jaarrekening. De geselecteerde werkzaamheden zijn afhankelijk van de door de accountant toegepaste oordeelsvorming, met inbegrip van het inschatten van de risico's dat de jaarrekening een afwijking van materieel belang bevat als gevolg van fraude of fouten.

Bij het maken van deze risico-inschattingen neemt de accountant de interne beheersing in aanmerking die relevant is voor het opmaken van de jaarrekening en voor het getrouwe beeld daarvan, gericht op het opzetten van controlewerkzaamheden die passend zijn in de omstandigheden. Deze risico-inschattingen hebben echter niet tot doel een oordeel tot uitdrukking te brengen over de effectiviteit van de interne beheersing van de stichting. Een controle omvat tevens het evalueren van de geschiktheid van de gebruikte grondslagen voor financiële verslaggeving en van de redelijkheid van de door het bestuur van de stichting gemaakte schattingen, alsmede een evaluatie van het algehele beeld van de jaarrekening.



Wij zijn van mening dat de door ons verkregen controle-informatie voldoende en geschikt is om een onderbouwing voor ons oordeel te bieden.

Oordeel

Naar ons oordeel geeft de jaarrekening een getrouw beeld van de grootte en samenstelling van het vermogen van Stichting Weeshuis Sri Lanka per 31 december 2015 en van het resultaat over 2015 in overeenstemming met Richtlijn voor de jaarverslaggeving 650 voor fondsenwervende instellingen.

Den Haag, 27 juni 2016

Deloitte Accountants B.V.

Was getekend: drs R.A. Spijker RA

3100236465/2016.056594/DR





