



Sri Lanka Orphanage Foundation



ANNUAL REPORT 2017

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Prologue

June 2018

Proudly we present the 2017 annual report for the Somawathi Home. Every year it is a challenge for us to inform you as transparently as possible about the activities of the past year and the challenges that await us for the coming year.

In the Somawathi Home all activities and procedures are executed as they should be.

Also this year a group of young adults have left the home with plans for the future and a job to start their own adult lives. Fantastic!

Sri Lankan Child Protection Authority regularly places new children under our supervision and plans are also being developed to offer accommodation to a group of young adults girls to enable them to follow a job or vocational training in the Koggala area. This is how our aid project develops to the needs of the region and it is still very much needed!

The financial year of 2017 was concluded with an income of € 295,989 (excluding interest) with an overhead cost of 9.5%. Hereby we kindly like to thank all the contributors for their efforts and support.

We are confident about the year 2018. The new year offers us the opportunity to work on new opportunities and ambitions. We aim to make the operations of the Somawathi Home more sustainable with a second investment in solar panels and assist the local organization in the development of activities to raise more funds locally and strive for future financial independence of the Somawathi Home.



On behalf of the Board,
Marja van Leeuwen
chairman




Summary Facts and Figures

| | | | | |
|------------------------------|---|--|------------|--|
| Legal entity | In the Netherlands: Foundation <ul style="list-style-type: none">Supervisory BoardExecutive BoardCommittee of Recommendation In Sri Lanka: Trust & NGO Somawathi Trust in Sri Lanka National NGO | | Project | Full Sri Lankan management and supervision; Financial aid from the Netherlands Demand based: focused on needs and requirements Based on community philosophy with a regional function |
| | | | 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 |
| 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 | | | |
| Fundraising & Overhead | <u>Funds raised excl. Interest</u> 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 2016: € 278,454 2017: € 295,989 | <u>Overhead in %</u> 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% 2016: 8.3% 2017: 9.5% | 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. |
| | | | | |
| Spent on Objective 2005-2017 | Construction, infrastructure and operational costs: € 4,414,989 | | Facilities | In the children’s village Somawathi Home support and facilities are offered to: 86 in home children that have been placed under full guardianship 86 saving accounts with Rs. 500,- per month 45 children attending the Montessori nursery and pre-school 1.500 patients with free medical care 57 local and paid employees, including 37 full-timers and 20 part-timers. |
| Annual Operational Costs | Approx. € 250,000 (depending on inflation) | | | |
| Reserves for project | Ultimo 2017 € 2,477,889 for projects. Needed for the upcoming years and part of the guarantee to the Sri Lankan child protection agency. Ultimo 2017 € 81,594 for continuity reserves. | | | |
| Financial audit | Deloitte Netherlands SMJS Deloitte Sri Lanka | | Politics | Except for the cooperation with the national Child Protection Agency there are no political connections. |
| Construction management | TwynstraGudde 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.weeshuissrilanka.nl info@weeshuissrilanka.nl Digital newsletters Annual reports Social Media: Facebook, twitter, Instagram | | | |





Background

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| 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% Muslim 9.7% Christian 7.6%, Language : Sinhala Tamil English |
| Child Policy Sri Lanka  | 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: <ul style="list-style-type: none">• Children who cannot be placed within <i>extended families</i> or the stay within an extended family did not work out.• Children placed in an <i>extended family program</i>, 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 years 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

Including facilities to serve:

- 150 in-home children that have been placed under full guardianship
- 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
- 57 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.

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.

In- and outflow of children

From 2005 – 2017 a group of 223 children have been placed under the guardianship of the Somawathi Home. In 2017 in total 8 children were reunited with their families by court order and 10 young adults left the Home to make their own living. Ultimo December 2017 the Somawathi Home accommodates 86 children.

Somawathi Home and the region

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.

Per the end of 2017 the following facilities were offered:



- In-homes : 86 children under full guardianship
- Education : 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 : 57 local staff members of which 37 are full-time and 20 part-time
- Saving : 86 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.



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| 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 attend local government schools. 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. These training facilities allow 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 • Twenty 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 200 persons • Management quarters • Transportation facilities |
| Organization | 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. |
| Somawathi Trust | In Sri Lanka the Somawathi Trust has been established and consists of 6 non-paid members (3 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 | TwynstraGudde Netherlands oversees all building activities of the project and handles the certification of the buildings. SIMS Deloitte Sri Lanka and Deloitte Netherlands audit the annual accounts of the Trust and the Foundation 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 four times a year to monitor progress. |
| Publications | All publications of the Foundation including the annual reports, are published on the website www.weeshuissrilanka.nl |





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| CBF Certificate  | <p>Since 2008 the Foundation is associated with the Dutch CBF. In 2017 a new certification has been applied and the Foundation is registered and approved as a “recognized charity”.</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  | <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. 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. In 2017 solar panels were installed on the roof of the main building and generated approx. 40% reduction on the energy bills .</p> |
| Self-sufficiency | <p>The project is fully managed by local staff. For full coverage of the operational costs the project depends on the financial contribution by the Dutch Foundation. 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 Somawathi Home. 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 75 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
5. Equal opportunities for females
6. Financial independence of the project

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 Sri Lanka Orphanage Foundation 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. Part of the capacity available to young adult females who follow vocational training and cannot live on their own;
3. Equal opportunities for females;
4. Education: building on the education provided by the schools the Somawathi Home will continue to offer extra lessons and tutorial classes;
5. Preschool education: this will be continued in its current form;
6. Scholarships: The Trust will only offer scholarships to in-home children.
7. Medical care: the clinic is allowed to treat more patients as long as the current cost level remains unchanged;
8. Cost level: the operational costs will be maintained at their current level by implementing cost efficiency measures and developing sources of income;
9. The Trust will focus on sustainability concerning energy saving, water usage and waste;
10. Fundraising: The Trust will expand the local fundraising activities in Sri Lanka. The balance of fundraising between the Netherlands and Sri Lanka will shift;
11. Aim: to make the project financially independent.



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. Aim: to have the project - in due time – independent of Dutch fundraising;
3. Costs: it is accepted that the costs of the Foundation in the Netherlands will slightly increase.





Sri Lanka

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 Authority to the Somawathi Home. 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
- V. Financial Independence

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 2017 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 86 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 2017.



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 labor 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 during school holidays a number of children (average of 25) stay with their relatives.



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 analyzing 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.

Within the theme of Health and Care possibilities are explored to:

- Create external housing for young adults, who leave the Somawathi Home but cannot live by themselves. This is especially relevant for young girls since it is highly unusual for them to live independently.
- Designate a number of living pavilions as separate living quarters for boys at the age of 14+.





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-level 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

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. Since most of the children have a learning deficit gaining the national average is an aim. It turns out to be quite a task to match the national average success rate. It can be concluded from the school results that the intense extra classes have no added value to a large group of children. To learn a vocation is of most importance to the future of this group of children. The cooperation with the Vocational Training Institutes in Koggala and Galle will be intensified. Evaluation of the tutoring will take place again in 2018. The John Keells Foundation Sri Lanka has awarded to ten Somawathi children a scholarship for extra classes in English and ICT.

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.





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 ten 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
- Young adults, age 14+
- 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. Ten children left the Home in 2017 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.





In Memoriam

In April 2017 Harsha, employee of the Medical Post, had a car accident and passed away. She was greatly loved by both children and staff and will be greatly missed.

III. Theme: Staff and organization

In Sri Lanka the Somawathi Trust manages the project. The majority of the tasks are managed by the project coordinator Pathmendra de Silva and trustee Mohan Saparamadu. 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.

Currently, the children's home has the 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.

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.





IV. Theme: Financial Independence



In 2005 the cooperation between the Saparamadu Trust and the Sri Lanka Orphanage Foundation started. The Dutch Foundation commits in the Trust Agreement to pay for the construction, infrastructure and operational costs for a period of 15 years. Meanwhile the Somawathi Home is a successful project and nominated as 'best children's home of the southern province'. In consultation with the Child Protection Authority it is decided to continue the project as long as there is a need for institutional child care in south Sri Lanka. Initially the Somawathi Home started off with Tsunami affected child victims. Meanwhile the Somawathi Home is a renowned children's home and offers shelter and care to both orphaned and abandoned children.

As a consequence, the fundraising in the Netherlands does not end in 2020. Children now accommodated at the age of three will have to be taken care of until their 18th year.

In consultation with the Sri Lankan partner organization it has been decided that they will start to generate funds to cover the operational cost of the project to guarantee the continuity. The Somawathi Home aims to generate 50% of the operational cost locally in five years' time with an active sponsor program: 'Sponsor a Meal' and with cost cutting measures.

Evaluation and impact

This new strategy is a major turnaround in thinking and acting for the local organization. There is an increasing focus on cost consciousness and generate local revenues for example by selling items from the souvenir shop, the vegetable garden and the sale of polyethylene. Visitors are asked for a donation and to become a sponsor. In Sri Lanka it is common to organize an Almsgiving

(meals) for less privileged people on special occasions. Since 2015 the Somawathi Home offers the possibility of Almsgivings and in 2017 already 70 times meals have been donated to the project. In future this program hopefully will cover all the meal expenses!

To reduce the cost of energy it is decided to install a solar panel system in 2017.





The Netherlands

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:

- Fundraising
- Organization
- Communication
- Long term development

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 2005-2017 amounted to approximately € 250,000. Since over the years a reasonable number of donations has been received in Sri Lanka, this year's objective of the foundation was to raise € 175,000 in The Netherlands whereby it remains important to monitor the overhead costs. The raising of € 175,000 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, charity 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 2017, 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 2017 for example was demonstrated by the decline in company donations whilst the private donations remained more or less unchanged. Thanks to the receipt of one legacy the financial objective was reached easily. The overhead rate is increased to 9.5% in percentage terms. This is partly because of the increased audit costs and the reimbursement of expenses to the chairman of the Dutch Foundation.

II. Organization

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. The Supervisory Board, which supervises the functioning of the foundation, was positive about the way the Board of the Foundation operates.

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 'liker' 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.



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 2017. 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 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.

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 has been developed including the latest technology.

IV. Long Term Development

After thirteen years of operating a children's home for orphaned and abandoned children, new times have come. Children of the first hour stand on their own feet and there is an influx of new young children. In consultation with the Sri Lankan authorities showed that there is also a need for accommodating young adult girls who follow a vocational training and cannot yet live independently. In Sri Lanka it is very unusual for young women to live independently. Child Protection has proposed to make Somawathi Home partly available to young adult girls following a vocational training program. This implies that the Foundation, together with the Trust, should eventually decide on this change in childcare.

Both the Dutch Foundation and the Trust are also convinced that issues such as sustainability and the environment play an important role in today's society. In 2017 solar panels were installed.

Evaluation and impact

The Foundation is open to a changing demand in aid and is willing to respond to the wishes of the Sri Lankan authorities. In addition, the Foundation is also willing to invest in the long term to promote the sustainability of the project and meet a new demand in care and aid.





Communication

Evaluation takes place by evaluating the 'likes' on Facebook and the website visits. The number of sponsors measures the impact of the marketing and communication actions.

Communication is of crucial importance to involve and bind people to the project.

The communication targets to inform about:

- Developments and activities in and around the Somawathi Home
- Transparent reporting on the activities of the foundation
- Enhance confidence in the quality of the foundation
- Recruiting new and retaining existing donors

Communication means:

1. Website
2. Newsletter
3. Social Media
4. Fundraising activities
5. Press communication



1. Website

The website of the Sri Lanka Orphanage Foundation is bilingual (Dutch and English) and gives a clear picture of what the foundation stands for, the goals, the various donation options and to post news reports. In 2016, the new website was launched based on the latest technical developments. Thus, the new website is responsive; Readable on tablet, mobile and desktop and all other devices. In 2016 and 2017, an AdWords campaign - Sponsored by Google - started to attract more visitors.



2. Newsletter

The newsletter is sent five times a year digitally to subscribers. In the newsletter, the board will inform stakeholders about news of the Foundation and activities in the Somawathi Home. This emphasizes the Foundation's involvement and personal character, which is the USP (uniqueness) of the foundation. This way, donors can follow closely how donations are spent.



3. Social Media

The Foundation frequently uses social media, such as Facebook and twitter; combined with posting videos on You Tube. In total 341 messages were posted in 2017 on the page 'Weeshuissrilanka' and the English page 'SomawathiNivasa'. The use of Instagram has a lower priority with 173 followers.

The social media strategies are focused on three general online media aims:

1. Awareness > Visibility and findability.
2. Lead generation > this focusses on recruiting more donors by the use of social media.
3. Interaction > Informing followers/donors, inspire to follow up (sharing, sponsoring etc.), and the interaction with these followers by messaging.

4. Fundraising activities

In 2017 the following fundraising activities on behalf of the foundation have been organized by third parties:

- Collecting empty bottles at Albert Heijn supermarkets, where clients could donate the bottle deposit money
- Farewell of Marcel de Rooij from Twynstra Gudde
- Fundraising : Ski Lanka for solar panels
- Sorooptimists of Waterland for ICT
- Participate fancy fair on the isle of Vlieland
- Pabo students of InHolland College



5. Press communication

A cover story on Somawathi Home was published in national newspapers the Daily Telegraaf and the Gooi and Eemlander.

All editors receive the digital newsletter.

TV broadcast : Lifestyle Experience , interview with Marja van Leeuwen on 12th November 2017.

Evaluation and conclusion

Website

As expected, 13 years after the Tsunami, there was a slight decrease in the number of visitors. The AdWords campaign - Google Promoted Ads - started in October 2016 and was continued in 2017.

Newsletter

The number of subscribers on the newsletter decreased slightly in 2017. The average open-ratio is around 29%. The average open-ratio percentage in the Charity Industry is according to the e-mail benchmark research of E-Village 32%. Therefore, one can conclude that the newsletter of the Sri Lankan Orphanage Foundation is slightly below average. The average click through rate is 2.4% and is below the average 7.84% CTR of Charitable Institutions.

Social Media

The number of followers has increased from 1117 likers in 2016 to 1284 likers in 2017. Lead generation and interaction are targets for 2018.

Fundraising activities

All initiatives taken have contributed to the involvement on donors and fundraising.

Press communication

The newsletters sent to the editors have contributed to the visibility or awareness.



Organization

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

BOARD SRI LANKA ORPHANAGE FOUNDATION



Mrs. Marja J. van Leeuwen
Chairman - 1953
Appointed : 03-01-2005
Re-election: 03-01-2020

Side activity:
Trustee Somawathi
Saparamadu Trust Colombo



Mrs. Saskia J. Pahud de Mortanges-Kroes
Treasurer - 1959
Appointed : 02-03-2005
Re-election: 02-03-2020
Side activity:
Trustee Somawathi
Saparamadu trust Colombo



Mr. Klaas Kamphuis
Board member – 1968
Appointed : 16-05-2017
Re-election: 16-05-2022
Senior Relations manager
ABNAMro Mees Pierson



Mrs. Neeltje Turkstra-Weishaupt
Board member – 1991
Appointed : 12-05-2015
Re-election: 12-05-2020
Online Social Media
Specialist

SUPERVISORY BOARD



Mr. M. (Marcel) de Rooij

Chairman – 1960
Appointed: 01-10-2007
Re-election: 01-10-2017
Partner Twynstra Gudde



Mr. J.A. (Anthony) de Monchy

Secretary of Board – 1950
Appointed : 02-06-2010
Re-election: 02-06-2020
Former Corporate
Director of General
Affairs/Secretary of the
Executive Board
De Lage Landen



Mr. W.L. (Wim) Boone

Board member - 1945
Appointed : 30-11-2016
Re-election: 10-05-2021
Side activity:
Sector Coordinator
Accountancy & Finance PUM
Former partner Deloitte



Mr. M.J.J.R (Michaël) Lentze

Board member – 1970
Appointed : 12-05-2015
Re-election : 12-05-2020
Partner Notary Office
Ellens & Lentze
Side activities: Member
Association of Mediators.

COMITTEE OF RECOMMENDATION



Mr. A.D. (Dick) Boer

CEO Executive Board
Koninklijke AHOLD



Mr. H.F. (Herman) Doeleman

Lawyer at Höcker Advocaten
Mediator



Mr. K. (Karel) van de Graaf

Television personality
Communication advisor



Mr. Prof. Dr. L.C.P.M. (Lucas) Meijs

Professor Erasmus University
Business Society
Management



Mr. C.H.J. (Cees) van Leeuwen

Lawyer - Mediator
Former Secretary of State



SOMAWATHI SAPARAMADU TRUST



Mr. M. Saparamadu

Position: Trustee and Project Director of the Management Team



Mrs. K. Wickremasinghe

Position: Trustee Responsible for Legal Advice



Mrs. L. Boteju

Position: Trustee and Secretary Responsible for educational programs



Mrs. Marja J. van Leeuwen

Position: Trustee on behalf of the Dutch Foundation

Side activity:
Chairman Sri Lanka Orphanage Foundation



Mr. Th.H.M. Broeke

Position: Trustee on behalf of the Dutch Foundation



Mrs. Saskia J. Pahud de Mortanges-Kroes

Position: Trustee on behalf of the Dutch Foundation

Side activity:
Treasurer Sri Lanka Orphanage Foundation

The trustees are appointed for a period of three years. After three years an evaluation takes place after which trustees can be reappointed.

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 Dutch trustees, meets every three to four 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 analyzed 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 remuneration but reimbursement of expenses is allowed. 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 of expenses.

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 2017, Mr. Klaas Kamphuis, senior relationship manager at ABNAmro for charities, joined the board. Since the Foundation has bank accounts at ABNAmro, it was decided in consultation with both the Supervisory Board and CBF that Mr. Klaas Kamphuis must abstain from voting and discussions within the Board concerning finances related to ABNAmro Bank to prevent conflicts of interest.

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 four 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 2017 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

No changes in 2017 in the Supervisory Board.

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 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.

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 2017, the Foundation received no complaints.

Committee of Recommendation

In 2017, no special meeting for the members of the Committee of Recommendation was organized. 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 Dutch 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 remuneration, excluding travel costs of the Dutch trustees to visit the project. The Sri Lankan members of the trust receive no structural or incidental compensation of 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 2017 there have been no changes. The year previously, Mrs. Rupa Saparamadu resigned in April 2016 due to her advanced age. In August 2016 her husband Sanath Saparamadu sadly passed away. In 2016 Mr. Nihal Illeperuma resigned as Trustee.



Mr. Mohan Saparamadu
Project Director



Mr. Pathendra da Silva
Project Coordinator



Mr. Dumith Rukshandisanaya
Ass. Residence manager

Future, Dilemmas and Risk Management

Future

In the coming period, 2018 - 2019, the Foundation will discuss in close consultation with the Trust and Child Protection the local demand for various forms of necessary childcare in Sri Lanka. The Somawathi Home offers the possibility to create a new interpretation of childcare if desired, in line with the needs of the South Sri Lanka region.

The renewed long-range policy plan of the Foundation will be drawn up in 2019 and will take into account the desired need for assistance from Sri Lanka. The aim remains - in the long term - to make the project independent of fundraising in the Netherlands.

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. 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 2017, 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. However, in December 2017, discussions were held in Colombo with SJMS / Deloitte and D.L. & F. De Saram Lawyers to investigate whether more interest income could be generated in the future by placing fixed deposits on savings accounts in Sri Lanka. It may be desirable to set up a separate Trust to facilitate an Endowment Fund. In 2018 the talks in Sri Lanka and in the Netherlands regarding distribution of assets and interest income will further be elaborated.

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 two years 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 and 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.



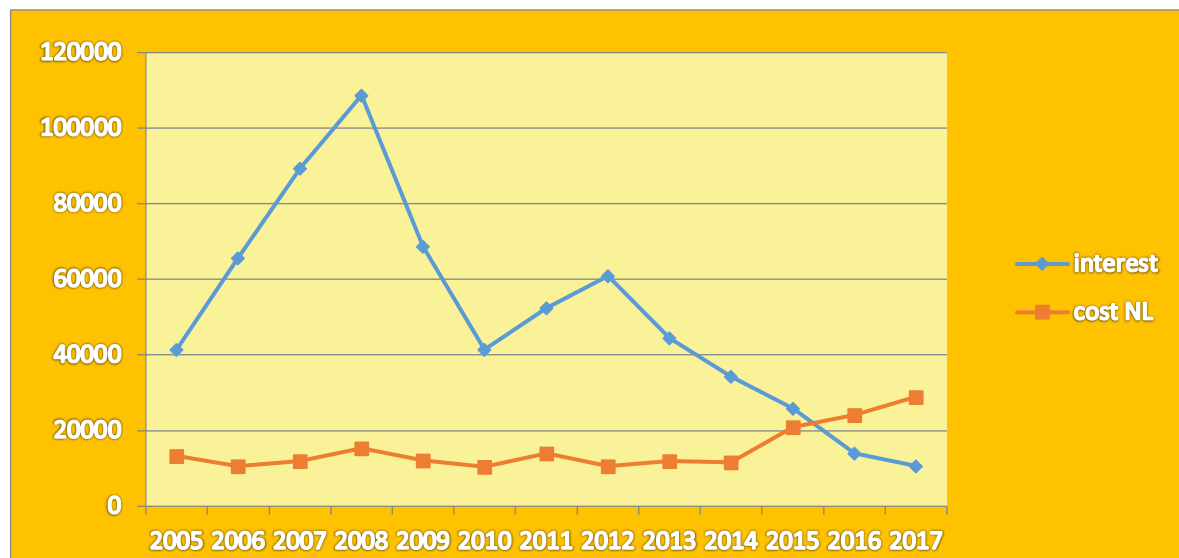
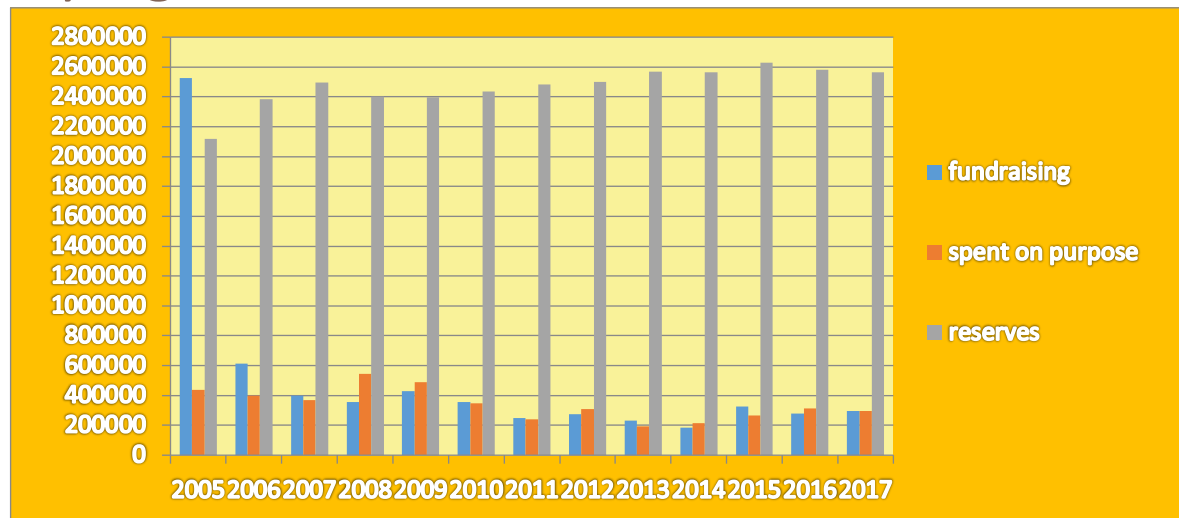


FINANCIAL REPORT 2017





Key Figures



Annual review 2017

| | |
|--|------------------|
| Income fundraising 2017 | 295,989 |
| Interest 2017 | 7,525 |
| Cost the Netherlands 2017 | 28,976 |
| Spent on purpose Sri Lanka 2017 | 297,123 |
| % overhead | 9.5% |
| Expenditure ratio on purpose Sri Lanka | 97.9% |
| Reserves ultimo 2017 | 2,559,483 |

Overview 2005 - 2017

| | |
|--|------------------|
| Income fundraising 2005 - 2017 | 6,515,829 |
| Income interest 2005 - 2017 | 654,865 |
| Total income 2005 - 2017 | 7,170,694 |
| Expenditure the Netherlands 2005 - 2017 | 196,222 |
| Expenditure on purpose Sri Lanka 2005 - 2017 | 4,414,989 |
| % overhead 2005 - 2017 | 2.7% |
| Expenditure ratio on purpose Sri Lanka 2005 - 2017 | 62% |
| Total expenditure 2005 - 2017 | 4,611,211 |
| Income minus expenditure = reserves ultimo 2017 | 2,559,483 |

Balance 2017

Destination after Balance income and expenditure

| ASSETS | | 31.12.17 | 31.12.16 |
|-------------|---|------------------|------------------|
| | | € | € |
| 1.1 | Accounts receivable and Accrued income | | |
| | - Interest | 3,410 | 6,167 |
| | - debt collection | | 65 |
| | | 3,410 | 6,232 |
| 1.2 | Cash | | |
| | - Deposit accounts | 2,546,930 | 2,554,909 |
| | - Current accounts | 26,883 | 25,767 |
| | | 2,573,813 | 2,580,676 |
| | | 2,577,223 | 2,586,908 |
| LIABILITIES | | 31.12.17 | 31.12.16 |
| | | € | € |
| 2.1 | Capital and Reserves | | |
| | Reserves | | |
| | - Reserves for projects | 2,490,789 | 2,507,999 |
| | - Continuity reserve | 68,694 | 74,069 |
| | | 2,559,483 | 2,582,068 |
| 2.2 | Current Liabilities | | |
| | - Costs to be paid | 17,740 | 4,840 |
| | | 17,740 | 4,840 |
| | | 2,577,223 | 2,586,908 |





State of Income and Expenditure 2017

| | | Realized 2017 € | Budget 2017 € | Realized 2016 € |
|------------|-------------------------------------|--------------------|------------------|--------------------|
| 3.0 | Income | | | |
| 3.0.1 | Individuals: | | | |
| 3.0.2 | Income general fundraising | 57,092 | 60,000 | 45,405 |
| 3.0.3 | Income standard donations | 50,612 | 40,000 | 55,965 |
| 3.0.4 | Income from legacies | 134,386 | 50,000 | 100,000 |
| 3.0.5 | Income from business | 3,759 | 10,000 | 9,099 |
| 3.0.6 | Income from Foundations | 50,140 | 40,000 | 67,985 |
| | Total income fundraising | 295,989 | 200,000 | 278,454 |
| 3.0.7 | Interest | 7,525 | 10,000 | 13,931 |
| | TOTAL INCOME | 303,514 | 210,000 | 292,385 |
| 3.1 | Expenditure | | | |
| | Spent on purpose: | | | |
| 3.1.1 | Somawathi Home | 269,903 | 290,000 | 264,101 |
| 3.1.2 | Somawathi Construction | 7,500 | 25,000 | 8,925 |
| 3.1.3 | Investment School bus | 0 | 0 | 41,510 |
| 3.1.4 | Investment Solar panels | 19,720 | 25,000 | 0 |
| | Total spent on purpose | 297,123 | 340,000 | 314,536 |
| 3.2 | Cost Income | | | |
| 3.2.1 | Costs own fundraising | 4,960 | 6,000 | 3,716 |
| 3.2.2 | Management and administration | 24,016 | 17,000 | 20,526 |
| | Total costs income | 28,976 | 23,000 | 24,242 |
| | TOTAL EXPENDITURE | 326,099 | 363,000 | 338,778 |
| 3.3 | Result | -22,585 | -153,000 | -46,392 |
| 3.4 | Appropriation of net result: | | | |
| | Addition/ withdraw | | | |
| 3.4.1 | - Continuity reserves | -5,375 | 0 | 13,931 |
| | - Reserves for projects | -17,210 | -153,000 | -60,323 |
| | RESULT | -22,585 | -153,000 | -46,392 |

Accounting Policies 2017

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 2017 this includes representation costs on behalf of presentations and telephone and postage fees

Costs management and administration

This includes all the office costs of the Dutch foundation, the auditors fee, the CBF-fee and reimbursement of expenses to the chairman of the Dutch Foundation.

Spent on purpose

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



Notes to the Balance Sheet 2017

1.1 Accounts receivable and accrued income

The item accounts receivable and accrued income concerns an interest claim (€6,561) 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 decreased in 2017 by € 17,210. due to an unexpected legacy. The budget of 2017 expected a higher decrease of the foundation reserves, which is less due to an unexpected legacy.

2.1.1 Freely disposable reserves

| The development of freely disposable reserves for projects | 2017 | 2016 |
|--|------------------|------------------|
| | | € |
| Balance per 1 January | 2,507,999 | 2,568,322 |
| Appropriation of net result | -17,210 | -60,323 |
| Balance per 31 December | 2,490,789 | 2,507,999 |

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 | 2017 | 2016 |
|---------------------------------------|---------------|---------------|
| | € | € |
| Balance per 1 January | 74,069 | 60,138 |
| Appropriation of net result | -5,375 | 13,931 |
| Balance per 31 December | 68,694 | 74,069 |

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 2017 and an expense allowance still to be paid to the chairman of the Dutch Foundation.

2.3 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 recognized in 2007 as an ANBI- institution 24269.



Notes to the Statement of income and Expenditure 2017

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 2017 the focus has been on implementing and monitoring the improved internal educational programs and job orientation programs for a group of teenagers in the Somawathi Home. As of December 2017 the Somawathi Home offers permanent housing to 86 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 2017 from various sources: private individuals, corporate accounts, schools, associations, clubs, service-clubs and others.

During the past year an amount of over € 295,989 was donated and the Foundation is very pleased with the achieved result. This includes one legacy of € 134,386. From regular fundraising the total amount of € 161,603 which is according to budget. 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 programs 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.

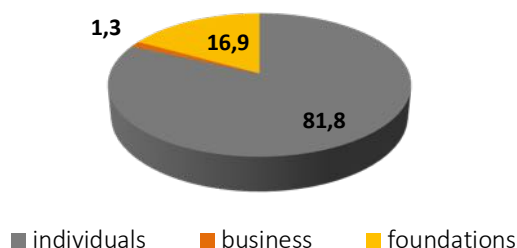
| Sponsors | 2017 € | 2016 € | Delta € |
|-----------------------|----------------|----------------|----------------|
| Individuals | 242,090 | 201,370 | +42,120 |
| Business | 3,759 | 9,099 | -5,340 |
| Foundations & schools | 50,140 | 67,985 | -19,245 |
| Total | 295,989 | 278,454 | +17,535 |

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, Harulmagoda, Habaraduwa, Sri Lanka.

Subdivision sponsors 2017 is as follows:

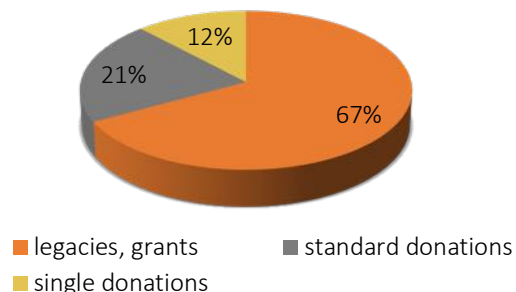
Sponsors 2017 in %



| Sponsors | 2017 € | 2016 € | delta € |
|--------------|----------------|----------------|--------------|
| Individuals | 81.8% | 71.8% | +10% |
| Business | 1.3% | 3.2% | -1.9% |
| Foundations | 16.9% | 25.0% | -8.1% |
| Total | 295,989 | 278,454 | +6.0% |

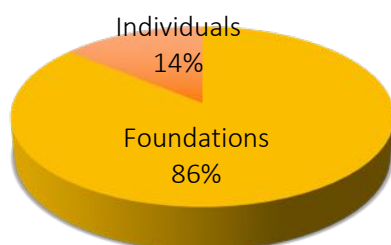
The category individuals is the largest group of sponsors in 2017 and subdivided as follows:

Category individuals in %



| Individuals | 2017 € | 2016 € | delta € |
|--------------------|----------------|----------------|----------------|
| Legacies, grants | 162,523 | 133,496 | +29,027 |
| Standard donations | 50,612 | 55,965 | -5,353 |
| Single donations | 28,955 | 10,509 | +18,446 |
| Total | 242,090 | 199,970 | +42,120 |

Labelled donations in 2017:



| Sponsors | 2017 € | 2016 € | delta € |
|--------------|---------------|---------------|----------------|
| Foundations | 48,410 | 66,381 | -17,971 |
| Business | 0 | 0 | 0 |
| Individuals | 7,930 | 0 | +7,930 |
| Total | 56,340 | 66,381 | -10,041 |

| | | | |
|-------|--|----------------|----------------|
| 3.0.1 | Individuals: | € | € |
| 3.0.2 | General donations | 64,303 | |
| 3.0.3 | Standard donations | 43,401 | |
| 3.0.4 | Legacies | 134,386 | |
| | Total Individuals | 242,090 | 242,090 |
| 3.0.5 | Business | 3,759 | 3,759 |
| 3.0.6 | Foundations: | | |
| | Anonymous Foundation for healthcare | 17,500 | |
| | Foundation Pelgrimshoeve | 1,250 | |
| | Talpa Foundation | 5,000 | |
| | De Beer Foundation for vocational training | 10,650 | |
| | Foundation Cor Wij Helpen for ICT | 3,500 | |
| | Foundation Soroptimisten Waterland for Computers | 3,260 | |
| | Foundation Henriette Fonds for Montessorischool | 4,000 | |
| | Fondaciya Edin SVA for ICT lessen | 3,250 | |
| | Diaconie Protestantse Gemeente Hoogvliet | 655 | |
| | Poem Foundation | 500 | |
| | Ammado Foundation | 325 | |
| | Hutten Foundation | 250 | |
| | Total Foundations | 50,140 | 50,140 |
| | Total Income Fundraising | | 295,989 |
| 3.0.7 | Interest | 10,676 | 7,525 |
| | TOTAL INCOME | | 303,514 |

3.1 Expenditure

In 2017 the total amount of € 297,123 has been transferred to the Somawathi Saparamadu trust and spent locally. The funds were spent on both operational costs and maintenance of the Somawathi Home, education facilities and the medical post. Also in 2017 the total of 72 solar panels were purchased and installed. SJMS Deloitte, Chartered Accountants, Colombo has audited the 2017 accounts of the Trust and has issued the control statements on the 5th of July 2018. Deloitte Netherlands has audited the 2017 accounts of the Sri Lanka Orphanage Foundation and has issued the control statements on the 20th of July 2018.

| 3.1.1. Somawathi Home Operations | € | € |
|---|----------------------|--------------------|
| Operational costs Somawathi Home, Education and Medical Post | Realized 2017 | Budget 2017 |
| Operational costs Somawathi Home | 213,754 | 252,000 |
| Somawathi Home Education | 14,240 | 23,000 |
| Somawathi Home Medical Post | 14,525 | 10,000 |
| Travel expenses NL Trustees | 11,214 | 5,000 |
| Bank account Somawathi Home SL | 16,170 | |
| Total expenditure Somawathi Home Operations | 269,903 | 290,000 |

| 3.1.2 Somawathi Home Construction | € | € |
|---|----------------------|--------------------|
| Somawathi Home Construction | Realized 2017 | Budget 2017 |
| Maintenance and repairs living pavilions and water supply | 7,500 | 25,000 |
| Total expenditure on purpose Somawathi Home | 7,500 | 25,000 |

| 3.1.3 Somawathi Home Investment | € | € |
|--|----------------------|--------------------|
| Somawathi Home Investment | Realized 2016 | Budget 2016 |
| Purchase Solar Panels | 19,720 | 25,000 |
| Total expenditure on investment | 19,720 | 25,000 |

| | | |
|--|----------------|----------------|
| Total Somawathi Home Operations | 269,903 | 290,000 |
| Total Somawathi Home Construction | 7,500 | 25,000 |
| Total investment Solar Panels | 19,720 | 25,000 |
| Total spent on purpose | 297,123 | 340,000 |

Operational Costs

Total operating costs are lower higher in 2017 than initially budgeted, especially the staff salaries and cost for food. In 2017 relatively a lot of children have left the Somawathi Home, thus less food expenses and permanent staff. In 2017 it was decided to purchase solar panels. Depending on the savings to be made on energy costs, investments may be made in solar panels in the future.

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 165. The actually achieved average conversion rate is at the end of 2017: 169. This is in line with the budget. In 2017 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 2017:

- Cash € 15,678 including 70 fully or partly sponsored days with Almsgivings
- Goods at the value of € 8,337



3.2. Notes on expenditure appendix 3

| Destination Expenditure | Purpose | Income raising | Management & Administration | Total 2017 | Budget 2017 | Total 2016 |
|-----------------------------|----------------|----------------|-----------------------------|----------------|----------------|----------------|
| | Somawathi Home | Fundraising | | | | |
| | € | € | € | € | € | € |
| Subsidy provided | 297,123 | | | 297,123 | 325,000 | 314,536 |
| Publicity and communication | | 4,403 | 0 | 4,403 | 4,00 | 2,409 |
| Reimbursement expenses | 0 | 0 | 9,000 | 9,000 | 5,000 | 1,500 |
| Housing | 0 | 0 | 7,200 | 7,200 | 6,000 | 0 |
| Office and general costs | | 557 | 7,816 | 8,373 | 7,500 | 20,333 |
| Depreciation | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 297,123 | 4,960 | 24,016 | 326,099 | 348,000 | 338,778 |

3.2.1. Cost own Fundraising

| | | |
|------------------------------------|-------|--------------|
| Representation and marketing costs | 4,403 | |
| Postage costs | 257 | |
| Office supplies | 300 | |
| Total costs own fundraising | | 4,950 |

3.2.2. Cost Management & Administration

| | | |
|---|-------|---------------|
| Accountants fee | 4,840 | |
| Contributions | 7 | |
| Bank charges | 1,148 | |
| Insurance | 484 | |
| ICT | 1,337 | |
| Housing | 7,200 | |
| Board remuneration | 9,000 | |
| Total costs management & administration | | 24,016 |
| Total costs fundraising, management & administration | | 28,976 |

Cost percentage

The Foundation strives to keep costs very low and 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 2017 only 1.7% 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 2017 8.1%. From 2017, the expenses made for the Foundation will be reimbursed. The other 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 2017 and spent on expenditure 2017

The percentage spent on purpose of the total income in 2017 is 97%. The percentage spent on expenditure of the total income in 2017 is 91%.





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, deducted from to the reserves.

Deducted from project reserves € 17,210

Deducted from continuity reserves € 5,375.

Signed by the Board on the 20th of July 2018

Marja van Leeuwen

Chairman

Saskia Pahud de Mortanges

Treasurer



Deloitte.

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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 2017 and the related income statement and cash flows statement 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 2017 and financial statements give a true and fair view of the financial position of the trust fund as at 31st December 2017 and of its financial performance for the year then ended.

SIMS ASSOCIATES
Chartered Accountants
Colombo
05th July 2018



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Controleverklaring van de onafhankelijke accountant

Aan het bestuur van Stichting Weeshuis Sri Lanka

VERKLARING OVER DE IN HET JAARVERSLAG OPGENOMEN JAARREKENING 2017

Ons oordeel

Wij hebben de in dit rapport opgenomen jaarrekening 2017 van Stichting Weeshuis Sri Lanka te Den Haag gecontroleerd.

Naar ons oordeel geeft de jaarrekening een getrouw beeld van de grootte en de samenstelling van het vermogen van Stichting Weeshuis Sri Lanka per 31 december 2017 en van het resultaat over 2017 in overeenstemming met Richtlijn voor de jaarverslaggeving 650 voor fondsenwervende instellingen.

De jaarrekening bestaat uit:

1. De balans per 31 december 2017.
2. De staat van baten en lasten over 2017.
3. De toelichting met een overzicht van de gehanteerde grondslagen voor financiële verslaggeving en andere toelichtingen.

De basis voor ons oordeel

Wij hebben onze controle uitgevoerd volgens het Nederlands recht, waaronder ook de Nederlandse controlestandaarden vallen. Onze verantwoordelijkheden op grond hiervan zijn beschreven in de sectie "Onze verantwoordelijkheden voor de controle van de jaarrekening".

Wij zijn onafhankelijk van Stichting Weeshuis Sri Lanka zoals vereist in de Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) en andere voor de opdracht relevante onafhankelijkheidsregels in Nederland. Verder hebben wij voldaan aan de Verordening gedrags- en beroepsregels accountants (VGBA).

Wij vinden dat de door ons verkregen controle-informatie voldoende en geschikt is als basis voor ons oordeel.

VERKLARING OVER DE IN HET JAARVERSLAG OPGENOMEN ANDERE INFORMATIE

Naast de jaarrekening en onze controleverklaring daarbij, omvat het jaarverslag andere informatie, die bestaat uit:

- Het bestuursverslag
- Overige gegevens

Deloitte Accountants B.V. is ingeschreven in het handelsregister van de Kamer van Koophandel te Rotterdam onder nummer 24362853. Deloitte Accountants B.V. is a Netherlands affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited.

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Op grond van onderstaande werkzaamheden zijn wij van mening dat de andere informatie:

- Met de jaarrekening verenigbaar is en geen materiële afwijkingen bevat.
- Alle informatie bevat die op grond van Richtlijn voor de jaarverslaggeving 650 is vereist.

Wij hebben de andere informatie gelezen en hebben op basis van onze kennis en ons begrip, verkregen vanuit de jaarrekeningcontrole of anderszins, overwogen of de andere informatie materiële afwijkingen bevat.

Met onze werkzaamheden hebben wij voldaan aan de vereisten in Richtlijn voor de jaarverslaggeving 650 en de Nederlandse Standaard 720. Deze werkzaamheden hebben niet dezelfde diepgang als onze controlewerkzaamheden bij de jaarrekening.

Het bestuur is verantwoordelijk voor het opstellen van de andere informatie, waaronder het bestuursverslag en de overige gegevens in overeenstemming met Richtlijn voor de jaarverslaggeving 650.

BESCHRIJVING VAN VERANTWOORDELIJKHEDEN MET BETREKKING TOT DE JAARREKENING

Verantwoordelijkheden van het bestuur voor de jaarrekening

Het bestuur is verantwoordelijk voor het opmaken en getrouw weergeven van de jaarrekening in overeenstemming met Richtlijn voor de jaarverslaggeving 650. In dit kader is het bestuur verantwoordelijk voor een zodanige interne beheersing die het bestuur noodzakelijk acht om het opmaken van de jaarrekening mogelijk te maken zonder afwijkingen van materieel belang als gevolg van fouten of fraude.

Bij het opmaken van de jaarrekening moet het bestuur afwegen of de stichting in staat is om haar werkzaamheden in continuïteit voort te zetten. Op grond van genoemd verslaggevingsstelsel moet het bestuur de jaarrekening opmaken op basis van de continuïteitsveronderstelling, tenzij het bestuur het voornemen heeft om de vennootschap te liquideren of de bedrijfsactiviteiten te beëindigen of als beëindiging het enige realistische alternatief is.

Het bestuur moet gebeurtenissen en omstandigheden waardoor gerede twijfel zou kunnen bestaan of de stichting haar bedrijfsactiviteiten in continuïteit kan voortzetten, toelichten in de jaarrekening.

Het bestuur is verantwoordelijk voor het uitoefenen van toezicht op het proces van financiële verslaggeving van de stichting.

Onze verantwoordelijkheden voor de controle van de jaarrekening

Onze verantwoordelijkheid is het zodanig plannen en uitvoeren van een controleopdracht dat wij daarmee voldoende en geschikte controle-informatie verkrijgen voor het door ons af te geven oordeel.

Onze controle is uitgevoerd met een hoge mate maar geen absolute mate van zekerheid, waardoor het mogelijk is dat wij tijdens onze controle niet alle materiële fouten en fraude ontdekken.

3114560350/2018.049593/IK/2



Afwijkingen kunnen ontstaan als gevolg van fraude of fouten en zijn materieel indien redelijkerwijs kan worden verwacht dat deze, afzonderlijk of gezamenlijk, van invloed kunnen zijn op de economische beslissingen die gebruikers op basis van deze jaarrekening nemen. De materialiteit beïnvloedt de aard, timing en omvang van onze controlewerkzaamheden en de evaluatie van het effect van onderkende afwijkingen op ons oordeel.

Wij hebben deze accountantscontrole professioneel kritisch uitgevoerd en hebben waar relevant professionele oordeelsvorming toegepast in overeenstemming met de Nederlandse controlestandaarden, ethische voorschriften en de onafhankelijkheidseisen. Onze controle bestond onder andere uit:

- Het identificeren en inschatten van de risico's dat de jaarrekening afwijkingen van materieel belang bevat als gevolg van fouten of fraude, het in reactie op deze risico's bepalen en uitvoeren van controlewerkzaamheden en het verkrijgen van controle-informatie die voldoende en geschikt is als basis voor ons oordeel. Bij fraude is het risico dat een afwijking van materieel belang niet ontdekt wordt groter dan bij fouten. Bij fraude kan sprake zijn van samenspanning, valsheid in geschrifte, het opzettelijk nalaten transacties vast te leggen, het opzettelijk verkeerd voorstellen van zaken of het doorbreken van de interne beheersing.
- Het verkrijgen van inzicht in de interne beheersing die relevant is voor de controle met als doel controlewerkzaamheden te selecteren die passend zijn in de omstandigheden. Deze werkzaamheden hebben niet als doel om een oordeel uit te spreken over de effectiviteit van de interne beheersing van de stichting.
- Het evalueren van de geschiktheid van de gebruikte grondslagen voor financiële verslaggeving en het evalueren van de redelijkheid van schattingen door het bestuur en de toelichtingen die daarover in de jaarrekening staan.
- Het vaststellen dat de door het bestuur gehanteerde continuïteitsveronderstelling aanvaardbaar is. Tevens het op basis van de verkregen controle-informatie vaststellen of er gebeurtenissen en omstandigheden zijn waardoor gerede twijfel zou kunnen bestaan of de stichting haar bedrijfsactiviteiten in continuïteit kan voortzetten. Als wij concluderen dat er een onzekerheid van materieel belang bestaat, zijn wij verplicht om aandacht in onze controleverklaring te vestigen op de relevante gerelateerde toelichtingen in de jaarrekening. Als de toelichtingen inadequaat zijn, moeten wij onze verklaring aanpassen. Onze conclusies zijn gebaseerd op de controle-informatie die verkregen is tot de datum van onze controleverklaring. Toekomstige gebeurtenissen of omstandigheden kunnen er echter toe leiden dat een stichting haar continuïteit niet langer kan handhaven.
- Het evalueren van de presentatie, structuur en inhoud van de jaarrekening en de daarin opgenomen toelichtingen.
- Het evalueren of de jaarrekening een getrouw beeld geeft van de onderliggende transacties en gebeurtenissen.

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Wij communiceren met het bestuur onder andere over de geplande reikwijdte en timing van de controle en over de significante bevindingen die uit onze controle naar voren zijn gekomen, waaronder eventuele significante tekortkomingen in de interne beheersing.

Den Haag, 20 juli 2018

Deloitte Accountants B.V.

Was getekend: drs. V.W.J.A. van Stijn RA

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