



REPORT

**Tearfund
Deutschland e. V.**

Berlin

**(formerly: World Relief
Deutschland e. V., Neu-Anspach)**

Audit of the Annual Financial
Statements for the year ended
31 December 2019

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Note:

For technical reasons there may be differences between the data in tables and references to the mathematically exact values (money units, percentages, etc.) owing to rounding up or down.

List of abbreviations

DZI	German Central Institute for Social Issues (<i>Deutsches Zentralinstitut für soziale Fragen</i>)
HFA	IDW Auditing and Accounting Board (<i>Hauptfachausschuss des IDW</i>)
HGB	German Commercial Code (<i>Handelsgesetzbuch</i>)
IDW	Institute of Auditors in Germany (<i>Institut der Wirtschaftsprüfer in Deutschland e. V.</i>), Düsseldorf
n. F.	new version (<i>neue Fassung</i>)
PS	IDW Auditing Standard (<i>Prüfungsstandard des IDW</i>)
RS	IDW Accounting Principle (<i>Stellungnahme zur Rechnungslegung</i>)

A. Audit mandate

The supervisory board of

Tearfund Deutschland e. V.,
Berlin,
(formerly: World Relief Deutschland e. V., Neu-Anspach)

hereinafter also referred to as Association,

instructed us in accordance with the decision of the Assembly of Members (*Mitgliederversammlung*) of 4 November 2019 to audit the annual financial statements at 31 December 2019 including the underlying books and records.

The present audit report has been prepared solely for the undertaking audited.

This report covers the subject, nature and scope of the audit of the annual financial statements which we carried out in accordance with §§ 317 et seqq HGB.

Our audit was conducted in accordance with the principles of proper audit reporting promulgated by the Institute of Auditors in Germany, Düsseldorf (IDW PS 450 n. F.).

In accordance with § 321 (4a) HGB we confirm that in performing our audit of the annual financial statements we complied with the applicable independence requirements.

This engagement and our responsibility - including our responsibility towards third parties - are governed by the agreements of 3 March 2020 and the General Engagement Terms for Public Auditors and Public Auditing Firms (*Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften*) of 1 January 2017 and the Conditions of Use (*Verwendungsvorbehalt*), which are attached hereto.

B. General findings

Factors impairing development

In compliance with the reporting obligation stipulated in § 321 (1) sentence 3 HGB we highlight the following factors which may materially impair the Association's operations:

The Association is financed through public subsidies granted for the projects for which it is responsible, in particular development cooperation projects, and through donations from companies and private individuals. Its ongoing administrative operations in Germany are financed from a proportion of the subsidies and donations received which is specifically earmarked for administrative purposes.

2018 saw a drop in project volume, causing a reduction of € 1,601K, i.e. 52.6%, in income from subsidies. After deduction of project expenditure this led to a marked drop in the proportion of subsidies available to cover administrative costs, which could not be reduced by an equivalent amount. In 2018 the shortfall was offset by revenue from donations, leading to a balanced result in 2018.

In 2019, the year under review, it was possible to absorb € 483K, i.e. 33.6%, of the fall in subsidies. However, project expenditure rose by a similar amount of € 453K. Whereas other costs rose by € 81K, revenue from donations fell by € 173K. These are both important factors contributing to the net loss of € 231K.

Recent years have seen a rise in competition for tenders among aid organisations, thereby exposing the Association's project volume, and hence its administrative cost subsidies, to greater volatility. In addition to further measures to optimise expenses it is thus vital to improve and stabilise revenue from donations to ensure that administrative costs are covered. The Association is currently revising its fundraising structure to bring about a structural improvement of the earnings position.

Owing to the negative earnings development in 2019 the Association's revenue reserves have been almost completely used up. In 2019 the new partner Tearfund UK granted liquidity support of € 50K to avert possible insolvency. Further uncommitted funds of € 100K have been promised for 2020, of which € 50K had already been received by the end of the audit.

The board assumed that the measures which it had initiated and the support provided by Tearfund UK would avert the risk of insolvency in the financial years 2020 and 2021 subject to the developments caused by the coronavirus pandemic. It will depend largely on the extent to which a potential shortfall in administrative costs can be offset by revenue from donations or subsidies from other members of the Tearfund group. For further information on the risks associated with the coronavirus pandemic, please see the subsequent events report attached to the notes.

C. Reprint of auditor's report

Based on the final result of our audit we have issued the annual financial statements of Tearfund Deutschland e. V., Berlin, (formerly: World Relief Deutschland e. V., Neu-Anspach) for the year ended 31 December 2019 with the following unqualified auditor's report:

"Independent auditor's report

To Tearfund Deutschland e. V., Berlin, (formerly World Relief Deutschland e. V., Neu-Anspach)

Audit opinion

We have audited the annual financial statements of Tearfund Deutschland e. V., Berlin, comprising the balance sheet as at 31 December 2019, the income statement for the financial year from 1 January to 31 December 2019 and the notes to the financial statements including the accounting policies.

In our opinion, based on the findings of our audit, in all material respects the accompanying annual financial statements comply with the requirements of German commercial law for corporations (*Kapitalgesellschaften*) and, in compliance with the German principles of proper accounting, give a true and fair view of the Association's assets, liabilities and financial position at 31 December 2019 and its financial performance for the financial year from 1 January to 31 December 2019.

In accordance with § 322 (3) sentence 1 HGB we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis of the audit opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those requirements and principles are described in further detail in the "Auditor's responsibilities for the audit of the annual financial statements" section of our auditor's report. As stipulated by the HGB and the regulations governing our profession, we are independent of the undertaking and have fulfilled our other German professional obligations in accordance with those requirements. We believe that the audit evidence which we have collected is sufficient and appropriate as a basis for our audit opinion on the annual financial statements.

Other information

The other information provided is the responsibility of the legal representatives. The other information comprises the income statement including reconciliation table, which was not audited.

Our audit opinion on the annual financial statements does not cover the other information, and consequently we do not express an audit opinion or any other form of audit conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements or the findings of our audit, or
- otherwise appears to be materially misstated.

Responsibilities of the legal representatives and the supervisory board for the annual financial statements

The legal representatives are responsible for drawing up annual financial statements which in all material respects comply with German commercial law for corporations (*Kapitalgesellschaften*) as set out in the HGB and which, in compliance with the German principles of proper accounting, give a true and fair view of the assets, liabilities, financial position and financial performance of the Association. The legal representatives are also responsible for the internal controls which, in compliance with the German principles of proper accounting, they deem necessary to permit financial statements to be drawn up such that they do not contain any material misstatements whether due to fraud or error.

In drawing up the annual financial statements the legal representatives are responsible for assessing the ability of the undertaking to continue as a going concern. They are also responsible for disclosing, as applicable, any matters related to going concern. In addition, they are responsible for financial reporting according to the going concern basis of accounting unless this is precluded by actual or legal circumstances.

The supervisory board is responsible for overseeing the Association's financial reporting process for drawing up the annual financial statements.

Auditor's responsibilities for the audit of the annual financial statements

Our objective is to ascertain with reasonable assurance whether the annual financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion on the annual financial statements.

Reasonable assurance is a high degree of assurance but is no guarantee that an audit conducted in accordance with § 317 HGB and German generally accepted standards for financial statement audits promulgated by the Institute of Public Auditors in Germany (IDW) will always reveal a material misstatement. Misstatements can result from fraud or error and are regarded as material if they can be reasonably expected to affect, individually or cumulatively, the economic decisions taken by users on the basis of these annual financial statements.

We exercise professional judgement and adopt a critical attitude throughout the audit. We also

- identify and assess the risks of material misstatement, whether due to fraud or error, in the annual financial statements, we design and perform audit procedures in response to those risks and obtain audit evidence which is sufficient and appropriate to form a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is greater than for a material misstatement resulting from error, as fraud may involve collusion, forgery, deliberate omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the internal control system relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems at the Association.

- evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- draw conclusions on the appropriateness of the legal representatives' use of the going-concern basis of accounting and, based on the audit evidence obtained, whether there is any material uncertainty related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if the disclosures are inappropriate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events such that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the assets, liabilities, financial position and financial performance of the Association.

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

Darmstadt, 28 May 2020

CURACON GmbH
Wirtschaftsprüfungsgesellschaft
Darmstadt Branch

Stahl
Public auditor
(Wirtschaftsprüfer)

Blum
Public auditor
(Wirtschaftsprüferin)"

Note: This is merely a reprint from the original auditor's report (*Testatsexemplar*)
For this reason the auditor's report has not been signed here.

D. Subject, nature and scope of the audit

Subject of the audit

Within our mandate we have examined the books and records and the annual financial statements for consistency with applicable statutory accounting requirements including the principles of proper accounting in accordance with § 317 HGB. We have only examined consistency with other statutory requirements where such other requirements are likely to have a bearing on the annual financial statements.

In line with statutory requirements we have not issued a management report.

Responsibility for accounting and the internal controlling system set up for that purpose lies with the Association's legal representatives. Likewise, the legal representatives are responsible for the information provided to the auditor. Our task is to form an opinion on these documents, taking account of the bookkeeping system and the disclosures in the framework of an audit conducted in accordance with professional standards.

Nature and scope of the audit

We have conducted our audit of the annual financial statements in accordance with the provisions of §§ 317 et seqq HGB. Our mandate is not to determine whether the undertaking audited can continue to operate as a going concern or whether business can be conducted effectively and with cost-efficiency (§ 317 (4a) HGB).

We began by establishing an audit strategy based on our risk- and system-oriented approach. This is based on an appraisal of the legal and business environment, the situation of the Association, its targets, strategies and business risks, and the information provided by the legal representatives. It is influenced by the size and complexity of the Association and effectiveness of its accounting-related internal controlling system. We have taken account of our findings in selecting and determining the scope of the analytical audit procedures and examination of individual items and positions with regard to verifying their actual existence, and the accounting-related statements contained in the annual financial statements. Likewise, our auditing strategy also incorporated our findings from the previous audits of the annual financial statements.

A programme for conducting the audit was evolved on that basis. This programme established the nature and scope of the auditing procedures.

The auditing procedures for collecting auditing evidence comprised examinations of the system, analytical audit procedures and examinations of individual items and positions. The nature, scope and results of the audit procedures have been recorded in our working files.

As provided for in our audit plan, we did not apply a control-oriented approach. For this reason we performed our auditing procedures and checks on randomly selected transactions and assets in full accordance with our risk assessment.

The Association has outsourced substantial sections of its bookkeeping, namely wage and salary accounting, to service provider Mr Bernhard Mößler, tax consultant (*Steuerberater*), Berlin. In order to judge whether the sections of the bookkeeping which have been outsourced have been conducted in accordance with proper bookkeeping practice we examined the measures by which the Association controls the activities of the service provider.

We selected the individual items and positions to be examined according to systematic random sampling.

For our review of the liabilities and bank balances we obtained – on a random basis – statements of balances from the suppliers and confirmation of the Association's assets, claims and obligations from all the Association's banks known to us.

We did not seek statements of balances for the receivables recorded in the balance lists at the reporting date because the specific nature of the debtors (predominantly public agencies) makes a response unlikely and because it was possible to verify these adequately by other means owing to the method by which they are recorded and managed.

We did not seek confirmation from lawyers. We performed alternative audit procedures to enable us to ascertain with reasonable assurance that there were no significant legal disputes.

Further details on the nature and extent of our audit are set out in the "Auditor's responsibilities for the audit of the annual financial statements" section of our auditor's report.

We conducted the audit in April 2020 at our offices.

The Association's legal representatives and any members of staff named by them provided us readily with any information and documentation requested.

The legal representatives furnished us with a letter of representation for the annual financial statements such as is usual within the profession.

E. Findings and explanatory notes on accounting

I. Compliance with proper accounting principles

1. Bookkeeping and other documents reviewed

Compliance with proper bookkeeping practice

The organisation of the bookkeeping, the accounting-related internal control system and the voucher system make it possible to record and enter business transactions in a complete, accurate, timely and orderly manner. The organisation of the invoicing system is commensurate with the situation of the undertaking.

Our findings are that the bookkeeping and other documents examined including the voucher system comply in all material respects with statutory requirements and proper bookkeeping standards. The audit has not led to any reservations.

In the course of our audit we ascertained that the measures taken by the undertaking are likely to guarantee the security of the accounting-relevant data.

In all material respects the information provided by the documents is reflected in the bookkeeping and the annual financial statements.

2. Annual Financial Statements

The Association's accounting is consistent with that of a corporation of an equivalent size (small corporation pursuant to § 267 (1) HGB).

In all material respects the annual financial statements are consistent with statutory requirements and requirements specific to the legal form of the organisation and the principles of proper accounting.

The annual financial statements follow on from the annual financial statements for the previous year, which we audited and issued with an unqualified auditor's report. They were adopted at the general meeting of members on 4 November 2019.

The balance sheet and the income statement were derived properly from the books and records and the other documents which we examined. In all material respects the requirements for carrying, displaying and measurement set out in the HGB were observed.

The notes, which the Association prepared voluntarily, are consistent with the requirements of §§ 284 to 288 HGB and contain the disclosures required for a corporation of equivalent size.

II. Overall view presented by the annual financial statements

Findings on the overall view presented by annual financial statements

In our opinion, based on the findings of our audit, the annual financial statements as a whole, i.e. together with the balance sheet, income statement and notes, give a true and fair view of the assets, liabilities, financial position and financial performance of the Association in accordance with the principles of proper accounting.

Principles of measurement and changes thereto

The Association's assets and liabilities in the annual financial statements for the year ended 31 December 2019 were measured in accordance with the requirements of the HGB.

In the year under review the Association did not apply the accounting requirements for fundraising organisations (IDW RS HFA 21).

The measurement policies are set out in full in the notes.

F. Closing remark

We furnish the above audit report, including the reprint of the auditor's report, in compliance with statutory provisions and the auditing standard on the principles of proper audit reporting (IDW PS 450 n. F.). Reference is made to § 328 HGB.

Darmstadt, 28 May 2020

CURACON GmbH
Wirtschaftsprüfungsgesellschaft
Darmstadt Branch

Stahl
Public auditor
(*Wirtschaftsprüfer*)
(signed digitally)

Blum
Public auditor
(*Wirtschaftsprüferin*)
(signed digitally)

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Annual Financial Statements

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Conditions of Use

General Engagement Terms for Public Auditors and
Public Auditing Firms of 1 January 2017

Tearfund Deutschland e. V., Berlin

Balance sheet for year ended 31 December 2019

ASSETS

	31.12.2019	31.12.2018
	€	€
A. Fixed assets		
I. Intangible fixed assets		
Purchased concessions, industrial property rights and similar rights and assets, and licences in such rights and assets	9.00	9.00
II. Tangible fixed assets		
Technical equipment	15,235.27	29,185.38
	15,244.27	2,194.38
B. Current assets		
I. Receivables and other assets		
1. Receivables from subsidies	946,395.36	947,076.20
thereof with a remaining term of more than one year € 0.00		(225,000.00)
2. Other assets	70,455.94	62,415.16
	1,016,851.30	1,009,491.36
II. Cash-in-hand, bank balances	273,581.68	643,478.45
	1,290,432.98	1,652,969.81
C. Prepaid expenses	13,389.63	3,725.45
	1,319,066.88	1,685,889.64

EQUITY AND LIABILITIES

	31.12.2019	31.12.2018
	€	€
A. Equity		
I. Association capital	90,000.00	90,000.00
II. Revenue reserves	232,152.52	231,559.18
III. Net income for financial year	– 230,972.01	593.34
	91,180.51	322,152.52
B. Provisions		
Other provisions	24,915.21	33,316.74
C. Liabilities		
1. Trade payables	2,827.71	2,502.93
thereof with a remaining term of less than one year		
€ 2,827.71		(2,502.93)
2. Liabilities to banks	3,197.60	0.00
thereof with a remaining term of less than one year		
€ 3,197.60		(0.00)
3. Liabilities from subsidies received	1,162,980.12	1,304,354.04
thereof with a remaining term of less than one year		
€ 1,162,980.12		(1,054,354.04)
thereof with a remaining term of more than one year		(250,000.00)
4. Other liabilities	33,965.73	23,563.41
thereof with a remaining term of less than one year		
€ 33,965.73		(23,563.41)
thereof € 1,665.92 from taxes		(1,502.49)
	1,202,971.16	1,330,420.38
	1,319,066.88	1,685,889.64

Tearfund Deutschland e. V., Berlin

Income statement for period 1 January to 31 December 2019

	2 0 1 9		2018
	€	€	€
1. Income from donations	110,102.16		283,182.24
2. Income from subsidies	1,923,845.45		1,440,411.63
3. Other operating income	41,295.18		64,863.12
		2,075,242.79	1,788,456.99
4. Project expenses		1,331,771.33	879,426.50
5. Staff expenses			
a) Wages and salaries	724,779.30		658,333.67
b) Social security, post-employment and other employee benefit costs	95,879.11		113,575.99
		820,658.41	771,909.66
		2,152,429.74	1,651,336.16
		– 77,186.95	137,120.83
6. Amortisation and write-downs of intangible assets, depreciation and write-downs of tangible fixed assets	17,844.48		26,049.98
7. Other operating expenses	137,130.85		110,797.34
		154,975.33	136,847.32
Sub-total		– 232,162.28	273.51
8. Other interest and similar income		1,190.27	319.83
9. Net income for financial year		– 230,972.01	593.34

Tearfund Deutschland e.V. – Notes 2019

Tearfund Deutschland e.V., Berlin, is entered under no. VR 37890 in the Register of Associations (*Vereinsregister*) of Berlin (Charlottenburg) Local Court (*Amtsgericht*). Until 23 October 2019 the Association operated under the registered name of World Relief Deutschland e. V., registered in Neu-Anspach, under no. VR 1896 in the Register of Associations of Bad Homburg Local Court.

The annual financial statements were prepared in accordance with the HGB.

Accounting and measurement were carried out in accordance with proper accounting and the requirements of the German Commercial Code (HGB).

I. Accounting policies

The accounting policies set out below are the same as those used in the previous year:

"Intangible assets" and "Tangible fixed assets" are carried at cost and, to the extent that they were subject to wear-and-tear, are reduced by depreciation.

Depreciation and amortisation are recorded according to the expected useful life of the assets using the straight-line method.

Receivables from subsidies and other assets are carried at nominal or fair value.

Provisions are recognised at their settlement value and take account of all risks and uncertain obligations identifiable at the time the balance sheet was prepared.

Liabilities are carried at their settlement amount.

Until 2017, low-value assets with an acquisition cost of between EUR 150.00 and EUR 1,000.00 were included in a compound item in the year of acquisition and amortised over five years using the straight-line method.

As of reporting year 2018 under § 6 (2a) EStG compound items for low-value items are no longer to be formed. Assets with a net value of up to EUR 800 must be written off immediately; assets whose acquisition cost is higher are recognised separately and depreciated over their respective lives.

For reasons of clarity the structure of the balance sheet as prescribed in § 266 (2) HGB was extended to include line item "B.I.1 Receivables from subsidies" and "C.3 Liabilities from subsidies".

For reasons of clarity the structure of the income statement as prescribed in § 275 (2) HGB was extended to include line item "1. Income from donations", "2. Income from subsidies" and "4. Project expenditure".

II. Explanatory notes on the balance sheet

The change in intangible assets and tangible fixed assets in the current financial year is shown in the statement of changes in fixed assets with their gross values.

Receivables from subsidies are public and private funds for project work. All income from subsidies has a remaining term of up to one year.

Other provisions take account of all identifiable risks and uncertain obligations. For the most part, € 9K is for provisions for staff and € 14K provisions for auditing costs.

All liabilities have a remaining term of up to one year and are unsecured.

Liabilities from subsidies received consist of € 946K (€ 947K in previous year) for funds promised but not yet provided by project sponsors and € 217K (€ 357K in previous year) in funding received but not yet used for its designated purpose.

Liabilities for VAT (*Umsatzsteuer*) and wage tax (*Lohnsteuer*) were € 2K (€ 2K in previous year).

Contingent liabilities

There were no material contingent liabilities at the reporting date.

III. Explanatory notes on the income statement

The income statement was compiled in tabular form using the nature of expense format.

Revenue from donations is reported as income in the year received, which is not consistent with accounting standard IDW RS HFA 21.

Other operating income (EUR 41,295.18) comprises income from currency translation of EUR 18,729.03, health insurance subsidies of EUR 3,149.31, other project-related income of EUR 18,771, head office income of EUR 534.91, and income of EUR 101.93 from reversal of provisions.

Other operating expenses consist of the following:

Expenses in financial year	2019 €	2018 €
Travel costs	9,869.17	1,881.42
Costs of premises	14,942.81	9,676.14
Administrative costs	78,060.44	77,185.42
Levies, insurance, charges	34,258.43	6,783.08
Expenditure from disposals of fixed assets	0	15,271.28
	137,130.85	110,797.34

The administrative costs include losses from currency translation of EUR 17,431.46.

IV. Subsequent events report

At this stage it is impossible to predict how coronavirus will impact the 2020 results. Because our activities take place in a range of countries and cultural contexts it is not possible to make assumptions on how different governments will respond or on how the varying restrictions will impact our project work.

Nor can we, at this stage, predict how it will affect donations from private donors.

Thus, at the time of these notes are compiled it is not possible to predict its impact on the Association's assets, liabilities, financial position and financial performance.

V. Other disclosures

Employees

The Association had an average of 9.2 employees in Germany (7.5 in previous year), of whom 3.1 were on marginal part-time contracts (*geringfügig Beschäftigte*). At 31.12.2019 full-time salaries for head office staff and senior staff in the project countries (expats, gross labour costs) ranged from 33,600 to 64,800 (for complete year).

The local salaries of project staff are based on the circumstances in the respective countries and translate to euros at between EUR 2,400 and EUR 19,300.

Overall auditor's fees

Expenditure for the auditor totalled EUR 11,500 including 19% VAT for auditing services:

Governing bodies

Responsibility for management of the Association lies with the Executive Board:

Dr Martin Knispel, Berlin, Chair
Stephan Krämer, Berlin, Deputy
Michaela Hamm, Eberdingen.

The total amounts paid to the members of the board (gross labour costs) in 2019 were as follows:

- Chair of the board, Operations: EUR 64,800 (100%)
- Deputy, Program coordination: EUR 37,793.90 (100%)
- Board member, Financial coordination: EUR 3,273.84 (5%, on maternity/parental leave)

Supervisory board members:

Peter Jakobus, Kronberg im Taunus, *Diplom-Volkswirt* (chair)
Dr Christiane Seitz, Kronberg im Taunus, key account manager (deputy chair)
Sigrid Falk, Marburg, pastor (until January 2019)
Alexander Gentsch, Brussels, Advocacy Officer
Bernd Gülker, Rangsdorf, pensioner/advisor (since January 2020)
Michael Voss, Niedernhausen, engineer

Fundraising and public relations

Media such as Facebook and Mailchimp newsletter, and also our website, the annual report and personal letters to our supporters were used to raise funds from donations. No companies or service providers were instructed to raise funds from donations and no performance-related remuneration was paid.

Berlin, 28 May 2020
Tearfund Deutschland e.V.

Statement of changes in fixed assets for 2019

Balance sheet line items	Change in acquisition costs					Change in depreciation/amortisation/write-downs					Residual book value	
	Initial value	Additions	Reclassifications	Disposals	Final value	Initial value	Depreciation/write-offs for financial year	Reclassifications	Withdrawal for Disposals	Final value	Carrying amount 31.12.2019	Carrying amount 31.12.2018
	€	€	€	€	€	€	€	€	€	€	€	€
1	2	3	4	5	6	7	8	9	10	11	12	13
I. Intangible fixed assets												
Purchased concessions, industrial property rights and similar rights and assets, and licences in such rights and assets	8,822.85	0.00	0.00	0.00	8,822.85	8,813.85	0.00	0.00	0.00	8,813.85	9.00	9.00
II. Tangible fixed assets												
Operating and office equipment	100,127.72	3,894.37	0.00	18,814.78	85,207.31	70,942.34	17,844.48	0.00	18,814.78	69,972.04	15,235.27	29,185.38
	108,950.57	3,894.37	0.00	18,814.78	94,030.16	79,756.19	17,844.48	0.00	18,814.78	78,785.89	15,244.27	29,194.38

	Project support	Project support costs	Campaign, educational work	Advertising/ Fundraising	Administration	2019	Previous year
Expenses from previous periods	-1,621,471	-257,043	-467	-60,261	-231,032	-2,170,274	-1,677,386
Other operating expenses	-124	-28,294	-7,758	-27,105	-73,849	-137,131	-110,797
a) Travel costs	0	-485	-1,496	-3,476	-4,412	-9,869	-1,881
2570 Refund of travel expenses (head office)	0	-485	-1,496	-3,476	-4,412	-9,869	-1,881
b) Costs of premises	0	0	0	0	-14,943	-14,943	-9,676
2662 Rent office IO	0	0	0	0	-14,943	-14,943	-9,676
c) Administrative costs	-124	-586	-3,880	-23,629	-49,842	-78,060	-77,185
2704 Other costs (head office)					-1,553	-1,553	-1,249
2710 Media and printing (head office)			-140	-10,007	-934	-11,081	-1,626
2715 Artistic services			-200	-3,042		-3,366	-839
2722 Postage (head office)	-124		-326	-1,645	-258	-2,229	-965
2728 Current IT costs (head office)					-4,342	-4,342	-4,298
2731 Telecommunications (head office)					-983	-983	-859
2735 Training/courses (head office)		-586		0	-140	-726	-1,701
2802 Gifts, jubilees, tributes					-215	-215	-92
2804 Entertainment costs (head office)			-530		-876	-1,407	-895
2806 Incidental costs for monetary transactions (head office)					-1,902	-1,902	-1,364
2807 Losses from exchange rates					-17,431	-17,431	-24,456
2809 Advertising				-863		-863	-1,393
2812 Events / public relations work			-2,634			-2,634	-1,562
2816 Representation costs (head office) incl. website				-8,072		-8,072	-3,997
2894 Tax advice					-2,303	-2,303	-2,367
2895 Legal and other advisory costs					-15,233	-15,233	-27,785
2912 Operating supplies up to €150 (head office)			-51		-3,670	-3,721	-1,739
d) Levies, insurance, charges	0	-27,224	-2,382	0	-4,653	-34,258	-6,783
2713 Insurance premiums (head office)					-4,583	-4,583	-4,702
2714 Other contributions (head office)		-27,224	-2,382		-70	-29,676	-2,081
e) Disposals of fixed assets	0	0	0	0	0	0	-15,271
2893 Asset disposals residual book values	0	0	0	0	0	0	-15,271
TOTAL Expenses	-1,621,595	-285,337	-8,226	-87,367	-304,881	-2,307,405	-1,788,183
Balance sheet result	70.28%	12.37%	0.36%	3.79%	13.21%	-230,972	593

Conditions of Use

In the audit report the auditor summarises the findings of the audit in particular for the governing bodies responsible for overseeing the undertaking. The audit report serves to assist the responsible body in this task by documenting the material findings of the audit. It is therefore addressed - without prejudice to any third-party rights to receive or inspect it under special statutory provisions - solely to the undertaking's governing bodies for internal use.

The basis of our audit is the letter confirming our mandate to conduct the audit of the annual financial statements and the "General Engagement Terms for Public Auditors and Public Auditing Firms" (*Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften*) as published by the German Institute of Auditors (*Institut der Wirtschaftsprüfer*) on 1 January 2017.

The sole purpose of this audit report is to provide the governing bodies of the undertaking with a basis for their decision-making and it may not be used for any purposes other than those intended; we therefore do not accept any responsibility, liability or any other obligations in respect of third parties unless we have entered into a written agreement with such third party stating otherwise or unless such liability exclusion would be invalid.

This applies both to the printed versions of the report and to the electronic versions which we provide.

We expressly point out that we do not update the audit report and/or the auditor's report to take account of events or circumstances which occur after the auditor's report has been issued except where we are required to do so by law. Anyone with access to the information in this audit report must decide on their own responsibility whether and in what form they regard that information as being suited to their intended purposes, and extend, verify or update it by way of their own investigations.

General Engagement Terms

for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

DokID:

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: The German term "*Textform*" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of *Wirtschaftsprüfer*: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.