

ANNUAL REPORT

2020

DanChurchAid

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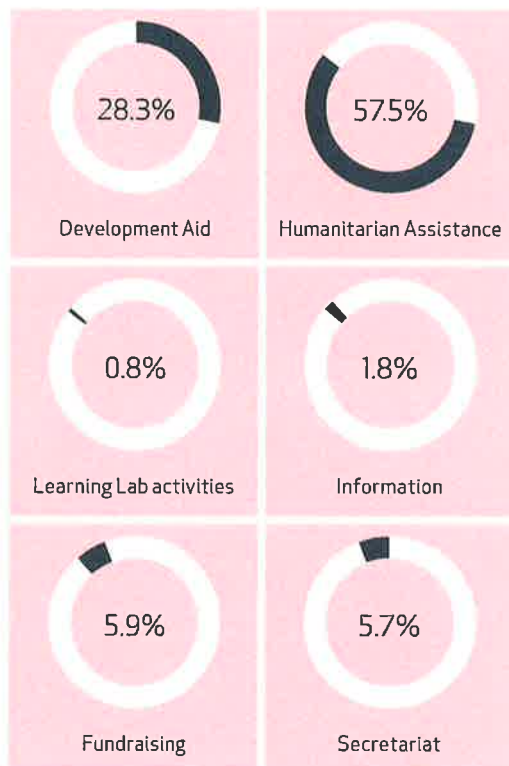
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Information on organisation

Organisation name	DANCHURCHAID Folkekirkens Nødhjælp Mehldalsgade 3, 3. & 4. sal 1613 Copenhagen V Denmark Tlf.nr. 3315 2800 CVR-nr. 36 98 02 14 Kommune: København Fondsreg.nr. 7894
Chairman Vice Chairman Treasurer	Søren Christian Madsen Solvej Gasseholm Bang Jonas Kolby Laub Kristiansen Henning Thomsen Jesper Ole Lindholm Kristian Ramskover Torben Hjul Andersen Lone Riisgaard Birthe Juel Christensen
General Secretary	Birgitte Qvist-Sørensen
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 Copenhagen S. Denmark
Financial institution	Danske Bank Finanscenter København Holmens Kanal 2 1090 København K. Denmark

WHERE DID THE MONEY COME FROM?

Private donations	162,111,140
Gifts, collections, ect	139,288,791
Second Hand Shops, profit	22,822,349
Danida grants	232,149,597
Development grants	110,608,251
Humanitarian Frame	105,947,538
Single grants, including disaster	15,593,808
EU grants	125,998,276
Internationale donors	351,563,878
Other income	17,210,328
In all	889,033,219

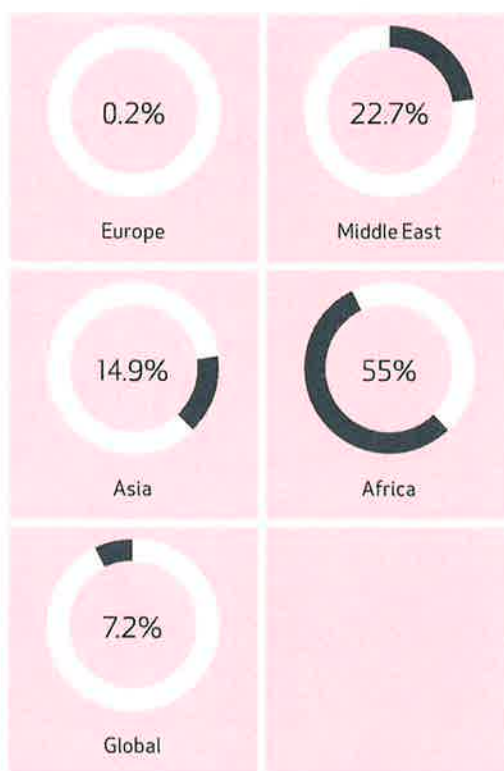


WHAT WAS THE MONEY SPENT ON?

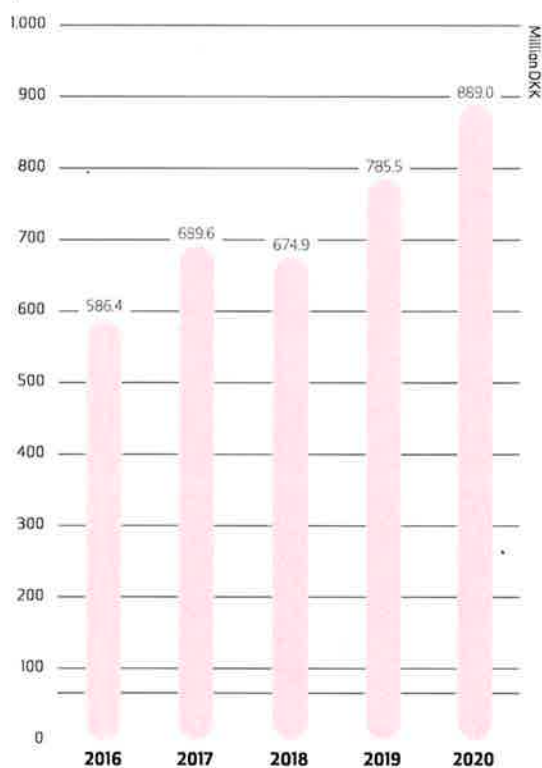
Development Aid	245,075,941
Humanitarian Assistance	497,258,231
Learning Lab activities	6,575,071
Information	16,029,850
Fundraising	51,211,805
Secretariat	49,192,988
In all	865,343,886

WHERE WAS THE MONEY SPENT?

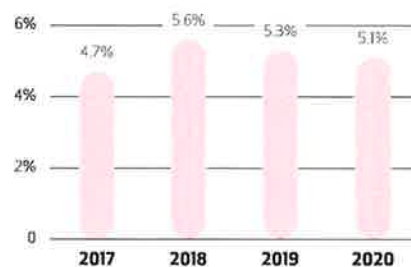
Europe	1,745,939
Middle East	168,683,825
Asia	110,501,266
Africa	407,725,428
Global	53,677,714
In all	742,334,172



TURNOVER 2016 - 2020



ADMINISTRATION PERCENT 2017 - 2020



Preface – Emergency aid takes many forms

DanChurchAid cooperates on a global platform to solve mutual challenges and increase respect for human rights. This cooperation is the key to combating poverty and inequality and ensuring that people affected by war and conflict suffer as little as possible.

We focus on the circumstances that make it difficult for people to break out of poverty. Our motto is that we not only give a hungry woman a fish. We give her a fishing rod and teach her how to fish in the local lake. Our cooperation with local, popular and church organizations ensures that our work is effective, sustainable and targeted at the poorest. Our partnerships with local and Danish companies secure innovative and market-based solutions. It is about increasing food safety, creating jobs and with it, sustainable development.

We respond when disaster strikes. It can be an explosion in Lebanon or the civil war in Syria. Emergency aid takes many forms and is often based on the use of technology. Mobile food coupons and money transfers provide targeted and dignified help and mean the difference between life and death. Mine clearance is one of our most important jobs because mines are extremely dangerous to the local population in countries such as South Sudan and Lebanon. The growing need for mine clearance in the world's hotspots also means that we continue training deminers and ammunition disposal experts in cooperation with the Danish Armed Forces and their Engineer Regiment garrisoned in Skive.

DanChurchAid is working to make sure that all efforts respond to the climate. 34% of our worldwide projects did so in 2020. Most of the climate work is about climate adaptation. But we are also working to guarantee that our projects reduce carbon emissions while helping people hit by climate-related disasters.

In several countries, we also support partners in their efforts to influence governments and authorities to take greater climate responsibility and ensure climate aid to the poorer sections of the population. Globally, we contribute to increased action through leadership in the ACT Alliance climate work and active participation in the global climate debate.

We consider economic strength a basic premise of equality in general. We believe that female role models and women's rights activists can influence and create real change. Entrepreneurial women and women-driven startups can invest and create opportunities for themselves, their families and local communities, thus influencing the development of society. And a self-contained economic position allows for better co-control over the family's household budget and authority both within and beyond the four walls of their home.

Wherever we work, we focus on strengthening democracy and respect for human rights and international law. We support human rights activists who are fighting to strengthen democracy, women's and minority rights, and end corruption at the risk of their lives. They keep the authorities in order when they violate the principles, and they give vulnerable people a voice to be heard in local and global decisions that affect their lives and future.

These are the core activities of DanChurchAid, which we tirelessly continued to do in 2020. However, 2020 also offered a new and challenging situation for the entire international community. The COVID-19 pandemic hit us all, with the world's poorest being the hardest hit.

Through local churches and partners worldwide, we have handed out soap, face masks and other necessary hygiene articles, and information has been provided on viruses and the importance of sanitation. Together with our Danish and local partners, we have focused on the pandemic's dramatic socio-economic consequences, pushing even more people into unemployment and extreme poverty. We will continue this work a year after it all began.

The pandemic also influenced our work in Denmark. First, it affected our traditional Parish Collection campaign. A few days before the big event, we had to cancel our physical door-to-door fundraising. Instead, the fundraising became digital, and we were grateful for the Danish population's continued support. We raised about DKK 5m to the world's poorest people.

The lockdown of society also severely affected our 117 charity shops. The shops had to close in the spring. Fortunately, they could quickly reopen because our volunteers pushed hard to return to the community and the fight against clothing waste and sustainable recycling. The year ended with the shops having to close again – and that has ultimately had a massive impact on several fronts, both socially and financially.

Once again, we strengthened the fight against food waste in 2020. Four stores became six with the opening of new Wefood stores in Tingbjerg and Vejle. The shop in Vejle stands out by mixing surplus food, textiles and recycled gold. Total goods of 357.5 tons were saved from the dumpster and bought by our customers at a good price thanks to suppliers such as Salling, nemlig.com, Mikkeller and many others.

Many thanks to our hard-working and flexible volunteers, who are an important part of our organization. They help us gain popular support, which is irreplaceable.

2020 was also the year when our major donors showed how flexible they are in supporting the poorest people of the world. We received extra funding from Danida and saw great flexibility from our institutional donors, enabling us to help the world's poorest in a way that made sense when the world situation suddenly changed dramatically.

At the same time, 2020 was also the year when we introduced our new climate agreements with companies on carbon compensation. An agreement on climate change can help reduce the company's carbon footprint in a responsible way that also helps to secure the lives of those most affected by climate change.

A warm thank you to everyone who contributed to our work in 2020; the great help, the little help, and the help in between. We often say that emergency aid takes many forms. The support we receive can do that, too, whether it is time, money, words, clothes, or something else. We continue to support the world's poorest people in their struggle for a dignified life. We continue to help people in need.

The core activities of our organization

A small group of Danish priests established DanChurchAid shortly after the end of World War I in 1922. Compared with many other countries, Denmark was not severely affected by the war, but other European countries and the rest of the world needed help. Since its establishment, the Organisation has helped people in need all over the world. In 2022, we celebrate the 100th anniversary of the Organization.

With the help of more than 3,000 volunteers, we run more than 100 charity shops and six Wefood stores in Denmark, which help reduce food waste. Through our 19 regional offices and 700 employees abroad, we helped more than 3,000,000 people in need in

Africa, the Middle East, and Asia during 2020. We save lives, build local communities, and fight extreme inequality. We are involved in humanitarian aid, civil society-building, mine clearance and the safeguarding of local communities.

In 2020, we continued to streamline the international and Danish organisations and optimise our work in media and fundraising campaigns that included a new fundraising system, among other things. We developed our concept for carbon compensation and entered into the first agreements on climate compensation with private companies. We expanded our cooperation with private donors and companies and mixed their production expertise with our international relief work knowledge.

Our organisation has continuously adapted to the needs of Danish society and the international community, with a focus on supporting people in extreme need in the fight for a safe and dignified life. We will continue this work in 2021.

Financial performance in 2020 and outlook for 2021

Our relief work primarily relies on our cooperation with and funding from our institutional donors. In 2020, we received additional funding from Danida to help fight the COVID-19 pandemic, just as our other institutional donors met us with great flexibility to continue our relief work under the difficult circumstances.

In early 2020, we had to cancel our Parish Collection campaign and close our charity shops because of the COVID-19 pandemic. The cancellation of the Parish Collection campaign and the temporary closing of shops reduced our income by DKK 17.2m compared with the expected income. We have received compensation for fixed costs related to charity shops and fundraising and financial support for our Engagement activities of DKK 7.0m, of which approximately DKK 5.3m has been spent on additional relief work and further efforts to help the poorest people of the world. In 2020, we benefited from a single large inheritance of DKK 12.5m in addition to the tidy donations we usually receive.

2021 started with yet another lockdown of the Danish society. Once again, we have had to close our charity shops and cancel our Parish Collection campaign. We expect an even poorer performance than in 2020 and possibly a loss depending on the development of our activities. Thus, the positive results for 2020 will be used to consolidate and meet the financial solidity requirements from our institutional donors. In both the short and the long term, all our resources go to relief work and the world's poorest people.

Key figures in DKKm	2016	2017	2018	2019	2020
Institutional grants	392.0	513.6	502.9	615.5	709.7
Private donations and other income	194.4	176.0	172.0	164.5	179.3
Total grants, donations and other income	586.4	689.6	674.9	780.0	889.0
International relief work	- 455.4	- 577.7	- 558.0	- 648.6	- 742.3
Profit/loss for the year	11.1	3.8	- 14.8	8.7	23.7
Equity	88.1	117.6	102.8	111.5	135.2
Equity ratio (%)	17.4	23.2	19.9	19.1	22.4

Financial review

Income for the year

DanChurchAid's total income, including net financial income, reached DKK 889.0m in 2020, the highest revenue to date. Compared with the record-setting year 2019, revenue increased by DKK 103.5m and compared with 2018, revenue increased by DKK 214.1m.

Income (DKKm)	2020	2019
Fundraising campaigns and private donations	162.1	157.3
Institutional grants	709.7	615.5
Other income	12.5	7.2
Net financial income	4.7	5.5
Total income	889.0	785.5

The significant increase in the total income of DanChurchAid originates from more grants from Danida and an increase in both EU funding and contracts with international donors in 2020; altogether, an increase in external grants by DKK 94.2m of which DKK 67.9m comes from international donors.

Fundraising campaigns and private donations

Income contributed to our work by the Danish people amounted to almost DKK 162.1m, increasing DKK 4.8m compared with 2019. A decent result considering that we had to cancel our annual Parish Collection campaign and close the charity shops for the better part of the first six months of the year and again at the end of the year due to the COVID-19 pandemic. The considerable amount of money was raised through various fundraising initiatives, and instead of the cancelled Parish Collection campaign, a digital fundraising campaign was introduced, resulting in DKK 4.9m. Furthermore, Danmarks Indsamling and our second-hand activities resulted in a profit of DKK 22.8m despite the lockdown, and then – not least – the many donations we receive from the Danes, who choose to support our work through a fixed monthly donation. We recognized total unearmarked donations of DKK 138.1m, which is DKK 2.2m more than in 2020.

Regular donors, other gifts, and gift certificates to DanChurchAid totalled DKK 82.5m, up DKK 6.3m in 2019. Despite the lockdown, second-hand activities made a decent profit of DKK 22.8m, down DKK 7.6m on 2019. In addition, testamentary gifts came to DKK 29.0m, DKK 13.0m more than in 2019. In 2020, DanChurchAid received DKK 2.2m from the football pools and lottery funds of the Danish Ministry of Culture.

We recognised total earmarked donations of DKK 24.1m, DKK 2.6m more than in 2019. We point out that part of this income was raised in 2019 because we do not recognise earmarked income until it has been spent. Moreover, part of the earmarked funds received during the second half of 2020 has not yet been spent. Accordingly, these funds will not be recognised until 2021. In 2020, DanChurchAid contributed DKK 6.1m to Danmarks Indsamling.

The association Civil Society in Development granted DKK 1.2m to compensate for the lack of income from second-hand activities that was to be spent on earmarked project activities in the Engagement department. This income is recognized as earmarked income.

Institutional grants

Grants from Danida, the EU and other international donors totalled DKK 709.7m, DKK 94.2m more than in 2019. Government funding through Danida was DKK 232.1m in 2020, up DKK 11.6m on 2019. Also, DanChurchAid received EU funding of DKK 126.0m, DKK 14.7m more than in 2019. Total international donations were DKK 351.6m, up DKK 67.9m on 2019.

Other income

We have recognised DKK 12.5m as other income, grants and refunds. The amount includes DKK 5.8m given as compensation for the cancelled national fundraising campaign and payment of fixed costs related to the closing of our charity shops. Besides, a VAT refund is included by DKK 5.1m. Finally, other income includes Learning Lab activities of DKK 5.6m.

In 2020, net interest income, exchange rate adjustments, etc amounted to DKK 4.7m, of which unrealised exchange rate adjustments amounted to DKK 2.9m.

Expenses for the year

Relief work abroad

In 2020, our activities abroad, both the development activities and the humanitarian emergency aid activities, covered all focus areas of DanChurchAid; saving lives, building resilient communities, fighting extreme inequality, and other international relief work. The relief work totalled DKK 742.3m, a considerable increase of DKK 93.7m compared with 2019. The growing level of activity is caused by increased external donations, mainly for the humanitarian emergency aid projects, which have risen by DKK 92.5m to a total of DKK 497.3m. Moreover, DKK 245.1m has been spent on development activities, up DKK 1.3m on 2019. Our core focus has been on saving lives and building resilient communities.

Relief work – broken down by programme (DKKm)	2020	2019
Development activities	245.1	243.8
Humanitarian emergency aid projects	497.3	404.8
Total relief work	742.3	648.6

Relief work – focus areas	2020	2019
Saving lives	424.7	288.7
Building resilient communities	166.4	214.6
Fighting extreme inequality	90.1	80.9
Other international relief work	61.2	64.4
Total relief work	742.3	648.6

Africa

Geographically, Africa continues to be the continent where we have the highest level of activity, with expenses totalling DKK 407.7m, equal to 54.9% of our total relief work. Our core focus in Africa has been on saving lives and building resilient communities. Our activities centred around the following countries: South Sudan, where a total of DKK 107.2m was spent. Furthermore, DKK 89.9m, DKK 49.7m and DKK 42.5m have been paid in Zimbabwe, Ethiopia and Uganda, respectively.

The Middle East

For the Middle East, we recorded the second-highest activity totalling DKK 168.7m or 22.7%. Most activities were aimed at saving lives and fighting extreme inequality. Our activities centred around the following countries: Syria, where a total of DKK 55.9m was spent. Furthermore, DKK 46.3m, DKK 36.9m, DKK 16.5m and DKK 13.0m have been paid to the West Bank/Gaza, Libya, Lebanon and Iraq, respectively.

Asia

We spent DKK 110.5m, or 14.9%, in Asia. Most activities were aimed at building resilient communities and saving lives. Our activities centred around the following countries: We spent the most money in Myanmar, a total amount of DKK 38.9m; then Bangladesh by DKK 22.7m, Nepal by DKK 20.6m and Cambodia by DKK 23.3m.

Global activities

We spent DKK 53.7m (7.2%) on global activities and DKK 1.7m (0.2%) on European activities.

Relief work (DKKm)	Saving lives	Building resilient communities	Fighting extreme inequality	Other international relief work	Total
Europe	0.0	1.2	0.0	0.6	1.7
The Middle East	132.9	13.0	20.8	2.0	168.7
Asia	36.6	43.3	29.3	1.3	110.5
Africa	252.8	108.2	40.0	6.7	407.7
Global	2.4	0.6	0.0	50.6	53.7
Total	424.7	166.4	90.1	61.2	742.3

Information and fundraising activities

In 2020, expenses for information and fundraising activities totalled DKK 67.2m, down DKK 3.5m on 2019. The decrease in total expenses is attributable to necessary cost reductions because of the COVID-19 pandemic.

We paid expenses of DKK 51.2m in connection with fundraising activities such as the annual Parish Collection campaign, continued focus on new ways of fundraising including the recruiting of donors, the campaign "Give a Goat" (gift catalogue), central logistics operations (stocks) related to second-hand clothing as well as the operation of charity shops and the Wefood stores - sale of surplus food. Also, we spent DKK 16.0m on information activities such as presswork and information in general, partnership activities, a sustainability campaign – reduction of food loss and waste, and the award of the Timbuktu Prize.

Of the DKK 16.0m, DKK 4.2m was financed externally by, among others, Danida with approx. DKK 2m for project-related information activities, the Timbuktu Foundation with DKK 0.2m, the Salling Foundations with DKK 1.1m for a sustainability campaign, and the association Civil Society in Development with DKK 0.7m as compensation for the lack of income from second-hand activities and other fundraising activities.

Learning Lab

Income from Learning Lab activities amounted to DKK 6.6m in 2020, up DKK 0.8m on 2019. Furthermore, we have recognised income from invoicing of services by DKK 5.6m.

Administration

The administration rate was 5.1%, which is 0.2% less than in 2019 (5.3%). The slightly lower administration rate mainly results from the somewhat higher revenue in 2020 compared with 2019 and because the secretarial expenses have not increased proportionally.

The administration rate is calculated as total payroll, staff, and operating costs less total costs related to the activities in the International department and the Engagement department expressed as a percentage of total revenue.

In 2020, actual expenses incurred at the Copenhagen secretariat in Mehltdalsgade and the operation of the regional offices in our focal countries amounted to DKK 303.4m. Operating costs of our regional offices came to DKK 165.8m, up DKK 14.6m on 2019, of which relief work activities financed the majority of the costs. Operating costs of the Copenhagen secretariat in Mehltdalsgade amounted to DKK 137.5m, up DKK 12.3m on 2019.

The increased operating costs of the regional offices are the outcome of the significant increase in revenue and with it, our growing relief work, requiring more staff resources. The rise in operating costs of the Copenhagen secretariat in Mehltdalsgade is attributable to implementing new IT systems and the provision for holiday pay obligations, among others.

The secretarial expenses related to programmes and projects are allocated to the relevant activities through time recording and cost allocation. After the allocation of these expenses, secretarial expenses amounted to DKK 49.2m in 2020, down DKK 2.5m on 2019.

DanChurchAid received total administrative contributions of DKK 42.5m (an average rate of 5.8%) from donors to manage the grants received, being DKK 5.1m more than in 2019 when we received DKK 37.3m (an average rate of 5.9%).

Performance for the year

Profit for the year amounts to DKK 23.7m and is transferred to equity, thus increasing the financial resilience of DanChurchAid as an organisation and business partner. The positive performance is rooted in fewer expenses spent on fundraising activities in Denmark. Also, many operating costs have been financed through external donations, exceeding our expectations.

Equity amounts to DKK 135.2m on 31 December 2020.

Uncertainty related to and unusual circumstances affecting recognition and measurement

We are not aware of any uncertainties related to recognition and measurement in the financial statements. Moreover, no unusual circumstances have affected recognition and measurement in the financial statements.

Corporate social responsibility report

As socially responsible, DanChurchAid concentrates on human rights, social and staff conditions, anti-corruption, environmental performance, and the climate. We do our best always to treat the people we help, our donors and staff, and local communities with respect and consideration. Our guidelines for ethical behaviour are specified in our Code of Conduct.

Climate changes are a challenge for us all, and they may intensify natural disasters. To the poor and needy, the impact hereof may be the difference between life and death. In our relief work, we mainly use local labour, but we also contribute resources and knowledge from, for example, our Copenhagen head office. International flights are the primary source of our carbon emission. The carbon footprint of these flights is compensated by tree planting. Our goals and actions are specified in our internal climate change policy.

In 2020, we remained focused on activities related to anti-corruption and complaints. For further information on specific cases, please see the descriptions published on our website www.noedhjaelp.dk/anti-korruption.

Diversity report

DanChurchAid strives towards gender equality in the composition of the Council, Board, Management and staff. The Board has nine members, of whom three are women, and Management has five members, of whom three are women. The head office engages 12 mid-level managers, of whom seven are women. The regional offices employ 18 regional managers, of whom five are women. However, the employment of managers and staff are still based on professional qualifications.

The Organisation strives towards diversity in the composition of Management and staff. Our organisation and work are based on Christian values. We show humanity, offer our work and help to the poor and needy regardless of gender, ethnic origin, religion, etc.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would materially influence the evaluation of this annual report.

However, the outbreak of COVID-19 may adversely affect our expected performance for 2021. We cannot determine its possible financial impact at the time of publication of this annual report.

Management's statement

We, the undersigned, have today examined and approved DanChurchAid's annual report for the financial year 1 January – 31 December 2020.

The annual report has been prepared and is presented in accordance with the Danish Financial Statements Act and the Danish Ministry of Culture's Executive Order no. 1701 of 21 December 2010 on financial and administrative conditions for recipients of operating grants from the Danish Ministry of Culture.

It is our opinion that the financial statement presents a true and fair view of the organisation's assets and liabilities, its financial position on 31 December 2020 and the result of the organisation's activities in the financial year 1 January – 31 December 2020.

In our opinion, the Management's review gives a fair presentation of the matters accounted for.

The organisation has established guidelines and procedures to ensure that the transactions reported in the financial statement have been conducted in conformity with awarded grants, acts and other regulations as well as with agreements entered into and common practice. In addition, guidelines and procedures have been established to ensure that the funds covered by the financial statement are managed with due economic consideration.

Collection


The organization's collections have been made in accordance with the organization's collection permit and in accordance with the Collection Law and associated executive order. We consider the prepared accounts for collection for the benefit of the organization's purposes for the period 1 January - 31 December 2020, to be prepared in accordance with the accounting provisions in Executive Order no. 160 of 26 February 2020 and the Collection Law.

Distribution funds - operating aid for non-profit and humanitarian purposes

The organization has established guidelines and procedures that ensure that the dispositions relating to received distribution funds are in accordance with notified grants, laws, and other regulations as well as with agreements entered into and customary practice. Guidelines and procedures have also been established to ensure that due financial considerations are considered in the management of the distribution funds received.

We recommend the annual report for adoption by the annual meeting.

Copenhagen, 6. April 2021


 Birgitte Qvist-Sørensen
 General Secretary



Søren Christian Madsen
Formand



Jonas Kolby Laub Kristiansen
Kasserer



Solvej Gasseholm Bang
Næstformand



Lone Riisgaard



Henning Thomsen



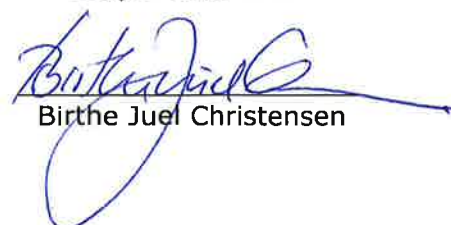
Jesper Lindholm



Kristian Ramskøver



Torben Hjul Andersen



Birthe Juel Christensen

Independent auditor's report

To the Management of DanChurchAid

Opinion

We have audited the financial statements of DanChurchAid for the financial year 01.01.2020 – 31.12.2020, which comprise the accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act and the Danish Executive Order No 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations issued by the Danish Ministry of Culture.

In our opinion, the financial statements give a true and fair view of the Organisation's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act and the Danish Executive Order No 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations issued by the Danish Ministry of Culture.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, additional requirements applicable in Denmark, as well as the standards on public auditing as the audit was conducted in accordance with the provisions of the Danish Executive Order No 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations issued by the Danish Ministry of Culture. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Organisation's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, the additional requirements applicable in Denmark, as well as the standards on public auditing as the audit was conducted in accordance with the provisions of the

Independent auditor's report (continued)

Danish Executive Order No 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations issued by the Danish Ministry of Culture will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, the additional requirements applicable in Denmark, as well as the standards on public auditing as the audit was conducted in accordance with the provisions of the Danish Executive Order No 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations issued by the Danish Ministry of Culture, and generally accepted public auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

Independent auditor's report (continued)

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under generally accepted accounting principles.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and generally accepted accounting principles. We did not identify any material misstatement of the management commentary.

Report on other legal and regulatory requirements

Statement on compliance audit and performance audit

Management is responsible for the compliance of transactions relating to the application of received state football and lottery funds covered by the financial statements with the appropriations granted, statutes, other regulations, agreements and usual practice, and for ensuring that sound financial management is exercised in the administration of the received state football and lottery funds covered by the financial statements.

As part of our audit of the financial statements, it is our responsibility to select relevant subject matters for compliance audit as well as performance audit in accordance with the audit provisions of the Danish Executive Order No 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations issued by the Danish Ministry of Culture. In our compliance audit, we test the selected subject matters to obtain reasonable assurance about whether the transactions relating to the receipt of state football and lottery funds covered by the financial statements comply with appropriations granted, statutes, other regulations, agreements and usual practice. In our performance audit, we make an assessment to obtain reasonable assurance about whether the systems, processes or transactions examined support the exercise of sound financial management in the administration of the received state football and lottery funds covered by the financial statements.


If, based on the procedures performed, we conclude that material critical comments should be made, we are required to report this.


We have no material critical comments to report in this respect.

Copenhagen, 6 April 2021

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33 96 35 56


Henrik Wellejus
State-Authorised
Public Accountant
MNE-no. mne24807


Christian Dalmose Pedersen
State-Authorised
Public Accountant
MNE-no. mne24730

Accounting policies

The annual report of DanChurchAid for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting A enterprises, with the addition of the management commentary and the audit provisions of the Danish Executive Order No. 1701 of 21 December 2010 on financial and administrative conditions for recipients of contributions to operations from the Danish Ministry of Culture.

The accounting policies are unchanged compared to the previous year.

Recognition and measurement

Income is recognised in the profit and loss account when earned, including value adjustments of financial assets and liabilities. All costs, including depreciation and write-downs, are also recognised in the profit and loss account.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each financial statement item.

Profit and loss account

Income

Income primarily consists of funds raised and grants, which are recognised as income at the time when the amount is finally available. For non-earmarked funds, the right of disposal is transferred at the time of payment, and for earmarked funds, the right of disposal is transferred when the funds are spent.

Relief work

Amounts transferred to projects are regarded as spent, thus recognising transfers as expenses in the profit and loss account when the relief work is carried out. Actual expenses are not calculated until the projects have ended.

Information and campaign activities

Information and campaign activities include expenses related to information about the relief work, including costs related to fundraising campaigns such as the Parish Collection campaign.

Learning Lab activities

The Learning Lab was established in 2014 focusing on the innovation, streamlining and development of capacity building and skills development in DanChurchAid and among sister organisations in the ACT Alliance. The Learning Lab activities include expenses for development of an IT platform, courses, material, etc.

Secretarial expenses

Secretarial expenses include expenses for administrative staff, administration, rental expenses under operating leases, depreciation on property, plant and equipment, etc.

Financial income and expenses

Financial income and expenses are recognised in the profit and loss account at the amounts relating to the financial year. Financial income and expenses include interest income and expenses as well as realised and unrealised capital or exchange gains and losses on securities, debt and foreign currency transactions.

Dividends from equity investments are recognised as income in the financial year in which they are declared.

Tax on net profit or loss for the year

DanChurchAid is exempted from the liability to pay tax.

Balance sheet

Property, plant and equipment

Land and buildings as well as fixtures and operating equipment are measured at cost less accumulated depreciation.

The basis of depreciation is cost less estimated residual value after the end of the useful life. The residual value is determined based on cost.

Cost is calculated as the acquisition price and costs directly attributable to the acquisition until the time when the asset is ready to be put into operation.

Land and buildings are recognised based on a revaluation model in which value adjustments are recognised directly in equity. The revaluation is tied up in a special reserve named "revaluation reserve".

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings, Denmark	50 yrs.	Residual value 40%
Buildings, abroad	4 - 10 yrs.	Residual value 0%
Fixtures and operating equipment	3 - 5 yrs.	Residual value 0%

Cars are depreciated by 30% of their residual value.

Assets to be used abroad are recognised in the profit and loss account as project costs over their useful lives.

Profit or loss arising from sale of property, plant and equipment are calculated as the difference between selling price, less selling costs, and the carrying amount at the time of sale. The profit or loss is recognised in the profit and loss account as other grants and refunds.

Stocks

Stocks are measured at the lower of cost, using the FIFO method, and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs.

The net realisable value of stocks is calculated as the selling price less completion costs and costs incurred to execute sale, and is determined in consideration to marketability, obsolescence and expected selling price.

Project grants receivable

Project grants receivable recognised as assets represent outstanding project commitments from donors in which the commitment has been made in the financial year, but the actual project grant will not be received until the subsequent financial year.

Project grants receivable are measured at expected project payments based on an individual assessment of the possibility of obtaining a project grant for the particular projects.

Debtors

Debtors are measured at amortised cost, usually equalling nominal value, less write-downs for bad and doubtful debts.

Prepayments

Prepayments include incurred costs relating to subsequent financial years.

Securities

Securities recognised as current assets are measured at fair value (market price) at the balance sheet date.

Debt

Other debt is measured at amortised cost, which usually corresponds to nominal value.

Project commitments

Project commitments recognised as liabilities represent unused project grants from donors. Project commitments consist of either future expenses related to earmarked projects or repayment of project grants to donors.

Project commitments are measured at project grants received from donors less project costs incurred.

Foreign currency translation

Transactions in foreign currencies are translated using the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date are recognised in the profit and loss account as financial income or expenses.

Receivables, debt and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are measured using the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the one in effect at the payment date is recognised in the profit and loss account as financial income or expenses.

Fixed assets that have been purchased in foreign currencies are measured at the exchange rate at the transaction date.

Administration rate

The administration rate is calculated as total payroll, staff and operating costs less total costs relating to the activities in the international department and Engagement expressed as a percentage of total revenue.

Profit and loss account 1 January - 31 December 2020

	Note	2020			2019
		DKK	EURO	USD	DKK
Income	1	<u>884.354.270</u>	<u>118.616.619</u>	<u>134.611.058</u>	<u>779.995.895</u>
		<u>884.354.270</u>	<u>118.616.619</u>	<u>134.611.058</u>	<u>779.995.895</u>
Development and relief aid	2	<u>-742.334.172</u>	<u>-99.567.756</u>	<u>-112.993.618</u>	<u>-648.586.803</u>
Information and campaigns etc.	3	<u>-73.816.726</u>	<u>-9.900.886</u>	<u>-11.235.936</u>	<u>-76.499.172</u>
		<u>-816.150.898</u>	<u>-109.468.641</u>	<u>-124.229.554</u>	<u>-725.085.975</u>
Gross profit		<u>68.203.372</u>	<u>9.147.978</u>	<u>10.381.505</u>	<u>54.909.920</u>
Administrative expenses	4	<u>-49.192.988</u>	<u>-6.598.154</u>	<u>-7.487.859</u>	<u>-51.666.783</u>
Operating profit		<u>19.010.384</u>	<u>2.549.824</u>	<u>2.893.646</u>	<u>3.243.137</u>
Financial income	5	<u>4.762.751</u>	<u>638.818</u>	<u>724.957</u>	<u>5.703.238</u>
Financial expenses	6	<u>-83.802</u>	<u>-11.240</u>	<u>-12.756</u>	<u>-232.603</u>
Net profit or loss for the year		<u>23.689.333</u>	<u>3.177.402</u>	<u>3.605.847</u>	<u>8.713.772</u>
Net income transferred to equity		<u>23.689.333</u>	<u>3.177.402</u>	<u>3.605.847</u>	<u>8.713.772</u>

Balance sheet as at 31 December 2020

	Note	2020			2019
		DKK	EURO	USD	DKK
ASSETS					
FIXED ASSETS					
Property, plant and equipment					
Fixtures and operating equipment		2.757.786	369.896	419.774	8.371.564
		2.757.786	369.896	419.774	8.371.564
Financial assets					
Deposits receivable	7	8.719.248	1.169.495	1.327.191	8.046.030
Total fixed assets		11.477.034	1.539.391	1.746.965	16.417.594
CURRENT ASSETS					
Debtors					
Project grants receivable		325.190.357	43.617.114	49.498.509	302.891.960
Other debtors	8	15.738.522	2.110.976	2.395.623	21.229.013
		340.928.879	45.728.089	51.894.132	324.120.973
Securities	9	86.539.746	11.607.398	13.172.557	82.911.761
Securities and cash at bank, Timbuktu-foundation		11.019.255	1.477.990	1.677.284	10.604.865
Cash at bank and in hand	10	153.326.879	20.565.419	23.338.490	150.841.068
Total current assets		591.814.759	79.378.896	90.082.463	568.478.666
TOTAL ASSETS		603.291.793	80.918.287	91.829.428	584.896.260

Balance sheet as at 31 December 2020

	Note	2020			2019
		DKK	EURO	USD	DKK
LIABILITIES					
EQUITY					
Equity		135.179.669	18.131.371	20.576.232	111.490.336
		135.179.669	18.131.371	20.576.232	111.490.336
PROVISIONS					
Other provisions	11	310.301	41.620	47.232	2.296.697
		310.301	41.620	47.232	2.296.697
Long-term liabilities					
Other debt	12	8.374.573	1.123.264	1.274.727	3.082.779
		8.374.573	1.123.264	1.274.727	3.082.779
Short-term liabilities					
Project commitments	13	392.159.518	52.599.549	59.692.150	417.271.555
Suppliers of goods and services		18.356.518	2.462.122	2.794.118	8.535.301
Other debt	14	37.891.959	5.082.371	5.767.685	31.614.728
		448.407.995	60.144.042	68.253.953	457.421.584
Liabilities re. Timbuktu foundation		11.019.255	1.477.990	1.677.284	10.604.865
Total liabilities		467.801.823	62.745.296	71.205.964	471.109.227
TOTAL LIABILITIES AND EQUITY		603.291.793	80.918.287	91.829.428	584.896.260
Contingencies etc.	15				
Charges and securities	16				

Notes to the Financial Statements

Note 1 Income

	2020			2019
	DKK	EURO	USD	DKK
PRIVATE DONATIONS				
Donations and collections, non-earmarked				
Regular private donors	77.571.517	10.404.508	11.807.467	76.171.784
Deeds of gift	1.504.359	201.777	228.984	1.917.357
Bequests	28.968.092	3.885.431	4.409.348	15.962.308
Second-hand shops, profits	22.822.349	3.061.115	3.473.880	30.390.685
Ministry of Culture, danish lottery operating grants (tips/lotto)	2.235.528	299.847	340.279	2.235.071
	133.101.845	17.852.677	20.259.958	126.677.205
Donations and collections, earmarked				
Gifts towards specific purposes *)	24.050.788	3.225.883	3.660.865	21.437.815
Special appeals				
Parish appeal, donations and collections	0	0	0	9.147.861
Digital national collections	4.958.507	665.074	754.754	0
	29.009.295	3.890.957	4.415.619	30.585.676
Total private donations	162.111.140	21.743.634	24.675.577	157.262.881

There are prepared separate accounts for the collections that are made in accordance with Law no. 820 of 27 June 2014 and Executive Order no. 150 of 26 February 2020.

Notes to the Financial Statements

Note 1 Income

	2020			2019
	DKK	EURO	USD	DKK
GRANTS TOWARDS DEVELOPMENT AND RELIEF				
Danida grants				
Development projects (special grants incl. alliance programmes)	15.593.808	2.091.565	2.373.595	31.671.970
Frame grant	110.608.251	14.835.657	16.836.119	103.555.272
Relief / humanitarian aid grants	105.947.538	14.210.525	16.126.693	85.369.064
	232.149.597	31.137.748	35.336.408	220.596.306
Grants from other organisations				
The European Union (EU)				
Grants towards development aid	69.988.915	9.387.469	10.653.289	62.651.620
Relief aid grants	56.009.361	7.512.420	8.525.406	48.635.885
	125.998.276	16.899.890	19.178.696	111.287.505
Grants from international donors				
Grants from Department of International Development, DFID	8.259.001	1.107.763	1.257.135	5.843.079
Grants from American State (USAID, US-DOS, BPRM etc.)	85.711.607	11.496.322	13.046.502	53.726.639
Grants from United Nations (UNDP, UNDEF, UNMAS, etc.)	93.091.555	12.486.179	14.169.833	72.785.906
Grants from Other International Institutional donors	23.611.883	3.167.013	3.594.058	18.944.735
Grants from International Donors	140.213.784	18.806.586	21.342.494	130.586.731
Grants from Private Sector Partnerships	676.048	90.677	102.904	1.766.919
	351.563.878	47.154.540	53.512.927	283.654.008
Other grants and refunds				
Procurement				
Other grants and refunds	6.922.009	928.435	1.053.626	1.821.624
Information material and projects etc.	22.000	2.951	3.349	18.796
Learning Lab activities	5.587.370	749.422	850.476	5.354.775
	12.531.379	1.680.808	1.907.451	7.195.195
Total income	884.354.270	118.616.619	134.611.058	779.995.895
Ministry of Culture, danish lottery operating grants (tips/lotto)				
Danida grants	2.235.528	299.847	340.279	2.235.071
The European Union (EU)	232.149.597	31.137.748	35.336.408	220.596.306
Grants from other national and international donors	125.998.276	16.899.890	19.178.696	111.287.505
Other private donors	351.563.878	47.154.540	53.512.927	283.654.008
	172.406.991	23.124.595	26.242.749	162.223.005
Total income	884.354.270	118.616.619	134.611.058	779.995.895

Notes to the Financial Statements

Note 2 Development and relief aid

Development projects

	2020			2019
	DKK	EURO	USD	DKK
Europe	1.193.197	160.041	181.621	819.534
Middle East	27.073.844	3.631.359	4.121.017	21.919.776
Asia	59.630.590	7.998.128	9.076.608	62.975.157
Africa	114.933.081	15.415.738	17.494.418	115.086.753
Global	42.245.229	5.666.266	6.430.313	42.973.769
	245.075.941	32.871.532	37.303.978	243.774.989

Relief / humanitarian projects

Europe	552.742	74.138	84.135	929.175
Middle East	141.609.980	18.993.855	21.555.015	124.502.375
Asia	50.870.676	6.823.179	7.743.227	40.295.757
Africa	292.792.347	39.271.635	44.567.080	228.615.303
Global	11.432.486	1.533.416	1.740.184	10.469.204
	497.258.231	66.696.224	75.689.640	404.811.814
	742.334.172	99.567.756	112.993.618	648.586.803

Note 3 Information and campaigns etc.

Information activities	16.029.850	2.150.051	2.439.967	15.305.230
Campaigns and fundraising	51.211.805	6.868.934	7.795.151	55.442.635
	67.241.655	9.018.985	10.235.118	70.747.865
Learning Lab activities	6.575.071	881.901	1.000.818	5.751.307
	73.816.726	9.900.886	11.235.936	76.499.172

Notes to the Financial Statements

	2020			2019
	DKK	EURO	USD	DKK
Note 4 Administrative expenses				
Staff costs				
Staff costs: insurance, competency development etc.	6.350.893	851.832	966.695	9.399.682
Salaries, pensions, ATP etc.	91.458.568	12.267.150	13.921.270	90.036.593
	97.809.461	13.118.982	14.887.965	99.436.275
Average number of full-time employees	177			187
Other administrative expenses				
Operating expenses: Rent, telephone, fax, stationery, postage etc.	27.265.967	3.657.128	4.150.261	22.950.208
Depreciation on property, plant and equipment	11.688.887	1.567.806	1.779.212	2.146.577
Board and committees	180.863	24.259	27.530	131.713
Other expenses	568.887	76.304	86.593	512.640
	39.704.604	5.325.497	6.043.595	25.741.138
Country Offices, running costs and expatriates	165.841.823	22.244.023	25.243.439	151.274.666
	303.355.888	40.688.501	46.174.999	276.452.079
Program- and project related costs (moved to relevant activity)	-254.162.900	-34.090.347	-38.687.139	-224.785.296
	49.192.988	6.598.154	7.487.859	51.666.783
Note 5 Financial income				
Towards ongoing development and relief aid activities	1.027.018	137.752	156.326	719.645
Capital gain on securities	3.735.733	501.066	568.631	4.983.593
	4.762.751	638.818	724.957	5.703.238
Note 6 Financial expenses				
Repayments of interest to Danida etc.	83.802	11.240	12.756	130.140
Capital gain on securities	0	0	0	102.463
	83.802	11.240	12.756	232.603
Note 7 Deposits receivable (fixed assets)				
Franking machine, deposit	16.800	2.253	2.557	16.800
Butik Fisk, rent deposit	8.702.448	1.167.241	1.324.634	8.029.230
	8.719.248	1.169.495	1.327.191	8.046.030
Note 8 Other debtors (current assets)				
Travel and other cash advances	137.000	18.376	20.853	147.500
Tax etc. receivable	0	0	0	4.134
Local receivable	7.792.732	1.045.223	1.186.163	6.762.000
VAT receivable	24.628	3.303	3.749	19.656
Other receivable	7.784.162	1.044.074	1.184.858	14.295.723
	15.738.522	2.110.976	2.395.623	21.229.013

Notes to the Financial Statements

	2020			2019
	DKK	EURO	USD	DKK
Note 9 Securities				
Bonds	60.333.962	8.092.470	9.183.671	67.298.243
Stocks	26.160.641	3.508.873	3.982.015	15.392.610
Portfolio administration account	45.143	6.055	6.871	220.908
	86.539.746	11.607.398	13.172.557	82.911.761
Note 10 Cash at bank and in hand				
Bank deposits	111.855.290	15.002.920	17.025.936	114.965.754
Cash balance, regional offices and HMA offices	41.471.589	5.562.499	6.312.554	35.875.314
	153.326.879	20.565.419	23.338.490	150.841.068
Note 11 Provisions				
Provisions OIKOS (self-liable guarantee)	310.301	41.620	47.232	2.296.697
	310.301	41.620	47.232	2.296.697
Note 12 Other debt - long-term obligations				
Special holiday pay obligations	8.374.573	1.123.264	1.274.727	3.082.779
	8.374.573	1.123.264	1.274.727	3.082.779
Note 13 Project commitments - short term obligations				
Project commitments	392.159.518	52.599.549	59.692.150	417.271.555
	392.159.518	52.599.549	59.692.150	417.271.555
Note 14 Other debt - short term obligations				
Labor market supplement pension, due (ATP)	1.825.082	244.794	277.803	162.926
Due Tax	5.779.423	775.182	879.709	7.389
Due pension	72.870	9.774	11.092	11.013
Holiday pay obligations	5.517.595	740.064	839.855	9.018.858
Provision severance obligations	457.381	61.348	69.620	1.613.007
	199.654	26.779	30.390	0
Provision loss debtors	0	0	0	620.404
Provision NCA (liquidity insurance)	1.488.920	199.706	226.634	1.488.920
	72.570	9.734	11.046	0
Homecoming fee expatriate staff	551.180	73.929	83.897	520.446
Other debt	5.328.412	714.689	811.059	1.668.954
Other debt local	16.399.383	2.199.616	2.496.215	16.324.206
VAT due	199.489	26.757	30.365	178.604
	37.891.959	5.082.371	5.767.685	31.614.728

Note 15 Contingencies etc.

Contingent assets and liabilities

DanChurchAid has entered a lease for the organization's offices at Meldahlsgrde 3 in Copenhagen. The lease is non-cancellable until June 1, 2029. The rent obligation amounts to DKK 42,258,765. In addition, the organization has entered leases for Second Hand Stores and Wefood stores of predominantly shorter duration.

DanChurchAid is a party to individual litigation and appeals. In management's view, the outcome of these cases is will not further affect the financial position of the organization.

DanChurchAid has provided a loan guarantee to Andelskassen Oikos. An overall risk assessment has been carried out on the self-debt collateral and a provision for losses of DKK 310,301 has been made. The organization is of the opinion that the provision for losses is enough and the guarantees will not give rise to further losses.

Note 16 Charges and securities

In security for all balances with Danske Bank a grant of DKK 86,348,153.56 is charged on securities.