

FINANCIAL STATEMENTS 2018

www.msf.fr



Uganda, Mara Tatu camp
Photographer: **Mohammad Ghannam**



ASSOCIATION RECONNUE D'UTILITÉ PUBLIQUE



Nutritional and pediatric care in Bama, Borno State, Nigeria
Photographer: Nitin George

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Charter of MSF

Médecins sans Frontières is a private international organisation. Most of its members are doctors and health workers, but many other support professions contribute to MSFs smooth functioning. All of them agree to honour the following principles:

- a. Médecins sans Frontières offers assistance to populations in distress, to victims of natural or man-made disasters and to victims of armed conflict, irrespective of race, religion, creed or political affiliation.
- b. Médecins sans Frontières observes strict neutrality and impartiality. In the name of universal medical ethics and the right to humanitarian assistance Médecins sans Frontières demands full and unhindered freedom in the exercise of its functions.
- c. Médecins sans Frontières' volunteers undertake to respect their professional code of ethics and to maintain complete independence from all political, economic and religious powers.
- d. As volunteers, members are aware of the risk and dangers of the missions they undertake, and have no right to compensation for themselves or their beneficiaries other than that which Médecins sans Frontières is able to afford them.



Bekan health center, CAR
Photographer: Candida Lobes

Treasurer's report

The financial report of MSF France

The financial report of the MSF France group provides a consolidated view of the activities, results, assets and cash position of all Médecins Sans Frontières entities in France. It is developed from combined financial statements that are similar, for non-profit organisations, to the consolidated accounts of companies of the same group. The accounts of the US, Australian and Japanese sections of MSF, which together with the MSF France association (hereinafter MSF association) form the OCP (Paris Operational Centre) group, are not included in the financial statements of the MSF France group; on the other hand, the OCP group

produces a consolidated budget of its activities each year, which determines its contribution to the Médecins Sans Frontières movement.

Ernst & Young Audit and Deloitte & Associés, co-auditors, audited and certified the annual accounts of MSF France and the MSF association. Ernst & Young Audit also certified the accounts of the MSF Foundation, Epicentre and MSF Logistique.

All the accounts of Médecins Sans Frontières (MSF association and MSF France group) are approved by the treasurer. The financial statements of the MSF France group, as well as the annual financial statements of all its component entities, their annexes and the auditors' reports, are available on our website (www.msf.fr) and on request, from our Paris headquarters.

MSF France's activities and their financing

Simplified combined application of funds statement as at December 31, 2018

En millions d'euros	2018	2017	Variation		of which resources from public generosity (PG) in 2018	
					Collected	Allocated
Private resources from fundraising	262,1	297,5	-35,4	-12%	215,5	
Institutional resources	4,3	8,3	-4,0	-48%		
Other resources	136,9	93,8	43,1	46%		
Total funds	403,3	399,6	3,7	1%	215,5	
Reversals of provisions	1,3	4,6	-3,3			
TOTAL INCOME	404,6	404,2	0,4			
DSocial mission expenses	373,1	358,7	14,4	4%		211,4
of which mission expenses	259,6	243,8	15,8	6%		
Fundraising costs	14,0	13,1	1,0	8%		9,2
Operating costs	23,3	21,8	1,5	7%		4,7
Total application of funds	410,4	393,5	16,9	4%		225,4
Allowances for provisions	3,3	1,4				
TOTAL EXPENSES	413,8	394,9	18,9	5%		
Change in funds raised	0,0	-0,3				0,2
Investments of the year						2,6
SURPLUS / DEFICIT	-9,2	9,0			-12,2	
Available reserves	105,2	112,8				
of which public generosity resources not used	55,6	67,8				
Reserves available in months of activity	3,1	3,4				

Summary view of MSF France's combined accounts

Total **combined revenue** was stable at €404.6 million, while over the same period total combined costs increased by €18.9 million (+ 5%) to reach €413.8 million. These differentiated devolutions result in a deficit of €9 million, mitigated by a very significant exceptional revenue related to the sale of buildings on the rue Saint-Sabin which partly make up for the decline in donations and gifts.

Group entities contribute very unevenly to this result: the MSF association has a deficit of €36.6 million, largely offset by the €28.9 million capital gain on the property sales of the SCIs; MSF Logistics, Epicentre and the MSF Foundation are balancing their budgets. The MSF association thus concentrates most of the annual deficit, "losing" €35.9 million in private funds over the year: fundraising revenue in France and the United Arab Emirates were €24.6 million lower than in 2017, which included an exceptional legacy of €22.2 million, and the contributions of the movement's sections fell by 6% (-€11.3 million). In total, the resources of the MSF association thus decreased by 10% compared to 2017, and appear insufficient to finance the 4% growth in expenses for the year.

MSF France's combined available reserves at December 31, 2018 amounted to €105.2 million. They represent 3.1 months of activity (compared to 3.4 months at the end of 2017), a level that remains reasonable. The purpose of these reserves is to ensure the continuity of relief efforts on the ground, to address risks related to activities (emergency response or sudden decrease in resources), and to finance investments.

The accounts continue to show a very good level of efficiency in the use of funds. In a very global way:

- out of 100 Euros raised by public generosity, 93 Euros financed social missions, 4 Euros fundraising, 2 Euros general administration and 1 Euro investments,
- out of 100 Euros spent, 91 Euros were spent on social missions, 3 Euros on fundraising and 6 Euros on general administration.

The activities of the MSF France group

Social mission expenses represent a stable share of 91% of MSF France's total combined applications of funds. They include the cost of operations carried out in France and abroad, operational support, information and public awareness, as well as expenses generated by satellite activities and financing of other humanitarian organisations. They increased by €14.4 million over the year to €373.1 million, up 4% compared to 2017. The MSF association alone accounts for three-quarters of this increase.

Operations carried out in France and abroad represent a stable share of 70% of the combined social mission costs. The MSF association contributes 81%, MSF Logistics 17% and Epicentre 2%. In 2018, they amounted to €259.6 million, up €15.8 million compared to 2017, a quarter of which was due to expenses incurred by MSF France on behalf of other sections: these costs mainly correspond to the expenses of expatriate staff under a French contract working on behalf of other sections, re-invoiced to the sections and representing 6% of MSF France's operating expenses.

Within the costs of social missions, expenditure on information and public awareness is stable at €3.3 million. They cover in particular the activity of CRASH (Centre de Réflexion sur l'Action et les Savoirs Humanitaires), which is responsible within the MSF Foundation for leading the debate and critical reflection on humanitarian action, as well as the expenses of the MSF association for its public information mission.

Fundraising expenses, which account for 3% of applications of funds, increased significantly by 8% (+ €1 million), in line with the ongoing investments of the MSF France association to consolidate regular donations and diversify solicitations and collection channels. Fundraising expenses do not include expenses incurred by MSF USA, MSF Australia and MSF Japan for their contributions to the MSF France group.

Operating costs represent a stable share of 6% of applications of funds. They mainly include the general administration costs of the group's entities as well as the contribution of MSF France to the functioning of the International Bureau of the MSF movement. They increased by 4.2%, mainly

concentrated on the MSF Association. This represents €0.8 million in additional operating expenses (excluding operating expenses re-invoiced to the MSF sections), of which €0.4 million is attributable to the contribution to the International Bureau in Geneva and €0.2 million to the additional rental costs of the buildings on rue Saint-Sabin that the MSF association continues to occupy after their sale during the year.

MSF France's activities are mainly financed by the fundraising revenue of the MSF Association and the MSF Foundation, in addition to the funds raised abroad by the US, Australian and Japanese sections of OCP. Resources from private fundraising are the cornerstone of MSF's means of action. They are supplemented by institutional funds, the proceeds from sales of satellite structures to the MSF movement and other resources from re-invoicing between MSF sections, financial income, foreign exchange gains and exceptional income.

In 2018, private resources from fundraising decreased by €35.4 million, i.e. 12%. The €38.7 million decrease in donations and bequests from individuals was partially offset by a €3.2 million increase in funds raised from companies. Excluding the impact of the exceptional legacy of €22.2 million in 2017, funds from public generosity fell by €16.3 million, 80% of which was attributable to funds raised abroad by sections of the MSF movement: these collections are €13.1 million lower than in 2017; they vary unevenly from one section to another and are impacted differently by changes in exchange rates. The annual contribution from the US, Australian and other MSF sections fell by €16m, partly offset by an additional €4.4m from MSF Japan. In total, excluding donations from companies and other private organisations, the sections of the MSF movement collect 71% of the combined private resources from MSF France's fundraising activities, i.e. €186.2 million. French fundraising revenue is also falling, due to the general sluggishness of the donation sector in France, particularly due to changes in wealth tax.

Institutional resources were further reduced by almost half in 2018 to €4.3 million, as a result of the non-acceptance of public funds from the European Union or its Member States decided by the MSF movement in 2016.

Revenues from activities related to social mis-

sions amounted to €85.4 million compared with €79.8 million in 2017. They include the income from invoicing expenses incurred by MSF France on behalf of other MSF sections and income from the sale of satellites to MSF operational centres and other humanitarian organisations: medicines, medical equipment and logistics by MSF Logistics, and consultations, research projects and epidemiological training by Epicentre. In 2018, the activities of MSF Logistique and Epicentre generated €3.5 million in additional revenue. MSF Logistique totalled €67.7 million in sales of goods, freight and services in 2018, compared with €64.8 million in 2017.

Other resources increased by €43.1 million over the year, including €33 million in exceptional items related to the sale by SCI MSF and Sabin of the Paris headquarters on rue Saint-Sabin. In accordance with the financing plan for the new Jean Jaurès Avenue headquarters acquired in October 2016, the sale of the two buildings on rue Saint-Sabin financed one-third of the project, in addition to a €35 million bank loan and €37 million in own funds. The change in MSF France's other resources also include €3.8 million in foreign exchange gains realised by the MSF Association.

Focus on the missions of the MSF association

As the scope of the 2018 missions shows, the association still has significant resources at its disposal. However, they are part of a now more constrained financial framework that requires a critical examination of the resources mobilized in the light of the medical and operational objectives pursued. This necessarily involves setting priorities and streamlining the cost of interventions. The year's operational projects were developed in this spirit of optimization in order to create room for manoeuvre to maintain emergency response capacity, develop existing activities, and launch new operations while absorbing the mechanical inflation of projects initiated in 2017.

The operating expenses of the association are stable compared to 2017 and amount to €236.2 million (€ 235.7 million in 2017). They include the cost of field projects, coordination, regional support and the cost of Epicentre studies. Projects to-

talled €225.7 million, including €46.6 million in coordination and support, which represented a stable share of 21% of project expenditure.

In 2018, the association is present in 32 countries, including Somaliland territory (State having declared itself independent but not recognized by the International Community which considers this territory in Somalia) opened at the end of the year: The MSF is developing there the diagnosis, treatment and follow-up of patients suffering from tuberculosis, whose incidence is one of the highest in the world. There are 88 projects compared to 86 in 2017, including 17 emergency missions and three-quarters of planned interventions.

Interventions at the heart of conflicts continue to mobilise the majority of the association's human and financial resources, with 42 projects out of 88 and €101 million spent over the year. This represents 57% of project expenditure excluding coordination, and more than 53% of national and international staff deployed in the field.

Financing of other organisations participating in the operational framework are in addition to the cost of missions directly implemented. They amounted to €3.3 million compared to €1.5 million in 2017. The main growing funding is for the project in Cambodia with the DNDi to develop new strategies for the diagnosis and treatment of hepatitis C.

Programme expenses are subject to contrasting trends depending on the field:

- Missions in the so-called MENA region - which includes Iran, Iraq, Libya, Jordan, Lebanon, Palestine, Syria and Yemen - are €2.1 million lower than in 2017, but still represent a third of project expenditure with a total of €72 million. There is a new balance of budgets in this region, with a resizing of operations in Iraq (-€4.8m), Syria (-€4.1m) and Jordan (-€2.3m), which made emergency interventions and expenditure growth possible in Palestine (+€3.6m) and Yemen (+€3.2m).
- In Africa, four countries of intervention alone account for 27% of project expenditure, with €18.4 million in the Central African Republic, €17.5 million in Southern Sudan, €13.2 million in Nigeria and €11.6 million in the Democratic Republic of

Congo, for a total budget of €60.4 million. This decreased by €6.3 million, which is reflected in other African countries, with the development of paediatric and nutritional activities in Niger (+€2.3 million) and Chad (+€3.9 million).

- Twelve months of activity in Bangladesh in 2018 generated an additional budget of €5.7 million, offset by a decrease in spending in Nigeria due to lower activity in Borno State.

Emergency interventions in 2018 totalled €28.9 million, i.e. 12% of programme expenses.

- Two major emergencies alone account for half of these expenditures: in Bangladesh, MSF France has been providing primary and secondary health care since the end of 2017 to the Rohingya population of Burma displaced in the insalubrious Kutupalong-Balukhali camp, while in Yemen teams intervened in June 2018 to support health structures with medical equipment and supplies in Mocha following the international coalition's military offensive in the town of Hodeida. ; these projects mobilised €7.4 million each.
- In addition, in May 2018, in Gaza, MSF France intervened to take care of the wounded victims of Israeli fire during the protests of the "March of Return"; this intervention represented €3.9 million in 2018.
- Finally, in response to the Ebola outbreak declared in August in North Kivu province, MSF France deployed urgently in the DRC to set up isolation and treatment units and support the local health system; the corresponding expenses amounted to €3.5 million.

Emergency missions in Bangladesh, Yemen, Palestine and the DRC account for three quarters of the year's emergency expenditure.

In total, one third of MSF's missions, planned activities and emergency interventions combined, account for two thirds of the year's project expenditure. They include: Yemen (€20.8 million), Central African Republic (€18.4 million), Southern Sudan (€17.5 million), Jordan (€15.2 million), Nigeria (€13.2 million), Iraq (€11.9 million), Democratic Republic of Congo (€11.6 million), Mali (€9 million), Kenya (€8.3 million), Palestine (€7.7 million) and Uganda (€7.8 million).

The cash position of MSF France

The main movements during the year concerned the operations carried out by SCI MSF. It disbursed €11.1 million in works for MSF France's new Paris headquarters and collected almost the same amount of €10.8 million net balance between the sale of the buildings on rue Saint-Sabin and the repayment of the real estate loan contracted in October 2016 for a period of two years. The €4.1m decrease in the financing requirement for social and operational missions balances the additional €5m of cash invested by the MSF association and MSF Logistique in property, plant and equipment, security deposits and information systems. The €7.3 million of cash used over the year is thus almost exclusively explained by the insufficiency of private and public funding for the year to cover disbursements related to activities, despite the advance received from the US section of €10.9 million.

At December 31, 2018, MSF France's cash position stood at € 83,4 million. Cash is invested in very low-risk products, such as money market mutual funds and savings accounts; at December 31, 2018, passbook accounts totalled €41 million. The average cash remuneration is 0.4%, roughly the same level as in 2017 (0.7%): this limited performance is due to low interest rates and the unavailability of investments that would offer better returns while keeping the risks taken on funds entrusted by donors to a minimum.

Banking risk management is ensured by a distribution of values across four major banking institutions. At the end of the year, the two largest accounted for 63% and 26% respectively of MSF France's total cash position. In the areas where it operates, MSF works with several international or local banks, with a prudent policy of limiting the volume of bank deposits to monthly operational needs.

In 2018, the average level of head office cash was €74.3 million, representing 2.2 months of activity. It is mainly impacted by the payment schedule for contributions from the US, Australian and Japanese sections, which may vary from one year to the next, by outstanding amounts of satellite invoicing with the MSF movement sections as at December 31, and by disbursements related to investments.

MSF France is exposed to exchange rate fluctuations, as 68% of the resources generated by fundraising and half of the operating expenses incurred directly by MSF France are denominated in foreign currencies. While the currencies used for operations depend on the location of the operation, foreign currency resources come mainly from the United States (63%), Australia (16%) and Japan (19%). The Japanese yen is partially used to cover MSF Logistique's purchases in this currency. Similarly, the US dollars received by MSF France are largely used to supply missions with US dollars. In order to reduce the impact of currency fluctuations on cash flow forecasts and to secure its ability to finance its operational and real estate commitments, MSF set up currency hedges for the first time in 2018.

Outlook and challenges

In 2018, the social missions of the MSF movement, whose combined accounts had not yet been approved at the date of this report, totalled just over €1.3 billion, down 1% compared to 2017. Over the same period, the movement's resources fell by 2%, i.e. - €28 million, 40% of which was attributable to private funds. The absence of exceptional resources such as the legacy of €22.2 million in favour of MSF France in 2017, as well as the political context or less favourable tax incentives in some countries, explain the unfavourable trend in collections over 2018 for the movement as a whole.

The activities of the MSF movement generated an initial deficit of €104 million in 2017, which was due to a growth in donations of only 2%, three-quarters of which was offset by a decline in public funding, and insufficient to finance the 10% growth in expenditure. The year 2017 thus showed that the increase in resources had not materialized as expected, and that it was necessary to resize the growth objectives of operations and headquarters to adapt them to short-term fundraising prospects. 2018 is a year of stabilisation of expenditures to adjust to the lower growth in donations. Thus, income and expenses for the year were more closely correlated, and the resulting deficit of €72 million is a contained balance that is compatible with the level of the movement's reserves. They amounted to €963 million at December 31, 2018, representing 7.1 months of activity

The coherence of the movement is ensured by a Charter, policies and agreements, jointly defined and coordinated by the International Bureau. One of these agreements, the Resource Sharing Agreement (RSA), is essential for the functioning of the movement, defining its financial framework with the aim of ensuring the continuity and development of interventions and balancing the means of action between operational centres. The third period of application of this agreement (RSA3), which runs for 4 years from 2016 to 2019, has entered its final year. All sections of Médecins Sans Frontières are working in 2019 on the 4th version of the agreement (RSA4) which will cover the period 2020 -2023.

At the movement level and pursuant to the RSA3, the 2019 growth in cumulative operating expenses of the 5 operational centres is set at 5.3%. Headquarters' expenses are budgeted at the same level as actual expenses in 2018. Only the budget for fundraising expenses increased significantly (+15%), as a result of very significant investments planned to maintain and develop fundraising throughout the movement, and more particularly in the United States. All this is financed by total budgeted resources up by 3% and therefore insufficient to cover expenses this year again. The movement therefore forecasts for the third consecutive year a significant deficit (€156 million), which should bring the level of reserves to 6 months.

The annual accounts of MSF France group entities are included in MSF's international accounts, with MSF France contributing 23% of MSF's programme expenses. In this context of tightening financial margins for manoeuvre, the MSF association has built its 2019 budget by integrating the constraints described above, which are imposed on the entire movement, in particular by concretely reducing coordination and air freight costs, planning over more than one year construction projects maintenance of equipment and the vehicle fleet on the ground to create new margins for manoeuvre with the imposed growth parameters. The budget thus prepared forecasts an annual growth of 3% in operations, which represents an additional expense of €8 million. Investments for fundraising are projected to increase by 7%, while headquarters expenses are expected to decrease by 1% through the postponement of non-priority projects and the redefinition of each department's action plans.

These growth rates are based on a stable outlook for fundraising in France and the United Arab Emirates of €74.4m and annual contributions from the US, Australian and Japanese sections, up 8%, plus €25m in additional financing from the movement to rebalance the distribution of resources. Thus constructed, the budget is in line with the international financial framework of the RSA3. However, this results in a projected deficit of €30 million, which will be financed from reserves.

The 2019 budget preserves MSF's emergency response capacity, the quality of care and the number of patients treated by its projects. However, it is necessary to streamline our resources and reflect on ever more efficient operating methods, by more systematically seeking synergies between projects, sections and support. Furthermore, in 2019, in line with the progress made in 2018, the management of human resources (including career paths and salaries), the decentralization of operational support.

Abidjan, Dakar and Dubai in particular - and the upgrading of information systems will be further refined. Investments in 2019 remain focused on two major projects: the construction of the Jacques Pinel Centre in Mérignac to train field staff, as well as the development of the Paris headquarters on Avenue Jean-Jaurès, where all teams will move in at the end of the summer 2019 for increased efficiency in operational support to field missions.

Finally, the ongoing negotiation of the RSA4 mentioned above is a major challenge for the MSF association and for the movement as a whole. The main objectives underlying the future resource sharing agreement are as follows:

- to optimise the movement's collective ability to deploy the social mission to the greatest possible benefit for rescued populations and by sharing financial resources effectively,
- to provide operational centres with sufficient visibility of the means of action they will have at their disposal for the next 4 years by defining the funding they will receive from the outset,
- preserve the collective capacity to respond to emergencies.

It is in a constant effort to optimise the resources available for field actions and patient care that future financial structuring decisions will have to be

made. The aim is to organise the distribution of global fundraising in the most efficient way possible, and to structure the solidarity link between more than 6 million donors worldwide and the millions of people to whom MSF provides assistance each year. This architecture for financing field actions will be built on the principles common to all sections of the MSF movement, in particular collective responsibility or adaptability to structural changes that the movement could decide, such as the WACA project for an innovative new operational structure in West Africa.

I would like to conclude this annual report by commending the work of all the Médecins Sans Frontières teams involved, often under difficult conditions and always with passion, with the most vulnerable populations, and by very warmly thanking the donors who trust us and, through their donations and legacies, faithfully support us, making it possible to continue and develop ever more innovative and ambitious operations.

Michel Cojean

Treasurer of Médecins Sans Frontières France
Member of the Board of Directors



Haydan hospital, Saada governorate, Yemen
Photographer: Agnès Varraine-Leca



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Médecins Sans Frontières

Year ended December 31, 2018

Statutory auditors' report on the combined financial statements

To the Members of Médecins Sans Frontières,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying combined financial statements of Médecins Sans Frontières for the year ended December 31, 2018.

In our opinion, the combined financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for opinion

■ Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report.

■ Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics (Code de déontologie) for statutory auditors.

Justification of assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the assessments that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Statement of utilization of funds

As part of our assessment of the accounting policies used by your Association, we verified that the criteria used for the preparation of the annual statement of utilization of the funds, set out in Note 8 of the combined financial statements, are disclosed appropriately, and compliant with the CRC n°2008-12 requirements of the Committee of the Accounting Regulation, and were correctly applied.

Accounting estimates

Your Association calculates accruals for risks, as set out in Note 3.12 of the combined financial statements. On the basis of the information available to date, we evaluated the correctness of the accruals relating to the analysis of the risk assessment processes implemented by your Association and the analysis of the risks synthesis provided.

Specific verifications

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of treasurer.

We have no matters to report as to its fair presentation and its consistency with the combined financial statements.

Responsibilities of Management and Those Charged with Governance for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Association or to cease operations.

The combined financial statements were approved by Treasurer.

Statutory Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our role is to issue a report on the combined financial statements. Our objective is to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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 combined financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Association or the quality of management of the affairs of the Association.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- ▶ Identifies and assesses the risks of material misstatement of the combined financial statements, whether due to fraud or error; designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- ▶ Obtains 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 internal control.
- ▶ Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the combined financial statements.
- ▶ Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Association to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the combined financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- ▶ Evaluates the overall presentation of the combined financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the combined financial statements and for the opinion expressed on these combined financial statements.

Paris-La Défense, May 28, 2019

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES

ERNST & YOUNG Audit

Jean-Pierre Vercamer

Bruno Bizet

Balance Sheet as of December 31, 2018

in thousands of euros	Asset				in thousands of euros	Liabilities	
	Gross	Depr.	Net 2018	Net 2017		2018	2017
Films produced	3,318	3,318	0	0	Investment grants allocated to assets to be renewed by the MSF Group entities	1,647	1,647
Concessions/Licenses	7,894	4,367	3,527	1,636	Statutory fund	15	15
Assets in progress	430	0	430	2,044	Investment reserves	3,900	4,214
Intangible fixed assets	11,642	7,685	3,957	3,681	Public generosity reserve	67,782	65,037
Land	46,629	0	46,629	48,710	Investment reserve collected from public generosity allocated and not used	50,420	51,962
Buildings	9,532	3,989	5,543	6,764	Reserve fund	46,575	38,503
Facilities and fixtures and fittings	8,502	5,163	3,339	4,023	Available funds	164,776	155,502
Equipment, furniture, computers	4,502	3,355	1,146	1,251	Net income	-9,168	8,960
Other fixed assets	1,166	1,033	133	172	Total equity	161,169	170,337
Assets in progress	35,802	0	35,802	24,668			
Tangible fixed assets	106,132	13,540	92,592	85,587	Investment grants allocated to assets non-renewable by the MSF Group entities	73	91
Deposits and guarantees	2,409	0	2,409	1,359			
Financial assets	2,409	0	2,409	1,359	TOTAL ASSOCIATION FUNDS	161,242	170,428
TOTAL FIXED ASSETS	120,184	21,225	98,958	90,627	TOTAL PROVISIONS FOR LIABILITIES	2,477	1,213
Materials inventory and other supplies	461	0	461	413	DEDICATED FUNDS	475	495
Merchandise inventory	23,752	1,420	22,332	24,048	Bank borrowings	31,895	53,457
Financing receivables	3,594	0	3,594	7,152	Loans and equivalent debts	84	115
Bequests and donations receivable	796	0	796	722	Bank credit balances	7	0
Receivables in other MSF sections	42,297	0	42,297	53,708	Liabilities in other MSF sections	21,130	9,183
Customer receivables	1,310	3	1,307	1,747	Advances and down payments received on orders	5,191	5,191
Other receivables	3,519	3	3,516	1,686	Accounts payable	18,116	14,137
Gross receivables	51,515	6	51,509	65,015	Tax and employee-related liabilities	21,463	18,290
Marketable securities	3,019	0	3,019	11,578	Allowances payable	8	8
Bank and Post Office accounts	66,359	0	66,359	66,468	Other liabilities	1,148	2,757
Mission cash balances	12,167	0	12,167	10,584	Liabilities	99,042	103,139
Cash	143	0	143	172			
Donations to be collected	1,680	0	1,680	1,827	Funding received in advance	421	466
Liquid assets	80,349	0	80,349	79,050	Unrealised exchange gains	86	171
Unrealised exchange losses	121	0	121	34	Deferred income	22	0
Prepaid expenses	7,017	0	7,017	5,147	Adjustment accounts	529	637
Adjustment accounts	7,137	0	7,137	5,181			
					TOTAL CURRENT LIABILITIES	99,571	103,776
TOTAL CURRENT ASSETS	166,233	1,426	164,807	185,284			
					TOTAL LIABILITIES	263,765	275,911
TOTAL ASSETS	286,416	22,651	263,765	275,911			
Commitments received*			9,531	8,870	COMMITMENTS GIVEN*	6,202	5,763

*commitments received and given are detailed in the notes

Income Statement as of December 31, 2018

Expenses			Income		
in thousands of euros	2018	2017	in thousands of euros	2018	2017
Medicines and medical equipment	54,745	55,504	Donations collected from the public	66,158	67,531
Food	952	1,234	Donations from private organisations	189,112	199,123
Logistics and sanitation equipment	5,384	5,811	Contributions	25	24
Equipment and materials	2,115	2,201	Gifts	6,524	30,488
Materials, supplies and small equipment	840	937	Gifts and donations	261,820	297,166
Documentation	23	15			
Transportation and expenses for purchases	1,470	1,529	Within the MSF movement	45,881	43,998
Changes in merchandise inventory	955	-2,641	Outside the MSF movement	3,325	2,381
Cargo purchases	25,036	26,062	Sales of goods	49,206	46,379
Purchases of goods in inventory	91,521	90,650			
Medicines and medical equipment	10,598	11,575	Within the MSF movement	17,954	18,040
Food	3,070	3,376	Outside the MSF movement	475	249
Logistics and sanitation equipment	9,390	9,779	Freight sales	18,430	18,289
Equipment and materials	6,922	6,632			
Materials, supplies and small equipment	5,162	4,719	Ethical products	275	363
Studies and related services	1,783	1,412	Books	0	0
Purchases for resale	196	265	Medical guidelines	165	403
Change in material and other supplies inventories	-49	133	Other	0	0
Purchases of materials and other supplies	37,071	37,891	Sales of products	439	766
Provision of miscellaneous services	9,233	9,721			
Rent and rental expenses	17,909	16,146	Within the MSF movement	2,548	1,919
Equipment rental	117	128	Outside the MSF movement	49	192
Maintenance, upkeep and repairs	6,571	6,708	Provision of services	2,597	2,111
Insurance	713	736			
Documentation	455	304			
Fees	2,040	4,679	EU funding	0	0
Information/Publications	2,296	1,836	Other funding	4,314	8,269
Transport	6,679	5,880	Institutional grants	4,314	8,269
Travel and Mission expenses	18,560	17,891			
Representation expenses	829	762			
Postal and telecommunications expenses	6,087	4,931	Financing and operating subsidies	1	100
Bank charges and equivalent	772	920	Capitalised production	0	51
Operating subsidies	6,705	5,206	Revenue from ancillary activities	25	27
External services	78,966	75,846	Other ordinary income	22,886	19,822
External services and purchases	207,558	204,388	Reversal of provisions, depreciation and transfer of expenses	1,810	5,014
			Sponsorship	235	75
Taxes and equivalent	5,436	5,303	Other operating income	24,957	25,088
Salaries	47,272	44,483			
Allowances	11,915	9,585			
Social security contributions and insurance	24,110	22,087			
Staff costs France	83,297	76,155			
Staff costs national	88,979	85,999			
Salaries and invoices re-invoiced	11,763	13,771			
Staff costs	184,039	175,926			
Allocations to amort., depreciations and prov.	5,708	3,744			
OPERATING EXPENSES	402,742	389,360	OPERATING INCOME	361,763	398,068
Agios	0	0	Proceeds from receivables	0	5
Interest on loans	535	580	Investment income	275	601
Exchange rate losses	6,943	4,753	Interest from interest-bearing accounts	96	47
Allocations to amort., depreciations and prov.	138	7	Foreign exchange gains	8,686	4,932
			Reversals of provisions and depreciation	51	82
FINANCIAL EXPENSES	7,616	5,340	FINANCIAL INCOME	9,108	5,667
Exceptional expenses	3,414	196	Exceptional income	33,437	358
			Reversals of provisions and depreciation	258	40
EXCEPTIONAL EXPENSES	3,414	196	Reversal of investment grants	18	39
			EXCEPTIONAL INCOME	33,714	436
TOTAL EXPENSES	413,772	394,896			
Commitments to be fulfilled from designated funds	392	403	TOTAL INCOME	404,584	404,171
SURPLUS	0	8,960	Designated funds not used in previous years brought forward	411	87
			DEFICIT	9,168	0
OVERALL TOTAL	414,164	404,259			
			OVERALL TOTAL	414,164	404,259
Assessment of voluntary contributions in kind			Assessment of voluntary contributions in kind		
Voluntary staff	7,6 FTE	7,9 FTE	Volunteers	7,6 FTE	7,9 FTE
Assistance in kind	not assessed	not assessed	Donations in kind	not assessed	not assessed
Free provision of goods and services	1,999	1,252	Benefit in kind	1,999	1,252
TOTAL	1,999	1,252	TOTAL	1,999	1,252

Note to the 2018 combined accounts 2018 (in thousands of euros)

1. HIGHLIGHTS OF THE FINANCIAL YEAR

In 2018, SCI MSF and Sabin, owners of the buildings located at 4, 6 and 8 rue Saint Sabin which housed the head offices for the MSF Association, EURL Etat d'Urgence Production and the MSF Foundation, sold these buildings for €33,000,000.

These sales contributed one third of the financing for acquiring these entities' new head office located on Boulevard Jean Jaurès in Paris.

The Association Epicentre, which held 480 one-euro shares of SARL EUP, has sold them to the MSF Association, now a sole shareholder of this limited-liability company.

2. Combined accounting principles, rules and methods

2.1 Definition and scope of combination

The entities below have been fully consolidated, for 100% of their activity, in the combined financial statements and constitute the "MSF-France Group":

- Médecins Sans Frontières Association (RUP Association*) - combining entity,
- Médecins Sans Frontières Logistique (Association)
- Epicentre (Association)
- Médecins Sans Frontières Foundation (RUP Foundation*)
- SCI Médecins Sans Frontières (SCI)
- SCI Sabin (SCI)
- État d'Urgence Production (EURL)

The combined financial statements are the equivalent of consolidated financial statements for a group of entities whose unity and cohesion results from circumstances other than those provided for in Article 357-1 of the Law of 24 July 1966 regarding commercial companies. Thus, the Médecins Sans Frontières Association combines the entities in which it exercises, within the governing bodies, a de facto control granted by voting rights. The boards of directors of the Group's associations are mainly comprised of directors from the MSF Association, whose executives also manage the satellite companies.

*Recognised for Public Utility

Entities combined with the MSF Association	LEGAL STATUS	ACTIVITIES
MSF Logistique	Association	Purchasing, packaging, storage and freight of medicines and equipment, medical and non-medical, for missions
Epicentre	Association	Epidemiological research, medical studies, IT support, and training of medical staff
MSF Foundation	Foundation	Providing innovative solutions to problems encountered on the ground Think tank on humanitarian action and knowledge in France and abroad. Owner of MSF Logistique's head office and facilities the MSF Association's logistics training centre in Mérignac
Etat d'Urgence Production	EURL	Audiovisual activity: testimonial and informational institutional films about the missions
SCI MSF	SCI	Owner of the head office in Paris located on Avenue Jean Jaurès 75019
SCI SABIN	SCI	Former owner of 4 rue Saint Sabin 75011

The MSF-France Group has developed a special partnership with some non-operational sections of the MSF Movement. These include MSF Australia, MSF Japan and MSF USA. These sections are legally covered by national law, they prepare independent annual statements and are not part of the combination, their Boards not being controlled by the Médecins Sans Frontières Association's Board.

2.2 General principles of combination

The combined balance sheets and income statements are an accumulation of the annual financial statements for the various associations, foundation and companies included in the scope, after restatements and reclassifications (to make the charts of accounts consistent). Reciprocal accounts, assets and liabilities, expenses and income, are eliminated without any impact on the combined result. Internal surpluses and deficits, and any provisions recorded for internal operations are also eliminated. These eliminations have an impact on the combined result.

Annual use of resources collected by MSF France Group and applications are presented in the combined annual Application of Funds Statement (AFS). The combined AFS is created according to allocation rules of funds to finance applications which are specific to the combined group.

2.3 Accounting policies applied

General accounting principles have been applied to comply with the prudence principle, in accordance with the following assumptions:

- operational continuity,
- consistent accounting methods from one financial year to the next,
- independent financial years,

and in accordance with the general guidelines for preparing and presenting annual financial statements applicable to the non-profit sector as defined by:

- regulation 2014-03 of the French Accounting Standards Authority (ANC) relating to the New French Chart of Accounts as amended by Regulations 2015-06 and 2016-07,
- Regulation 99-01 of the French Accounting Regula-

tions Committee (CRC) with regard to the procedures for preparing annual statements for associations and foundations;

- Regulation 99-02 of the French Accounting Regulations Committee (CRC) relating to consolidated financial statements for commercial corporations and public enterprises, wherein section VI deals more specifically with combinations.

The financial statements are prepared in euros and they cover the period from January 1 to December 31 of the relevant year. The accounting method was not changed during the financial year. The main methods used, including combination restatements, are the following:

3. Accounting rules and methods for the balance sheet

3.1 Intangible fixed assets

Intangible assets are assessed at their acquisition or production cost (purchase price plus incidental expenses excluding training costs). They are generally amortised on a straight line basis over a period of 3 to 5 years, with the exception of production costs for films by État d'Urgence Production (EUP) which are amortised in the year when they are delivered, in proportion to their net tax revenue, up to their depreciable cost.

3.2 Tangible fixed assets

Assets in France are assessed at their acquisition cost in accordance with the provisions of CRC Regulation no. 2004-06 (purchase price plus incidental expenses).

They are amortised on a straight-line basis over the estimated useful lives of each item.

The resulting depreciation expenses are recorded in depreciation and amortisation in the income statement.

Vehicles and computers, which are subject to accelerated wear and tear, and buildings and equipment, which are not going to be kept, are recorded directly in the expense accounts of the countries concerned.

Land	Not amortised
Building (operations) - Structure	20-60
Building (administrative) - Structure	10-40
Building (operations) - Facade	15-20
Accommodation - Structure / facade	20-50
Building (administrative) - Structure	30
Garage - Construction	20
Building (operations) - Technical equipment	15-20
Building (administrative) - Technical equipment	10-30
Building (operations) - General facilities	10-20
Building (administrative) - General facilities	10-30
Building (operations) - Fixtures / Fittings	20
Building (administrative) - Fixtures / Fittings	5-30
Accommodation - Technical equipment	15-20
Accommodation - General facilities	10-20
Fees for work	40
Office and computer equipment	2-15
Vehicles	10
Furniture	5-25

3.3 Financial assets

The gross value of financial assets is recorded at their acquisition cost excluding incidental expenses. When this is greater than their inventory value, depreciation is recorded for the difference.

3.4 Inventories

Inventories are mainly inventories of medicines, books and medical, logistics and IT equipment.

Materials inventory and other supplies

They are valued at their acquisition cost corresponding to the purchase price and according to the "first in, first out" method. A provision for depreciation is calculated when the inventory value at year end is less than the acquisition cost.

Merchandise inventories

These relate to goods stored by MSF Logistique and intended to be used in the field where MSF-France Group operates, either sold to missions carried out by other sections of the MSF Move-

ment or to other NGOs. They consist of stocks of medical and logistics goods as well as all-terrain vehicles. They are valued using the "weighted average cost" method consisting of the price of the goods plus incidental purchase costs.

The inventory depreciation methods are as follows for each inventory category:

- Inventory items with an expiry date are depreciated as they are rotated and with regard to the time remaining before they become obsolete,
- Items where there has been no movement of stock during the past three years at year end are depreciated by groups depending on the age of the rotated stock,
- Items recorded in the "disposal" depository are fully depreciated 100%.

3.5 Funding and Bequests Receivable and Received in Advance

Institutional funding

Institutional funding is recorded in income as soon as it is granted by the donors, i.e., when notification of the award decisions is received, and not when the funds are received. In return, the "Grant receivable" account is debited.

It is credited when the funds are actually paid by a debit to a cash account.

At the close of each financial year, each entity of the MSF-France Group records, agreement by agreement, the appropriate entries so that income corresponds to expenses presented to donors for the year, within the financial limits specified in the award decisions by donors.

If, at the end of the agreement's eligibility period, an entity of the MSF-France Group presents the donor with expenses which are less than their share of funding, the total income from the grant not yet collected is recorded and depreciated pending the donor's agreement.

Some institutional funding includes suspensive conditions. These clauses make the granting of funding contingent on an essential condition being fulfilled. If it is not fulfilled, the award decision is void. This happens, for example, if there is a condition to obtain co-funding. As the funds are only finally granted once the suspensive conditions

have been satisfied, these funds are only recorded in income once the condition has been satisfied. At the close of each financial year, the portion of these funds not received and not justified by expenses presented to donors is recorded off-balance sheet, for an equivalent amount, in "commitments received" and "commitments given".

Bequests

Movable or immovable property, from a legacy, bequest or donation and intended to be transferred by the MSF-France Group, are accounted for as follows:

- Upon acceptance by the Board of Directors, bequests are recorded off-balance sheet in the "commitments received - Net bequests accepted by the Board of Directors for their estimated value" net of expenses that can encumber them.
- During the financial year, income made from property is recorded on a cash basis.
- At year end, the attachment rules for income which may generate income receivable are as follows:
 - Property: date of the final deed of sale.
 - Securities and movable property: date when the sell order is executed.
 - Life insurance: date on which the life insurance funds are credited to the bank accounts of the Association or Foundation.
 - Rents: date on which the collected rents are credited to the bank accounts of the Association or Foundation.

3.6 Receivables

Receivables are recorded at face value and subject to depreciation if there is a risk that they will not be recovered.

3.7 Investment securities

During the financial year, realised gains and losses on marketable securities are recorded according to the "first in, first out" method. At year end, MSF Association and the MSF Foundation sells and immediately buys back its investments.

SICAV funds are valued at the official rate on December 31 of the financial year.

3.8 Foreign currency transactions

Receivables and payables in foreign currencies are valued at the official rates on 31 December of the financial year. This results in translation differences which, in the event of a latent loss, are recorded as a provision for exchange losses.

Investments made in foreign currencies, foreign currency assets held in France and abroad (bank accounts and cash) are valued at the official rates on 31 December of the financial year. This results in exchange differences posted in exchange gains and/or losses in the income statement.

3.9 Liquid assets

Liquid assets are composed of bank accounts and cash.

Donations paid by cheque dated up to year end and received until January the following year, are recorded in income for the year ended and included in donations to be collected at year end in the balance sheet.

3.10 Equity and other association funds

These include:

Investment grants allocated to assets to be renewed by the MSF-France Group:

These are grants awarded by public bodies for investments:

- that are necessary for the long-term operation of the MSF-France Group,
- whose funding renewal will ultimately be the Group's exclusive responsibility.

Once recorded, investment grants allocated to assets renewable by the MSF France Group are not reported in the income statement. Conversely, investment grants are considered as allocated to non-renewable asset by the entities of the MSF-France Group and processed in "other association funds".

Public generosity reserve:

This item shows the share of MSF France Group's own funds coming from funds collected from the public not yet used and free of any allocation to specific projects. It represents public generosity funds available to the group as of December 31 of the year before allocation of income.

Investment reserve collected from public generosity:

This item shows the share of MSF France Group's own funds coming from funds collected from public generosity not yet used and intended to repay the loan taken out by SCI MSF for the acquisition of MSF Association's new head office.

At the end of each financial year, the balance of the loan to be repaid by funds from public generosity is worked out.

Each year, by allocating the Group's reserves, as decided by the General Assembly, it is decreased by an amount equal to the loan repayment over the financial year.

Reserve fund:

The reserve fund represents the share of MSF France Group's own funds not allocated to public donation funds or investment reserves.

Investment reserves:

These correspond to private funds received from donors and the American, Swiss and Spanish sections of Médecins Sans Frontières for successive expansions of the MSF Logistique site in 2003-2004 and 2011-2014. They are therefore offset by property, plant and equipment. They are recorded by income allocation at year end for an amount equal to the depreciation calculated on the share of financed assets.

Investment grants allocated to assets non-renewable by the MSF-France Group:

These are recorded when the Group is notified of the award decision and according to their allocation to assets. A reversal is made in the income statement as and when the assets are depreciated.

The reversal of the investment grant in the income statement is proportional to the amount of depreciation allocated to acquired assets.

3.11 Dedicated funds

Dedicated funds are recorded in accordance with the provisions of Regulation 99-01 of the CRC. When funds are earmarked by testators, donors or third parties to specific projects, the portion of the funds not used at year end is recorded as an expense under the heading "Commitments to be fulfilled from designated funds", to record the association's commitment to carry out said wishes, and offset as

a liability in the balance sheet under the heading "Dedicated funds".

The amount of dedicated funds is reversed, as and when the funds are used, and offset in the "Funds not used in previous years brought forward" account, included in the income statement.

3.12 Provisions for liabilities and charges

The MSF France Group applies the rules for determining and assessing provisions for liabilities and charges (CRC No. 2000-06). The purpose of these provisions is to cover a liability or a charge, the timing or amount of which cannot be precisely determined.

Thus, a provision is recognised at year end if the entities of the MSF-France Group have a legal, contractual or implied obligation in respect of a third party which is likely to generate an outflow of resources without any future expected compensation.

The amounts set aside are a best estimate of the funds required to settle the obligations. Provisions for litigation are determined on a case by case basis depending on the proceedings in progress, claims made and the probability of them being upheld.

4. Accounting rules and methods for the income statement

4.1 Reporting of the income statement

The income statement format adopted by the MSF-France Group complies with CRC Regulation 99-01 with regard to the procedures for preparing annual statements for associations.

The application of funds statement should also be read to understand how the funds entrusted to the MSF France Group are used.

4.2 Expenses for missions

Expenses for MSF France Group's missions are incurred in two ways:

- by the head offices of the entities, on behalf of the missions,
- by the missions themselves.

Expenses incurred by the head offices are accounted for when goods are delivered or when services are provided. Expenses incurred by the

missions (purchases of materials, salaries for national staff, local transport, etc.) are recorded in expenses on the date when they are paid.

4.3 Donations, bequests and grants

Assets received in bequests and donations are realised and the corresponding income recorded in the result. Bequests and grants are recorded as operating income and recognised in the financial year in accordance with the cut-off procedures specified in sections 3.5 "Funding and bequests receivable or received in advance" and 3.11 "Dedicated funds".

Donations constitute the MSF France Group's main source of funds, which makes them like operating income and not exceptional.

4.4 Financial income

Financial income from marketable securities is recorded in accordance with the rules relating to determining realised and unrealised gains and losses specified in points 3.7 "Investment securities" and 3.8 "Foreign currency conversion".

4.5 Commitments to be fulfilled from designated funds and designated funds not used in previous years brought forward

Amounts recorded under the heading "Commitments to be fulfilled from designated funds" correspond to an increase in the balance sheet post "Dedicated funds". They are reported in the income statement in subsequent financial years, as and when the commitments are fulfilled by crediting the "Designated funds not used in previous years brought forward" account generating a decrease in the balance sheet post "Dedicated funds" (see also 3.11 "Dedicated funds").

5. Accounting rules and methods for the off-balance sheet commitments

5.1 Voluntary contributions in kind

These are contributions made by a natural person or legal entity working for the MSF France Group or providing goods or services free of charge as required by the Group's entities to achieve their aim. The main voluntary contri-

butions in kind which the MSF France Group receives correspond to:

- Medicines and medical equipment,
- Logistics equipment,
- Volunteers.

Given how difficult it is to obtain an exhaustive and homogeneous list of the contributions concerned, the MSF-France Group only records a portion of them in its financial statements. Nonetheless, field sites report at the end of the year for all the goods and/or services which they have received free of charge during the financial year. This quantitative information, when it is sufficiently reliable, is given for information purposes in the Notes to the financial statements (see 6.1 and 6.2).

5.2 Retirement indemnities

Estimated retirement indemnities at year end do not represent a significant amount. They are not subject to any provision in the combined annual financial statements. Their amount is indicated in note 3.5.

Retirement indemnities are calculated using the projected unit credit method which consists of projecting the rights acquired by each employee on the date of their retirement. The calculation takes into account wage inflation and the probability that the employee will still be in the workforce on the date of their retirement.

The assumptions used to calculate the provision for retirement indemnities are the following:

- Retirement at the age of 62 years
- Average rate of salary increase: 1.8%
- Discount rate: 1.57%
- Average staff turnover rate of 6%
- Social security contribution rate: 54.37%

5.3 Tax regime

The combined entities are not subject to business taxes with the exception of the EARL Etat d'Urgence Production which pays business tax and the MSF Association for its secondary profitable activities which have been separated since 1st January 2014. Entities not subject to business taxes as well as the MSF Association for its not-for-profit activities, are however liable to pay tax at a reduced rate on investment income, with the exception of the MSF Foundation.

6. Balance sheet and income statement breakdown as of 31 december 2018

6.1 Breakdown of fixed assets

In thousands of euros	FIXED ASSETS				DEPRECIATION				Net amount at year end
	Gross amount at year start	Increase	Decrease	Gross amount at year end	Cumul en début d'exercice	Increase	Decrease	Accumulation at year end	
Start-up costs, lease rights	0	0	0	0	0	0	0	0	0
Films produced	3,318	0	0	3,318	3,318	0	0	3,318	0
Concessions/Licenses	5,127	2,770	3	7,894	3,491	879	3	4,367	3,527
Assets in progress	2,044	325	1,940	430	0	0	0	0	430
Intangible fixed assets	10,490	3,095	1,943	11,642	6,809	879	3	7,685	3,957
Land	48,710	0	2,081	46,629	0	0	0	0	46,629
Buildings	13,913	2	4,383	9,532	7,150	377	3,538	3,989	5,543
Facilities and fixtures and fittings	10,347	122	1,968	8,502	6,324	616	1,777	5,163	3,339
Equipment, furniture, computers	4,247	456	201	4,502	2,995	579	219	3,355	1,146
Other fixed assets	1,151	35	20	1,166	979	74	20	1,033	133
Assets in progress	24,668	11,134	0	35,802	0	0	0	0	35,802
Tangible fixed assets	103,036	11,750	8,653	106,132	17,448	1,647	5,555	13,540	92,592
Various deposits	499	1,241	37	1 704	0	0	0	0	1,704
Guarantees in the field	860	351	506	705	0	0	0	0	705
Financial assets	1,359	1,592	543	2,409	0	0	0	0	2,409
TOTAL	114,885	16,437	11,138	120,184	24,258	2,526	5,558	21,225	98,958

See also rules and methods: 3.1 & 3.

Intangible fixed assets

Intangible assets are mainly composed of acquired and/or produced software, licenses and films. As at 31 December 2018, the net book value of capitalised films was zero.

The implementation of the new financial and supply chain management tool (Unifield) being deployed on missions explains the change in intangible assets over the financial year.

Tangible fixed assets

Tangible fixed assets are split between the different combined entities as follows:

Tangible assets in progress mainly correspond to the buildings for future head offices of the MSF Association, in addition to work performed to build them.

In thousands of euros	Association MSF	MSF Logistique	Epicentre	Foundation MSF	EUP	SCI MSF	SCI Sabin	Net TOTAL
Land	0	0	0	3,349	0	43,280	0	46,629
Buildings	0	0	0	5,543	0	0	0	5,543
Fixtures and fittings	32	942	0	2,365	0	0	0	3,339
Equipment, furniture, computers	793	269	60	0	14	10	0	1,146
Other fixed assets	110	11	9	0	3	0	0	133
Assets in progress	167	0	0	872	0	34,763	0	35,802
TOTAL	1,101	1 223	68	12 129	18	78,053	0	92,592

Financial assets

See also rules and methods: 3.3

Deposits and guarantees represent 2,409 thousand euros and mainly concern deposits paid in the field by MSF missions.

6.2 Breakdown of current assets

Inventories

In thousands of euros	Gross amount at year start	Change	Gross amount at year end
Medical guide inventory	82	-25	57
Logistic inventory	330	73	403
Other supplies inventory	1	0	1
Materials inventory and other supplies	413	48	461
Logistic inventory	8,387	-860	7,527
Food and medical inventory	16,320	-95	16,225
Merchandise inventory	24,707	-955	23,752
TOTAL	25,120	-907	24,213

See also rules and methods: 3.4

The decrease in inventories as of 31 December 2018 mainly involves logistics supplies, particularly related to the delivery of logistics kits and vehicles.

Of the €23,752,000 in merchandise inventories, €7,750,000 correspond to pre-positioned inventories for rapid response to major crises. The composition and volume of these "emergency stocks" are defined by MSF sections or other client organisations (Médecins du Monde, ICRC mainly).

Given the rotation of certain products and their obsolescence, merchandise inventories were depreciated by 6% for €1,420,000.

In thousands of euros	Gross	Depreciation	Net
Materials inventory and other supplies	461	0	461
Logistic inventory	7 527	473	7 054
Food and medical inventory	16 225	948	15 278
Merchandise inventory	23 752	1 420	22 332
TOTAL	24 213	1 420	22 793

Financing receivables

In thousands of euros	Gross amount at year start	Variation	Gross amount at year end
Miscellaneous funding receivables	292	236	528
Funding receivables UNITAID	6,859	-3,794	3,065
TOTAL	7,152	-3,558	3,594

See also rules and methods: 3.5

Since 2015, the MSF Association, in collaboration with the NGOs Partners In Health and InterActive Research and Development and funded by UNITAID, has been running the "endTB" programme, which seeks to identify more effective, less toxic and shorter treatment regimens for multidrug-resistant tuberculosis (MDR-TB) through:

- Access to new medications,
- Two clinical trials,
- National and global advocacy and sharing of results.

Bequests receivable

In thousands of euros	Gross amount at year start	Change	Gross amount at year end
Bequests to be collected	722	74	796
TOTAL	722	74	796

See also rules and methods: 3.5

Receivables in MSF sections

In thousands of euros	Gross amount at year start	Change	Gross amount at year end
MSF Germany	19	45	64
MSF Australia	17	134	151
MSF Belgium	7,566	-3,580	3,986
MSF Denmark	0	0	0
MSF Spain	2,611	213	2,824
MSF Greece	463	140	603
MSF Holland	4,318	429	4,747
MSF Hong Kong	0	334	334
MSF International	1,527	-467	1,060
MSF Italy	2	11	14
MSF Japan	519	2,261	2,780
MSF Luxembourg	151	-57	94
MSF Norway	7	0	7
MSF United Kingdom	7	-2	5
MSF Sweden	0	1	1
MSF Switzerland	5,568	568	6,136
MSF Supply	225	117	342
MSF USA	30,707	-11,558	19,150
TOTAL	53,708	-11,411	42,297

See also rules and methods: 3.6 & 3.8

All these receivables are due in less than one year. They are split as follows between the different combined entities:

- MSF Association: €31,634,000,
- MSF Logistique: €8,881,000,
- Epicentre: €1,782,000.

They mainly correspond to the contributions to be received from the sections that finance operational projects.

As of 31 December 2017, receivables from the Belgian and US sections of MSF included €38,273,000 receivable in contrast with €23,136,000 as of 31 December 2018, with this decrease in receivables accounting for most of the €11,411,000 decrease over the financial year.

Accounts receivable and other receivables

In thousands of euros	Gross amount at year start	Change	Gross amount at year end
Customer receivables	1,161	143	1,304
Doubtful accounts	8	-5	3
Customer invoices to be issued	582	-580	3
Customer receivables	1,751	-441	1,310
Suppliers debts	695	1,135	1,830
Miscellaneous field advances	364	388	752
Advances and loans to staff	293	-7	286
Social agencies	60	-32	27
Statements, Taxes and equivalent	149	-85	64
Income receivable	39	-6	33
Sundry debtors	88	438	525
Other receivables	1,689	1,830	3,519
TOTAL	3,440	1,389	4,828

See also rules and methods: 3.6 & 3.8

All these receivables are due in less than one year.

Investments and liquid assets

The MSF-France Group's investments amounted to €3,019,000, including €3,009,000 related to 2 savings accounts held by the MSF Foundation:

In thousands of euros	Number of shares	Book value	Interest for the year	Unrealised gains and losses
Securities - euros - MSF Association	975	10	0	0
Savings accounts - MSF Foundation	n.a	3 009	8	0
TOTAL	975	3 019	8	0

See also rules and methods: 3.7 & 3.8

Liquid assets amounted to €80,349,000 as of 31 December 2018 and include donations to be collected for €1,591,000 from MSF Association and for €89,000 from the Foundation.

Prepaid expenses

Prepaid expenses mainly include goods invoiced for missions and not yet received by the missions in the field.

In thousands of euros	Association MSF	MSF Logistique	Epicentre	Foundation MSF	EUP	SCI MSF	SCI Sabin	Total net
On behalf of the missions	4,194	1,604	0	0	0	0	0	5,798
On behalf of the head offices	744	245	22	41	0	167	0	1,219
TOTAL	4 938	1 848	22	41	0	167	0	7 017

6.3 Breakdown of liabilities

Table of changes in combined association funds

In thousands of euros	Position at year start	Allocation of income from previous year	After allocation of income	Movements in reserves and grants	Income for the year	Position at year end
Investment grants allocated to assets to be renewed by the MSF Group entities	1,647	0	1,647	0	0	1,647
Statutory fund	15	0	15	0	0	15
Investment reserves	4,214	-314	3,900	0	0	3,900
Public Donation Fund	65,037	2,745	67,782	0	0	67,782
Investment reserve collected from the public	51,962	-1,543	50,420	0	0	50,420
Reserve fund	38,503	8,072	46,575	0	0	46,575
Income	8,960	-8,960	0	0	-9,168	-9,168
Investment grants allocated to assets renewable by MSF Foundation	91	0	91	-18	0	73
TOTAL	170,428	0	170,428	-18	-9,168	161,242

See also rules and methods: 3.10

Following the decision of the General Assembly of June 9, 2018, the combined result, which had a surplus of €8,960,000 at the end of 2017, was distributed as follows:

- an increase of €2,745,000 in the public donation fund, with said public donation fund now amounting to €67,782,000,
- an increase of €6,529,000 in the reserve fund, with said reserve fund now amounting to €45,032,000,
- a decrease of €314,000 in the investment fund,

with said investment fund now amounting to €3,900,000,

- a decrease in the investment reserve collected from the public, for public donations intended to repay the loan that financed the acquisition of the MSF Association's future head office, for an amount of €1,543,000,
- an increase of €1,543,000 in the reserve fund, with said reserve fund now amounting to €46,575,000.

The combined income is thus as follows:

In thousands of euros	Association MSF	MSF Logistique	Epicentre	Foundation MSF	EUP	SCI MSF	SCI Sabin	Total net
Net income of corporate accounts per entity	-36,578	-1,189	-7	-94	-90	26,653	2,268	-9,038
Additional depreciation charge on SCI's goodwill	0	0	0	0	0	0	-67	-67
VAT remittance collected with respect to EUP	48	0	0	0	0	0	0	48
Neutralisation of depreciation for EUP receivables and provisions	89	0	0	0	0	0	0	89
Margin change on MSF Logistique prepaid expenses	-201	0	0	0	0	0	0	-201
Contribution of each entity to combined income	-36,642	-1,189	-7	-94	-90	26,653	2,201	-9,168

Provisions for Liabilities and Charges

By type

In thousands of euros	Amount at year start	Allocations to provisions	Reversals of provisions		Amount at year end
			Used	Not used	
Provisions for liabilities	1,188	1,242	356	200	1,875
Provisions for charges	245	620	32	0	833
Operating provisions	1,188	1,862	388	200	2,462
Financial provisions	25	41	0	51	15
Exceptional provisions	0	0	0	0	0
TOTAL	1,213	1,903	388	251	2,477

By entity

In thousands of euros	Amount at year start	Allocations to provisions	Reversals of provisions		Amount at year end
			Used	Not used	
MSF Association	910	1,883	129	244	2,419
MSF Logistique	296	18	258	0	56
Epicentre	7	2	0	7	2
MSF Foundation	0	0	0	0	0
TOTAL	1,213	1,903	388	251	2,477

See also rules and methods: 3.12

Allocations for the year mainly concern litigation risks for the missions.

The use of reversals of provisions pertains to disputes that were settled during the financial year as well as project closures that were scheduled at the end of 2018.

Table of changes in dedicated funds

In thousands of euros	Amount at year start	Collected in 2018 and not used by 12.31	collected before 2018 and used in 2018	Amount at year end
Caring for Rohingyas in Bangladesh	184	0	184	0
Watsan logistical activities*	138	53	138	53
Addressing the Ebola epidemic	1	0	1	0
Dedicated funds that have not been mobilised for more than two years	83	0	0	83
MSF Association dedicated funds	406	53	323	136
Antimicrobial resistance research programme (ASTAP)	89	0	89	0
3D project	0	273	0	273
Innovation for Humanitarian Action Foundation (FIHA)	0	65	0	65
MSF Foundation dedicated funds	89	339	89	339
TOTAL	495	392	411	475

See also rules and methods: 3.11

* Watsan activities: water, hygiene and sanitation

Dedicated funds which have not been mobilised for more than two years account for 93% of the funds collected in the past for emergencies in Bam (in Iran) and Algeria. The dedicated funds for the Bam emergency, named after the Iranian city devastated by the earthquake of December 2003, constitute €58,000 that have not been used for nearly fifteen years. In 2019, it will be proposed to the Board of Directors that these funds be used to finance the association's programmes in Iran.

The dedicated funds established in 2018 by the MSF Association concern the installation of operational sites and equipment for treating waste and wastewater for €53,000.

The dedicated funds established in 2018 by the MSF Foundation concern the 3D project of upper-limb prostheses for €273,000 and €65,000 of donations to create the first sheltered foundation under the umbrella of the MSF Fondation, "FIHA - Innovation for Humanitarian Action Foundation," which will begin operation in 2019.

Bank loans and similar debts

In October 2016, SCI MSF took out a loan of €55,000,000 to fund the acquisition of MSF Association's new head office located at Avenue Jean Jaurès in Paris, broken down as follows:

- €20,000,000 payable at the end of two years;
- €35,000,000 payable over 20 years.

As of 31 December 2018, €23,026,000 had been repaid, including €20,000,000 (instalment maturing after two years) and €3,026,000 on the main loan of €35,000,000.

Accrued interest on loans not yet deposited was recorded for an amount of €80,000 plus €4,000 in deposits and guarantees received by MSF Logistique i.e. "Loans and equivalent debts" which amounted to €84,000.

Liabilities vis-à-vis MSF sections

In thousands of euros	Amount at year start	Change	Amount at year end
MSF South Africa	40	-28	12
MSF Germany	295	-120	175
MSF Australia	53	171	224
MSF Austria	48	35	83
MSF Belgium	2,649	-144	2,505
MSF Brazil	26	-15	11
MSF Canada	235	-162	74
MSF South Korea	0	27	27
MSF Denmark	57	-46	11
MSF Spain	335	-163	172
MSF Greece	154	298	452
MSF Holland	425	178	603
MSF Hong Kong	4	5	8
MSF International	176	-124	52
MSF Ireland	41	-33	8
MSF Italy	353	-247	106
MSF Japan	347	113	460
MSF Luxembourg	11	-11	0
MSF Norway	36	-35	1
MSF United Kingdom	221	-122	99
MSF Sweden	457	-340	117
MSF Switzerland	753	1,207	1,960
MSF Supply	122	83	204
MSF USA	2,344	11,422	13,766
TOTAL	9,183	11,947	21,130

All these liabilities are due in less than one year.

Debts to the other sections mainly correspond to expenses for expatriate staff, invoiced to MSF France by the other MSF sections.

The change in these liabilities is mainly due to the €10,877,000 cash advance from the MSF USA section on its participation in financing the MSF Association in 2019.

Advances and down payments received on orders

Advances and customer down payments received correspond to prepayment for emergency stock provided for MSF Switzerland, MSF Spain and Médecins Du Monde (MDM) by MSF Logistique.

In thousands of euros	Amount at year start	Change	Amount at year end
MSF Switzerland emergency stock	4,287	0	4,287
MSF Spain emergency stock	563	0	563
MDM emergency stock	342	0	342
TOTAL	5,191	0	5,191

Accounts payable

All these debts for an amount of €18,116,000 are due in less than one year.

Tax and employee-related liabilities

In thousands of euros	Amount at year start	Change	Amount at year end
Taxes and equivalent	887	291	1,178
Staff	386	-86	300
Social agencies	6,542	1,596	8,138
Provisions for paid holidays, time-saving accounts, unemployment	10,443	1,405	11,848
Other tax and employee-related liabilities	33	-33	0
TOTAL	18,290	3,173	21,463

All these liabilities are due in less than one year and include a provision for paid leave for national staff.

Allowances payable and other liabilities

These debts total €1,156,000. They are all less than a year old. They mainly correspond to MSF Association's contribution to the Drugs for Neglected Diseases initiative (DNDi). DNDi is an independent, non-profit, Geneva-based research organization dedicated to the development of drugs for neglected tropical diseases, such as leishmaniasis, sleeping sickness and Chagas disease.

Funding received in advance

In thousands of euros	Amount at year start	Change	Amount at year end
Funding from various Institutions	0	316	316
EU funding	241	-241	0
Other funding	224	-119	105
TOTAL	466	-45	421

Funding received in advance concerns institutional donors. As of 31 December 2018, they mainly correspond to expenditures which will be incurred in the first quarter of 2019 and which have been financed by the Canadian government (IHA - International Humanitarian Assistance) for the Ebola project in the Democratic Republic of Congo.

6.4 Breakdown of the income statement

Operating income

The MSF Group's combined accounts show an operating deficit of €40,979,000. Total operating expenses were €402,742,000 and operating income amounted to €361,763,000.

Operating expenses and income are presented by nature, category of activity and by geographical sector in the analysis of the Annual Application of Funds Statement (see 8.2).

Institutional funding granted by donors amounted to €4,314,000 distributed as follows:

In thousands of euros	Amount at year start	Change	Amount at year end
UNITAID	6 346	-3 391	2 955
Government of Canada	1 836	-900	936
Government of Japan	0	400	400
W.H.O.	81	-67	14
Municipal Councils	6	3	9
TOTAL	8 269	-3 955	4 314

Financial income

See also rules and methods: 4.4

For the MSF-France Group, exchange losses for the year amounted to €6,943,000 and exchange gains to €8,686,000.

In addition, the MSF-France Group generated €371,000 of income on its financial investments and interest-bearing accounts.

Loan interest was recorded for €535,000 including €80,000 for accrued interest which is not yet due.

Exceptional profit or loss

Exceptional expenses

In thousands of euros	2018	2017	Change
Exceptional expenses arising from the missions	186	66	120
Net book value of divested assets	3,117	0	3,117
Miscellaneous exceptional expenses	96	107	-11
Exceptional expenses in previous years	16	24	-8
TOTAL	3,414	196	3,218

Exceptional expenses mainly come from the net book value of divested assets as part of the sales of 4, 6 and 8 rue St Sabin by SCI MSF (€2,818,000) and SCI Sabin (€299,000).

Exceptional income

In thousands of euros	2018	2017	Change
Proceeds from the sale of fixed assets	33,000	1	32,999
Exceptional income	360	352	8
Exceptional income from previous years	69	4	65
Exceptional revenue arising from the missions	7	1	6
Positive cash differences	0	0	0
Proceeds from the sale of property, plant and equipment	0	0	0
Exceptional income	33,437	358	33,079
Reversal of depreciations/provisions and transfer of expenses	277	79	198
TOTAL	33,714	436	33,278

The €33,000,000 of exceptional income on sales of fixed assets comes from the sale of the buildings located at 4, 6 and 8 rue Saint Sabin, home to the head offices of the MSF Association, EURL Etat d'Urgence Production and the MSF Foundation.

Gainful activity within the MSF Group

In thousands of euros	For-profit sector	Not-for-profit sector	Total
Income	233	404,763	404,996
Expenses	-419	-413,745	-414,164
Book income	-186	-8,982	-9,168
Taxable income subject to corporate tax	75		75

See also rules and methods: 2.3

The MSF Group is subject to business taxes for MSF Association's ancillary profitable activities and the audiovisual production activity of EURL Etat d'Urgence Production.

Profitable activity represents less than 0.1% of the MSF France Group's income and expenses. As income it consists of partnership activity and invoicing by MSF Association to Etat d'Urgence Production, for shared staff in the administrative departments.

Commitments given in thousands of euros	Association MSF	MSF Logistique	Epicentre	MSF Foundation	EUP	Amount
Commercial lease Crozatier	632	0	0	0	0	632
Commercial lease Passage du Cheval Blanc	95	0	0	0	0	95
Commercial contract Rue De Bercy	1,149	0	0	0	0	1,149
Commercial lease Passage Thiere	47	0	0	0	0	47
Commercial lease Blanquefort warehouse 1	0	89	0	0	0	89
Commercial lease Blanquefort warehouse 2	0	265	0	0	0	265
Commercial lease Jafza Dubai	0	22	0	0	0	22
Pensions and retirement benefit commitments	925	574	80	71	12	1,661
Funding of projects supported by institutional donors	0	0	2,242	0	0	2,242
TOTAL	2,847	950	2,321	71	12	6,202

Commitments received in thousands of euros	Association MSF	MSF Logistique	Epicentre	MSF Foundation	EUP	Amount
Bequests and donations authorised by the competent statutory bodies	7,259	0	0	0	0	7,259
Funding granted by institutional donors to carry out projects	0	0	2,272	0	0	2,272
TOTAL	7,259	0	2,272	0	0	9,531

See also rules and methods: 5.1 and 5.2

6.5 Balance sheet commitments

For its sites at 53-55 rue Crozatier, 2 rue de la Roquette in Paris (or Passage du Cheval Blanc) and 207 rue de Bercy in Paris, MSF Association has signed the following:

- A lease with the SCI Le Bristol XII for an initial period of nine years, which started on 1 April 2010 and ends on 31 March 2019 with termination possible at the end of each three year period. Basic annual rent excluding taxes and charges amounted to €526,000.
- A lease for the premises on Passage du Cheval Blanc for a period of nine years, which started on 1st January 2013 and ends on 22 January 2022, with termination possible. An amendment to the contract was signed to declare that the premises were extended from January 1, 2017. Basic annual rent excluding taxes and charges now amounts to €94,000.
- A commercial lease for the offices located at 207, rue de Bercy, began on December 1, 2017 and is in the process of being extended through September 15, 2019. Basic annual rent excluding taxes and charges amounts to €1,365,000.
- A lease for the premises located at 16 bis passage Thiéré, 75011 Paris, began on November 17, 2017 and ends on December 15, 2019, with the possibility of leaving the premises at any time after June 15, 2019. Basic annual rent excluding taxes and charges amounts to €51,000.
- Since the sale of its Paris head office in October 2018, SCI MSF has been renting buildings on rue Saint Sabin. For the buildings located at 4 and 8 rue Saint Sabin, which it continues to occupy while finishing the construction of its new building on avenue Jaurès, the Association has concluded 1-year sublet agreements with SCI MSF free of charge.

MSF Logistique has signed:

- A lease for warehouse 1 at Blanquefort for 2,550 m² of warehouse space and 80 m² of office space for a duration of 3 years, which started on 6 June 2016 and ends on 5 June 2019. Basic annual rent excluding taxes and charges amounts to €147,000.
- A lease for warehouse 2 in Blanquefort for 5,565 m² of warehouse space and 180 m² of office space for a duration of 3 years, which started on January 1, 2017 and ends on December 31, 2019.

Basic annual rent excluding taxes and charges amounts to €265,000.

- A lease on the Jafza Dubai offices of 45 m² for a duration of 1 year, which started on August 1, 2018 and ends on July 31, 2019. Basic annual rent excluding taxes and charges amounts to €31,000.

6.6 Real property securities granted

In the context of the acquisition of MSF Association's new head office, SCI MSF has taken out a loan with the following guarantees:

- Lender's lien for a principal amount of €35,000,000 until October 21, 2036,
- A pledge of 500 shares held by MSF Association and Epicentre in SCI MSF's capital,
- Assignment of receivables for the Saint Sabin offices in respect of rent due from leases issued on the Saint Sabin building,
- Assignment of future receivables for the Jaurès offices in respect of rents due from any leases to be issued on the Jaurès building.

6.7 Changes in cash flow

At 31 December 2018, cash flow was €7,267,000 less than at 31 December 2017. This change is explained in detail as follows:

- Cash from donors or private funders amounted to €286,709,000, i.e. €10,194,000 more than the previous year. This increase in cash comes mainly from the advance received from the MSF USA section for the MSF Association's 2019 financing,
- Cash from institutional funders represented €4,093,000. It decreased by €4,044,000 compared to 2017 mainly due to less solicitation of European funds since 2016,
- Social missions and operations consumed €292,638,000, i.e. €4,783,000 less than in 2017 (-1.6%),
- The €16,213,000 change in cash flow from investments for the year corresponds to €11,057,000 in disbursements made by SCI MSF for construction of the new head office for the Parisian entities of the MSF France Group.
- The change in cash flow recorded for financing activities mainly corresponds to the net cash provided to SCI MSF from the sale of the buildings

Change in cash flow in thousands of euros	2018	2017
1. Cash from private donors and funders	286,709	276,515
+ Funds collected from the public and other private funds	262,086	298,034
+ Changes in assets and liabilities related to donations and private funds	24,623	-21,520
2. Cash from institutional donors and funders	4,093	8,137
+ Public institutional funding	4,314	8,269
- Share of investment grants allocated to income	-18	-39
+ Changes in assets and liabilities related to institutional funding	-202	-93
3. Cash related to humanitarian activities and operations	-292,638	-296,736
+ Other funds	105,167	97,868
- Expenses for social missions	-373,024	-358,570
- Other expenses and provisions	-40,748	-36,326
+ Changes in depreciation and provisions	4,550	-810
+ Book value of fixed assets sold	5,291	508
- Gains / losses generated by assets and financial debts	-1,691	-252
+ Changes in inventories, other receivables and payables	7,816	846
Changes in cash related to activity (a) = 1+2+3	-1,837	-12,084
Changes in cash related to investment activities (b)	-16,213	-5,862
Changes in cash related to funding activities (c)	10,783	-1,296
Overall change in cash (a+b+c)	-7,267	-19,243
Cash at year start (A)	90,628	109,870
Cash at year end (B)	83,360	90,628
Overall change in cash = (B) - (A)	-7,267	-19,243

on rue Saint Sabin and the repayment of the loan ending in October 2018.

7. Other information

7.1 Auditor's fees

The fees for the auditors Deloitte and Ernst and Young amounted to €229,000 excluding taxes for the year for the MSF-France Group.

7.2 Headcount

The full-time equivalent (FTE) headcount figures indicated below correspond to the personnel working for the MSF-France Group, including personnel provided to it by other MSF sections. They do not include personnel under contract with the MSF-France Group who are working on behalf of other sections. This headcount has increased by 4.4% with 9,833 FTEs as of December 31, 2018 (706 permanent employees in the head offices, 824 expatriates, and 8,303 national employees) compared to 9,414 FTEs as of December 31, 2017. It does not take into account casual labour and staff at the Departments of Health.

7.3 Board of directors of group entities

Only the Chairman of the Board of the Médecins Sans Frontières Association is paid.

Gross remuneration paid to Doctor TARAZIAN amounted to €90,942 for 2018. No other board member of the MSF-France Group is paid for their position as director.

7.4 The top three gross salaries paid in 2018

The financial statements of each of the MSF-France Group's entities show the top three gross salaries and the monthly compensation of the three highest paid executives in 2018.

7.5 Breakdown of volunteer workforce

This breakdown includes the total number of regular and ad hoc volunteers, at the head offices and

in the regional branches, expressed as the number of people and full-time equivalent (FTE).

In FTE	2018	2017
Social missions	3,5	3,2
Fundraising	2,2	3,3
Management and general administration	2,0	1,4
TOTAL	7,6	7,9

These voluntary contributions in kind are not valued or recorded.

7.6 Nature and valuation of resources in kind

In thousands of euros	2018	2017
Bangladesh	125	0
Cambodia	99	0
France	2	0
Haiti	872	58
Iraq	10	26
Jordan	0	35
Kenya	5	0
Lebanon	4	0
Liberia	5	0
Mali	7	212
Niger	1	0
Nigeria	6	220
Central African Republic	119	12
Democratic Republic of Congo	7	6
South Sudan	0	141
Syria	125	0
Chad	370	0
Yemen	0	18
Social missions	1,759	730
Fundraising	106	504
Operations	134	18
TOTAL	1,999	1,252

Medicines and other supplies provided by partners in the context of joint care or administered to beneficiaries on behalf of the partners, are not considered to be voluntary contributions in kind by MSF. Only contributions for general use within MSF are included in the resources in kind listed below. These are not recorded. They concern MSF Association and MSF Logistique.

8. Application of funds statements

In thousands of euros

APPLICATION	Applications in 2018	Allocation of public generosity funds used in 2018	FUNDS	Public generosity collected in 2018	Follow-up of public generosity collected from the public and used in 2018
			Carryforward of funds collected from public generosity, not designated and not used at year start		67,782
1. SOCIAL MISSIONS	373,089	211,445	1. FUNDS COLLECTED FROM PUBLIC GENEROSITY	215,517	215,517
1.1 Carried out in France			1.1 Donations and bequests collected		
Actions carried out directly	2,215	1,451	Undesignated gifts	64,764	
Payments to other organisations acting in France	0	0	Designated gifts	1,564	
			Bequests and other gifts not designated	6,524	
1.2 Carried out abroad			Bequests and other gifts designated	0	
Actions carried out directly	366,870	207,361			
Payments to a central organisation or other organisations	4,005	2,633	1.2 Other income related to appeals for public generosity	142,665	
2. FUNDRAISING COSTS	14,048	9,235			
2-1 Costs of appeals for public generosity	13,405	8,811	2. OTHER PRIVATE FUNDS	46,581	
2-2 Costs for finding other private funds	611	402	3. GRANTS AND OTHER PUBLIC AID	4,314	
2-3 Expenses related to finding grants and other public aid	32	21	4. OTHER INCOME	136,873	
3. OPERATING COSTS	23,311	4,689			
I - Total applications for the year included in the income statement	410,448		I - Total funds for the year included in the income statement	403,285	
II - Allocations to provisions	3,324		II - Reversals of provisions	1,299	
III - Commitments to be fulfilled from designated funds	392		III - Designated funds not used in previous years brought forward	411	
			IV - Changes in designated funds collected from public generosity		243
IV - Surplus of funds for the year			V - Deficit in funds for the year	9,168	
V - OVERALL TOTAL	414,164	225,368	VI - OVERALL TOTAL	414,164	215,760
VI - Share of acquisitions of gross assets for the year financed by public generosity funds		2,595			
VII - Neutralisation of depreciation of assets financed by public generosity funds from the date of the first application of the regulation		0			
VIII - Total applications financed by public generosity funds		227,963	VII - Total applications financed by funds collected from public generosity		227,963
			Balance of funds collected from public generosity not designated and not used at year end		55,579

8.1 Principles, rules and methods used

In accordance with Ordinance 2005-856 of 28 July 2005, the application of funds statement (AFS) is incorporated in the Notes to the financial statements, along with information relating to its preparation. The entities included in the combined application of funds statement, as well as the combination methods used, are those cited in the first section of this document.

In accordance with the provisions of the Decree of December 11, 2008, which complements the applicable legislation in respect of preparing financial statements for associations (law no. 91-772 of August 7, 1991 and decree of July 30, 1993), the combined application of funds statement is prepared according to the principles stipulated by Regulation no. 2008-12 of the French Accounting Standards Committee (CRC).

The AFS shows, for a given year, the composition of expenses and the origin of funds. It specifies the public generosity funds received and their "use" to finance expenditures and investments.

With regard to applications, the AFS groups expenses together in five distinct sections: expenses for social missions, fundraising costs, operating costs, allocations to provisions and commitments to be fulfilled from designated funds.

Commitments to be fulfilled from designated funds reflect the portion of designated funds for the year from third party funders, not yet used at year end.

The AFS differentiates between expenses for social missions carried out in France, those carried out abroad and payments to other organisations (as opposed to actions carried out directly by the Association).

One column shows the allocation of public generosity funds for each type of application, as they can be allocated to expenses for the year but also to investments.

With regard to funds, the AFS groups income together in six distinct sections: public generosity funds, other private funds, grants and other public aid, other income, reversals of provisions and designated funds not used in previous years brought forward.

Public generosity funds means all donations and bequests received from individuals in France and abroad (by MSF sections and the Emirates office). Only two entities in the combined group receive donations from individuals: MSF Association and the MSF Foundation.

Designated funds not used in previous years brought forward reflects the usage over the year of funds designated by third party funders to specific projects, which had not been used in accordance with the commitment made in their respect in previous years.

Public generosity funds are followed by a specific column. This can be used to link:

- the amount of undesignated public generosity funds not used at the start of the year (reserves from public donations at the start of the financial year),
- public generosity funds collected over the year,
- the use of public generosity funds collected over the year,
- and the amount of undesignated public generosity funds collected and not used at the end of the year (reserves from public generosity at the end of the financial year).

The reconciliation shown below can be used to link the income statement and the application of funds statement.

8.2 Reconciliation of the combined application of funds statement with the combined income statement

Reconciliation of applications of charges

In thousands of euros

INCOME STATEMENT	Staff costs	Other operating expenses	Financial expenses	Exceptional expenses	Commitments to be fulfilled from designated funds not used	TOTAL EXPENSES
APPLICATION						
Operations carried out in France	1,402	813	0	0	0	2,215
Operations carried out abroad	119,938	117,662	0	210	0	237,810
Payments to other organisations	0	3,342	0	0	0	3,342
Operations on behalf of other sections	11,690	4,522	0	2	0	16,214
Expenses for operations in France and abroad	133,030	126,339	0	211	0	259,581
Operations support	21,746	11,650	6,464	2,298	0	42,157
Information and public awareness	2,131	857	0	261	0	3,248
Other activities related to the social mission	10,331	56,844	258	7	0	67,440
Payments to other organisations	0	663	0	0	0	663
Social missions	167,237	196,352	6,722	2,777	0	373,089
Direct costs of appeals for public generosity	2,982	10,414	0	9	0	13,405
Costs for finding other private funds	448	163	0	0	0	611
Fundraising costs for public institutional funds	21	7	0	4	0	32
Fundraising costs	3,451	10,583	0	13	0	14,048
Operating costs	13,351	8,581	755	624	0	23,311
TOTAL APPLICATIONS	184,039	215,517	7,477	3,414	0	410,448
Allocations to provisions	0	3,185	138	0	0	3,324
Commitments to be fulfilled from designated funds not used	0	0	0	0	392	392
TOTAL	184,039	218,702	7,616	3,414	392	414,164

Reconciliation of applications of income

In thousands of euros

	INCOME	Gifts and donations	Sales of products	Sales of goods and freight and services	Institutional grants	Other operating income	Financial income	Exceptional income	Designated funds not used in previous years brought forward	TOTAL INCOME
FUNDS										
Public generosity funds collected		215,517	0	0	0	0	0	0	0	215,517
Other private funds		46,303	279	0	0	0	0	0	0	46,581
Private funds from fundraising		261,820	279	0	0	0	0	0	0	262,098
Grants and other public aid		0	0	0	4,314	0	0	0	0	4,314
Funds from fundraising		261,820	279	0	4,314	0	0	0	0	266,412
Funds from activities related to the social mission		0	161	70,005	0	15,245	0	0	0	85,410
Other funds		0	0	228	0	8,724	9,056	33,455	0	51,462
Other income		0	161	70,232	0	23,969	9,056	33,455	0	136,872
TOTAL FUNDS		261,820	439	70,232	4,314	23 969	9,056	33,455	0	403,284
Designated funds not used in previous years brought forward		0	0	0	0	0	0	0	411	411
Reversals of provisions		0	0	0	0	989	52	258	0	1,299
TOTAL		261,820	439	70,232	4,314	24,957	9,108	33,713	411	404,995

8.3 Statement of application of funds contributed by entity

Applications table

In thousands of euros

APPLICATION	ENTITIES	MSF Association	MSF Logistique	Epi- centre	MSF Foundation	EUP	SCI MSF	SCI Sabin	TOTAL	Elimina- tions	Restate- ments	Combined total
Expenses for operations in France *and abroad		255,785	44,997	5,285	0	0	0	0	306,067	-48,119	1,633	259,581
Operations support		38,189	253	417	992	7	2,611	249	42,720	-1,138	576	42,157
Information and public awareness		2,353	0	0	701	190	297	30	3,570	-332	10	3,248
Other activities related to the social mission		1,059	59,644	8,550	0	0	0	0	69,253	-2 030	217	67,440
Payments to other organisations		663	0	0	633	0	0	0	1,296	-633	0	663
SOCIAL MISSIONS		298,049	104,894	14,253	2,327	197	2,908	278	422,906	-52,253	2,436	373,089
Direct costs of appeals for public generosity		13,072	0	0	359	2	11	0	13 444	-152	113	13,405
Costs for finding other private funds		615	0	0	0	0	0	0	615	-4	0	611
Fundraising costs for public institutional funds		28	0	0	0	0	5	0	33	-1	0	32
FUNDRAISING COSTS		13,715	0	0	359	2	16	0	14,092	-157	113	14,048
OPERATING COSTS		18,468	4,795	1,325	260	148	1,451	29	26,477	-850	-2 315	23,311
TOTAL APPLICATIONS		330,232	109,689	15,578	2,945	348	4,375	308	463,475	-53,260	233	410,448
Allocations to provisions		1,985	1,438	2	0	0	0	0	3,426	0	-102	3,324
Commitments to be fulfilled from designated funds not used		53	0	0	339	0	0	0	392	0	0	392
TOTAL		332,271	111,127	15,580	3,284	348	4,375	308	467,293	-53,260	131	414,164

Funds table

In thousands of euros

FUNDS	INCOME	MSF Association	MSF Logistique	Epicentre	MSF Foundation	EUP	SCI MSF	SCI Sabin	Total	Eliminations	Restate-ments	Combined total
Public generosity funds collected		213,358	0	0	2,159	0	0	0	215,517	0	0	215,517
Other private funds		44,164	0	2,057	361	0	0	0	46,581	0	0	46,581
Private funds from fundraising		257,522	0	2,057	2,519	0	0	0	262,098	0	0	262,098
Grants and other public aid		3,907	0	407	0	0	0	0	4,314	0	0	4,314
Funds from fundraising		261,429	0	2,464	2,519	0	0	0	266,412	0	0	266,412
Funds from activities related to the social mission		16,340	105,883	7,485	0	0	0	0	129,708	-44,298	0	85,410
Other funds		17,227	3,136	5,617	583	258	31,027	2,576	60,424	-8,962	0	51,462
Other income		33,567	109,020	13,102	583	258	31,027	2,576	190,132	-53 260	0	136,872
TOTAL FUNDS		294,996	109,020	15,566	3,102	258	31,027	2,576	456,544	-53 260	0	403,284
Designated funds not used in previous years brought orward		323	0	0	89	0	0	0	411	0	0	411
Reversals of provisions		374	918	7	0	0	0	0	1,299	0	0	1,299
TOTAL		295,692	109,938	15,573	3,190	258	31,027	2,576	458,255	-53,260	0	404,995

8.4 Breakdown of applications

Financial reporting of applications for the combined group

In the application of funds statement, the full cost of applications is shown. The application of funds statement is produced directly from the combined entities' analytical accounting. Using separate cost centres, this reflects spending in the combined group's various departments and activities.

The vast majority of expenses are allocated directly to one of the applications in the AFS. However, certain expenses are related to activities which involve several applications. They are then broken down into the different applications involved using allocation keys.

The main keys used to break down the combined entities' activities into applications are as follows:

- Time spent per person for activities by the communication, fundraising and partnership teams, the legal and IT departments,
- Area occupied by staff dedicated to each activity for rent costs and general expenses,
- Percentage of turnover achieved with MSF Association and that achieved with other organisations, to distribute MSF Logistique and Epicentre's business expenses between programme expenses and other humanitarian activities within the social mission.

Breakdown of social missions and social mission applications

The MSF Association has the following missions: assistance for local populations and improving medical and local operational skills, information and public awareness for emergency situations that the medical teams are facing as well as research and development in the field of medicine.

- Assistance and training for local populations

This social mission corresponds to medical care and relief operations in the field and activities at head office to enable these operations to be carried out.

The following are part of this social mission:

- direct interventions (national and international teams in place on the ground, medical and lo-

gistical supplies, local administrative support) carried out by MSF Association working alone, jointly with other MSF sections or carried out on behalf of other MSF sections,

- Operational support activities which cover steering, coordinating and assessing programmes, and technical support provided to missions in terms of medicine, logistics, financial and human resources (including recruitment, administrative management and training). This support is deployed from the head office in Paris, with help from teams based in the United Arab Emirates, New York, Tokyo and Bordeaux; The decentralised support teams in New York, Tokyo and Sydney are in charge of certain projects under the purview of the MSF Association's operations department or medical directorate. These decentralised units also aim to guarantee better consistency around operational projects,
- Payments made to other organisations which provide MSF Association with operational assistance in the field.
- Information and public awareness

This social mission corresponds to testimonies and communications highlighting the Association's activities and their background aimed at informing and raising awareness amongst the public.

The following are part of this social mission:

- Activities by the communications department for work dedicated to these actions;
- Publications and films recounting circumstances in the field, expenses related to thematic touring exhibitions, meetings with the press, etc.
- Research and development in the medical field

As part of this social mission, MSF Association financially supports several initiatives of the MSF movement such as the activities of the Campaign for Access to Essential Medicines (CAME) and the Drugs for Neglected Diseases Initiative (DNDI).

The MSF Foundation's primary missions are to support the actions of the MSF Association in all its activities, as well as any other organisation developing actions and activities in accordance with its purpose, in France and abroad. It organises its work around three axes:

- Technological innovation: based on technological innovations, the Foundation develops solutions to problems on the ground,
- Applied medical research: to validate new medical protocols, the Foundation supports medical research performed by other institutional actors. This research, carried out in the field, is chosen for its transformative potential,
- Humanitarian knowledge: within the MSF Foundation, CRASH aims to stimulate debate and critical reflection on practices on the ground and, more generally, about the humanitarian world.

MSF Logistique is the main supply centre (of materials and medicines) for the MSF Association. It integrates all parts of the supply chain, from purchasing to transporting goods, and also offers services related to its activity. The corresponding costs are directly integrated with programme expenses.

Epicentre conducts research and epidemiological studies. It acts in support of MSF's operational projects and participates in training its medical teams.

État d'Urgence Production (EUP) carries out reports on the various programmes which constitute the audiovisual memory of the MSF Association. État d'Urgence Production produces its audiovisual productions in various fields: using archival images for the production of general communication films about Médecins Sans Frontières, documentary films or medical films.

Breakdown of expenses for social missions

The AFS requires expenses for social missions to be broken down into three categories: "actions carried out in France", "actions carried out abroad" and "payments to other organisations."

Actions carried out in the countries of intervention are directly recorded in one or other of these categories.

Support and IT activities carried out by head office are not directly recorded in these categories since they concern all the countries of intervention. The corresponding expenses are thus divided between "actions carried out in France" and "actions carried out abroad" depending on the portion of the cost of actions carried out in the country concerned in each of these categories.

Breakdown of applications for social missions

In thousands of euros	2018	2017	% of Applications	% of Applications
Operations led by MSF-France	240,025	232,961	58%	59%
Payments to other organisations Operations	3,342	1,499	1%	0%
On behalf of other sections	16,214	9,328	4%	2%
Expenses for operations in France and abroad	259,581	243,787	63%	62%
Operations support	42,157	36,989	10%	9%
Information and public awareness	3,248	3,326	1%	1%
Other activities related to the social mission	67,440	73,663	16%	19%
Payments to other organisations	663	926	0%	0%
Social missions of MSF and its satellites	373,089	358,691	91%	91%

Breakdown of applications for social missions by purpose

	Missions carried		Total 2018	Total 2017
	in France	Out abroad		
In thousands of euros	(1)	(2)	(1) + (2)	
Operations led by MSF France	2,215	237,810	240,025	232,961
Payments to other organisations *	0	3,342	3,342	1,499
Operations carried out on behalf of other sections	0	16,214	16,214	9,328
Expenses for operations in France and abroad	2,215	257,366	259,581	243,787
Operations support	358	41,799	42,157	36,989
Information and public awareness	22	3,226	3,248	3,326
Other activities related to the social mission	10	67,430	67,440	73,663
Payments to other organisations *	0	663	663	926
Social missions	2,605	370,484	373,089	358,691

	Missions carried		Total 2018	Total 2017
	in France	Out abroad		
In thousands of euros	(1)	(2)	(1) + (2)	
* Total payments to other organisations	0	4,005	4,005	2,424
Actions carried out directly	2,605	366,480	369,085	356,266
Social missions	2,605	370,484	373,089	358,691

Applications assigned to social missions amounted to €373,089,000 in 2018.

These applications include:

- Direct expenses for operations (national and international field teams, medical and logistical supplies, local administrative support) carried out by the combined entities jointly with other MSF sections for €240,025,000 (compared with €232,961,000 in 2017), mostly carried out abroad.
- Expenses incurred on behalf of other MSF sections for €16,214,000. They increased by €4,085,000 over the financial year (+34%), compared to expenses for 2017 which amounted to €12,129,000 after, for a better understanding, reintegrating €2,801,000 of charges re-invoiced to other sections, where were included in direct operating expenses for 2017.
- Operations support costs for €42,157,000. They correspond to steering, coordinating and assessing programmes, and technical support provided to missions in terms of medicine, logistics, financial and human resources (including recruitment and training). This support is deployed from the head office in Paris, assisted by teams based in the United Arab Emirates, New York, Tokyo and Bordeaux. These costs incurred for the entirety of activities deployed in the countries of operation are broken down between the actions carried out in France and those carried out abroad in proportion to the direct expenses of operations conducted by the combined entities.
- Information and public awareness expenditures amounted to €3,248,000 which consists of external communication events for testimonial purposes: assembling exhibitions, press releases and press kits, publishing books, movie production, etc. These are broken down in the same way as costs for support to the missions between operations in France and abroad.
- Other activities related to social missions which include the activities carried out by the satellites (mainly MSF Logistique and Epicentre) aimed at other sections or other organisations. These are allocated directly to missions carried out abroad.

Payments to other organisations:

Organisa-tion	Status	Country of operation	Amount in thousands of euros	Mission
WAHA	Association	Lebanon	1,062	As part of its programme in Lebanon, MSF works in partnership with the Women and Health Alliance, a French medical organisation, to offer paediatric outpatient clinics.
DNDI	Association		2,210	MSF annually finances the Drugs for Neglected Diseases Initiative, a research and development organisation whose goal is to deliver new treatments for the most neglected diseases. The 2018 contribution amounted to €282,000. Moreover, MSF and DNDI work in Cambodia to develop new diagnostic and treatment strategies for the treatment of Hepatitis C. Payments to DNDI for this project represent €1,928,000.
CAME	Association		381	MSF annually finances CAME (Campaign for Access to Essential Medicines), an association that aims to improve access to essential medicines. Its missions revolve around three axes: overcoming barriers for access to essential drugs, stimulating research and development for neglected diseases.
LIKHAAN	Association	Philippines	178	As part of its sexual and reproductive healthcare project, MSF finances Likhaan, a local organisation that provides family planning services to people in the disadvantaged districts of Tondo and San Andres.
AMRA	Association	Georgia	106	MSF supports AMRA, a local organisation that conducts psychosocial activities for patients with multidrug-resistant tuberculosis.
MSF Belgium Associa-tion	Indonesia	Indonésie	68	As part of its partnership with the BNP Paribas Fund, MSF has raised funds for the Indonesia emergency. Without being directly involved on this disaster, raised funds were donated to the Belgian operational section of MSF with third-party agreement.
Total			4,005	

Breakdown of fundraising applications

In thousands of euros	2018	2017	% of Applications	% of Applications
Fundraising costs France	11,679	11,129	3%	3%
Costs of processing donations	1,212	915	0%	0%
Bequest management	514	270	0%	0%
Costs of appeals for public generosity	13,405	12,314	3%	3%
Costs for finding other private funds	611	663	0%	0%
Fundraising costs for public institutional funds	32	83	0%	0%
Fundraising costs	14,048	13,060	3%	3%

Fundraising costs differentiate costs associated with appeals for public generosity, with fundraising for other private funds and with finding grants and public aid from State humanitarian aid agencies (also called institutional funding).

Costs of appeals for public generosity amounted to €13,405,000 in 2018. These costs derive from the actions implemented by MSF Association and MSF Foundation to solicit from individuals the do-

nations necessary for implementing social missions, donation processing costs (manual, computer and banking processing), and management of bequests.

The costs for finding other private funds (€611,000) correspond to the costs for finding funding and partnerships with companies as well as expenses related to distributing products from the online store sold to support Médecins Sans Frontières.

Breakdown of operating applications and other expenses

In thousands of euros	2018	2017	% of Applications	% of Applications
Cost of general administration	18,871	20,652 *	5%	5%
Operating expenses re-invoiced to sections	3,039	8	1%	0%
Management cost of the association hub	1,401	1,109	0%	0%
Operating costs	23,311	21,769	6%	6%

* €18,101,000 after reclassification of €2,551,000 of operating expenses re-invoiced to sections.

The administration and general running of the MSF France Group are managed from the head offices of the different entities by senior management, the human resources department, the finance department and internal operational support (head office human resources, internal communication).

Operating costs increased over the year by 4.2% mainly due to an additional contribution by MSF Association to the international office's operating costs (+ €415,000) and €330,000 of additional IT costs, particularly this year, related to projects involving operation of the head office.

The association hub's operating costs cover the inherent expenses for associative governance of the combined entities (board of directors' meetings, general assemblies and steering the associative network of the MSF Association).

Allocations to provisions for liabilities and charges, allowances for receivables and inventory write-downs amounted to €3,324,000 for the year, compared to €1,376,000 in 2017.

Designated funds not used during the year amounted to €392,000 and corresponded to €53,000 for establishing operational sites, waste and wastewater treatment equipment; €273,000 for the Foundation's 3D project and €65,000 for funds received by the Foundation for the purpose of creating the first Sheltered Foundation: "FIHA - Innovation for Humanitarian Action Foundation", which will begin operation in 2019.

8.5 Breakdown of funds

Breakdown of funds collected from public generosity

Funds collected from public generosity are defined as comprising gifts, bequests and other donations made by individual donors to MSF sections and foreign offices, and used for the implementation of operational projects.

This international approach to public donation funds is underpinned by the desire to account for the political and economic reality of implementing the operational plan developed by the MSF France Group.

Thus, this operational project is jointly defined and validated by the American, Australian, French and Japanese sections which all give it the human and financial resources required to fulfil it.

In addition, given that a significant amount of funds collected by the MSF Movement come from public generosity, this international definition of public generosity has been extended to funds received from all MSF sections.

Public generosity funds received from other sections of MSF are declared by the sections.

Breakdown of funds

In 2018, private funds from fundraising amounted to €262,098,000. Of which:

€75,891,000 were collected in France and the United Arab Emirates comprising:

- €72,852,000 of public generosity funds, a 25% decrease over the year due to an exceptional bequest of €22,217,000 received in 2017;

- €3039,000 from other private funds (including €2,684,000 in corporate sponsorship collected by MSF Association and the Foundation, €51,000 in private funding granted to Epicentre, €25,000 in membership fees from MSF Association's members and €279,000 in revenue generated by sales of ethical products by MSF Association).

In thousands of euros

	2018	2017
Donations and bequests from individuals collected in France United Arab Emirates	72,852	98,368
Donations from individuals collected by MSF-Australia, MSF-Japan, MSF-USA and other MSF sections	142,665	155,801
Other private funds collected by other MSF sections	43,543	40,904
Other private funds collected in France and the United Arab Emirates	3,039	2,459
Private funds from fundraising	262,098	297,533
Grants and other public aid	4,314	8,269
Funds from fundraising	266,412	305,802
Funds from activities related to the social mission	85,410	79,788
Other funds	51,462	14,020
Other income	136,872	93,808
TOTAL FUNDS	403,284	399,610
Designated funds not used brought forward	411	87
Reversals of provisions	1,299	4,561
TOTAL INCOME	404,995	404,259

€186,207,000 was collected by the MSF Movement sections comprising:

Section	Private collection	2018	2017	2018	2017
MSF USA	Donations from individuals Other private funds	79,173 37,413	89,337 37,055		
Private funds from fundraising		116,586	126,392	63%	64%
MSF Australie	Donations from individuals Other private funds	27,239 1,774	33,106 461		
Private funds from fundraising		29,013	33,567	16%	17%
MSF Japon	Donations from individuals Other private fund	32,279 2,558	27,926 2,721		
Private funds from fundraising		34,837	30,646	19%	16%
Other MSF	Donations from individuals Other private fund	3,973 1,798	5,433 667		
Private funds from fundraising		5,771	6,101	3%	3%
TOTAL	Total Donations from individuals Total Other private funds	142,665 43,543	155,801 40,904	77% 23%	79% 21%
Overall Total		186,207	196,706		

In total, public generosity funds for the combined group amounted to €215,517,000, of which 34% was collected in France and the United Arab Emirates.

Grants and other public aid (also called institutional funding) correspond to funding obtained from international aid agencies and government organisations, as well as from local authorities.

In 2018, the total of these funds amounted to €4,314,000, of which 69% was paid by Unitaïd (€2,955,000) primarily for the MSF Association's endTB project, 22% by the Government of Canada (€936,000) for the emergencies in Uganda and the Democratic Republic of Congo (Ebola), 9% by the Japanese government (€400,000) for the emergency in Gaza and €23,000 from other institutional donors.

Other income amounting to €136,872,000 covers funds from activities related to social missions for an amount of €85,410,000 and other funds for €51,462,000:

- funds from activities related to social missions mainly correspond to income from the two main satellites' activities (€67,635,000 in sales of medicines, medical and logistical equipment generated by MSF Logistique and €2,369,000 in consulting services, research and training of Epicentre for other actors) and invoicing for expenses incurred by the MSF Association for other sections.
- other funds include other operating income for €8,946,000 generated mainly by the activities of Epicentre and MSF Association invoiced to other MSF sections, financial income including interest and capital gains generated by investments (€375,000), exchange gains (€8,686,000), and exceptional income (€33,455,000), including €33,000,000 from selling the buildings on rue Saint Sabin.

Reversals of provisions for liabilities and charges and reversals for inventory write-downs amounted to €1,299,000.

The carry forward of unused designated funds corresponds to €138,000 for financing the Watsan project's activities (to install on-the-ground waste and wastewater treatment facilities), €184,000 for financing the mission in Bangladesh, €89,000 for financing research on antimicrobial resistance and €1,000 for financing activities related to Ebola.

Follow-up of funds collected from public generosity

Funding method for applications and assets and allocation of public generosity funds

All the combined group's funds are used to fund all its applications and investments.

The priorities for allocating funds are governed by the following four principles:

- To respect the wishes of donors, designated funds are fully allocated to the expenses concerned (for example: donations dedicated to an emergency or a particular topic).
- To respect contractual commitments, funds are allocated to the relevant expenses in accordance with the contractual clauses (for example: institutional financing).
- Expenses incurred on behalf of other players (MSF sections or other NGOs) are financed by the funds generated by these activities (for example: re-invoicing to MSF sections and satellites).
- The margin generated by the external activities of the satellites finances the operating costs of these satellites as a priority

Public generosity funds still not used after these different principles have been applied are allocated to the remaining applications to be funded (including acquisitions of assets for the year) according to the amount they represent in the total funds not yet used. This ratio "R" determines the proportion of undesignated public generosity to be used to finance the remaining applications.

When an acquisition is financed by a loan, a portion of public generosity is rendered unavailable in advance, to keep the funds required to repay said loan secure.

The ratio "R" applied to the amount of the loan shows the proportion of the acquisition's financing that is covered by public generosity.

In the event that funds not derived from public generosity contribute toward repaying said loan, it would be appropriate to top up, from this funding surplus, the public generosity funds.

In the AFS, this top up would translate as a negative amount of public generosity used for acquisitions of assets, such that the balance of public generosity funds not used at year end is increased.

Use of public generosity for each application category

In accordance with the principles described above, the combined entity used €227,963,000 of public generosity funds for the 2018 financial year, i.e. 100% of the funds collected from individuals over the year and €12,203,000 taken from the funds collected from individuals which were not designated or used as of 31 December 2017.

As of 31 December 2018, the balance of public generosity funds not designated and not used at year end represented less than 1.6 months of activity for the combined group (2.1 months at the end of 2017) and amounted to €55,579,000.

In the interests of clarity and simplicity, all depreciation for the year has been deducted from fundable applications, rather than cancelling out the amount of public generosity which would have

been allocated to "financing" depreciation under the item "Neutralisation of depreciation of financed assets".

Funds collected from the public are thus allocated to the different categories of applications in the AFS as follows:

- €211,445,000 to fund social missions (i.e. 91% of the public generosity funds used over the year),
- €9,235,000 to fund fundraising costs (i.e. 4% of the public generosity funds used over the year),
- €4,689,000 to fund operating costs (i.e. 2% of the public generosity funds used over the year),
- €2,595,000 to fund capital expenditures (i.e. 1% of the public generosity funds used over the year).

Social missions are funded to the tune of 57% by public generosity, fundraising costs to the tune of 66% and operating expenses to the tune of 20%.

Multiannual management indicators

COMBINED FUNDS, APPLICATIONS OF FUNDS AND RESULTS (in € million)



Source: Annual combined application of funds statement

Resources Applications Results

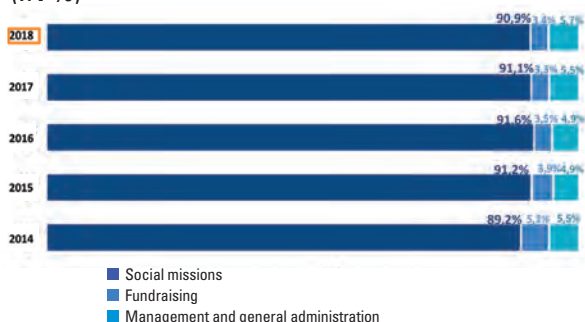
AVAILABLE ASSOCIATION FUNDS AND AVERAGE CASH FLOW (in € million)



Available association funds (M€) (1) Average cash flow (M€)
Available association funds (month activity) Average cash flow (month activity)

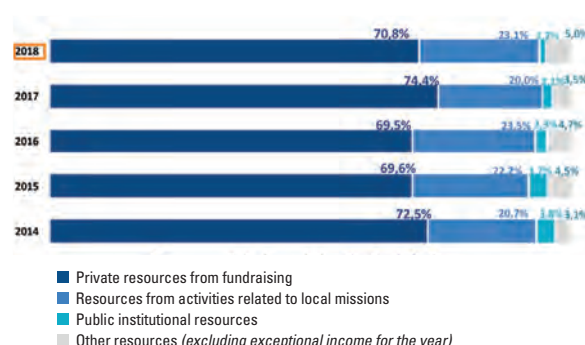
(1) Total association funds after allocation of the year's result

COMPOSITION OF COMBINED APPLICATIONS (IN %)



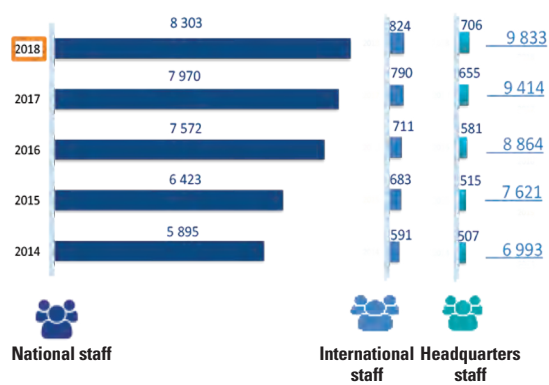
Social missions
Fundraising
Management and general administration

ORIGIN OF COMBINED FUNDS (IN %)

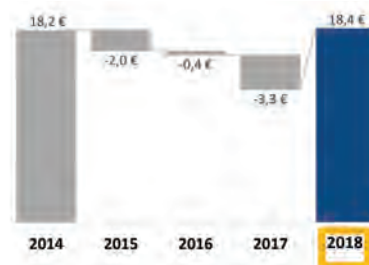


Private resources from fundraising
Resources from activities related to local missions
Public institutional resources
Other resources (excluding exceptional income for the year)

AVERAGE ANNUAL HEADCOUNT

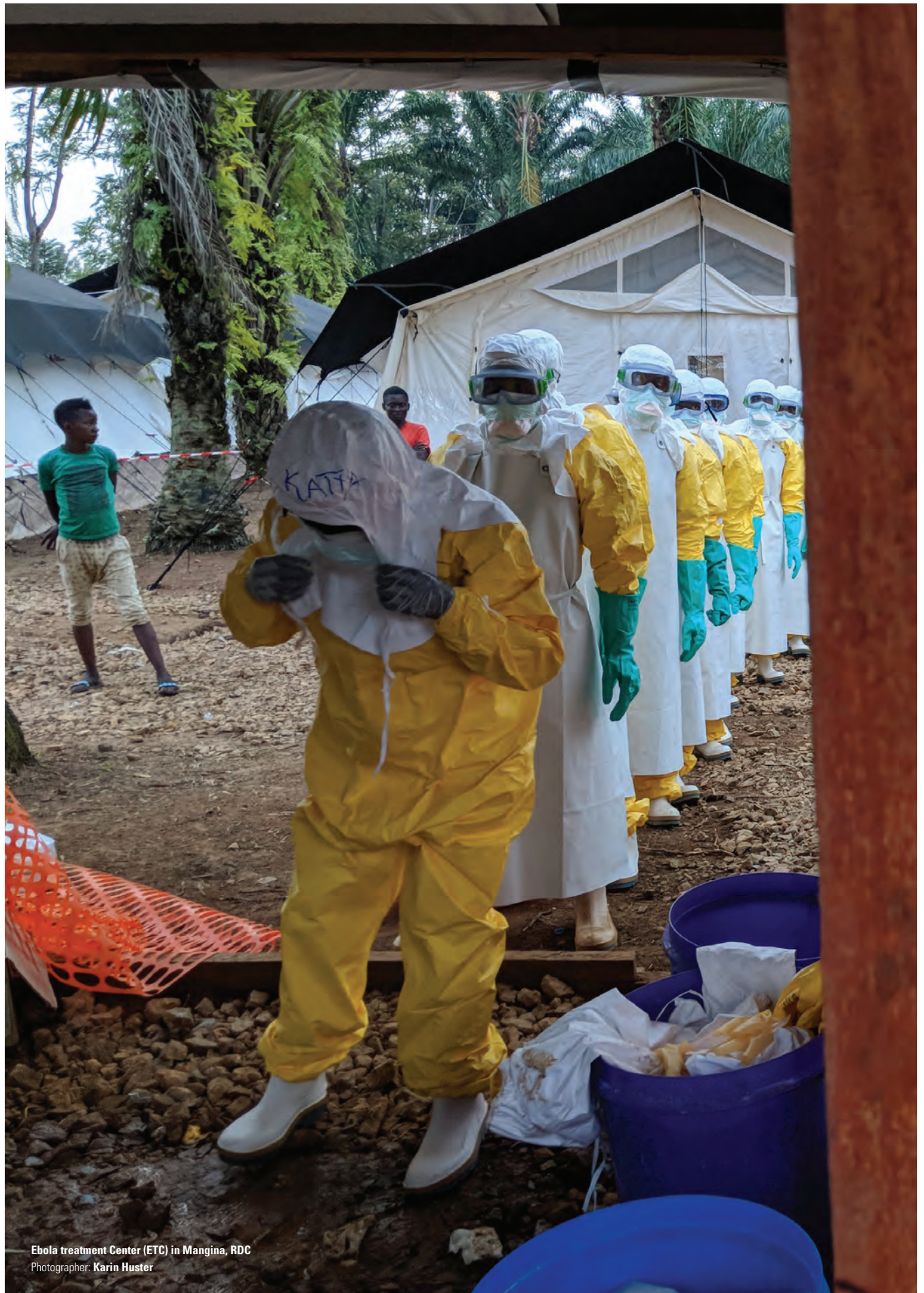


COST OF APPEALS FOR PUBLIC GENEROSITY



COST OF RAISING PRIVATE FUNDS





Ebola treatment Center (ETC) in Mangina, RDC
Photographer: Karin Huster

Organisation of MSF and governance

1. The Médecins Sans Frontières movement

The MSF association, together with the US, Australian and Japanese MSF associations, forms the OCP group (Paris Operational Centre). OCP is one of the 5 operational centres around which the Médecins Sans Frontières movement is organised.

1.1 Organisation and governance of the MSF movement

Médecins Sans Frontières is an international humanitarian medical association founded in 1971 in Paris by doctors and journalists. It provides its assistance in complete independence and impartiality and reserves the right to express itself publicly on the situations its teams may witness. Grouped around the same Charter, MSF teams are composed of medical, logistical and administrative staff of dozens of different nationalities, expatriates or local employees. They provide assistance in accordance with the principles of humanitarian action and medical ethics.

Today, the international MSF movement includes twenty-four associations, including five operational centres, as well as 16 branch offices, specialised satellite organisations mainly for logistics, supply and epidemiology and MSF International. All associations are legally independent entities registered under the laws of the country in which they are established and united under one and the same Charter. On the ground, each operational centre carries out its own projects independently, while ensuring an exchange of information for consistency. In very large-scale emergencies, the various operational centres involved try to divide the task among themselves in order to provide more relief.

MSF International is the association that safeguards the identity of the movement, support the movement in terms of coordination and information, and represent MSF in international institutions.

The associative governance bodies of the movement are as follows:

- The International General Assembly (IGA) is the highest authority of MSF International. It is responsible for safeguarding MSF's medical humanitarian mission. It provides strategic orientation to all MSF entities delegating duties to the International Board and holds the board accountable for those tasks. It meets annually and includes two representatives from each association, two representatives of individual MSF International members, and the International President, himself elected by the representatives. Each representative, as well as the International President, has an independent vote on issues brought to the Assembly for resolution.
- The International Board (IB) consists of 12 voting members, and a co-opted non-voting treasurer:
 - the International President,
 - five representatives appointed by the Operational Centres (one per operational centre),
 - six members (the number of representatives of the operational centres plus one) elected by the International General Assembly).

The Secretary General attends meetings of the IB as a non-voting secretary.

The International board generally meets eight times a year or as often as its responsibilities require.

The International Board may be directive, but its purpose is to play a guiding role; it reports on the implementation of decisions, and facilitates agreement within the movement in a timely

manner. The IB is mandated to solve problems within the MSF movement, open and close executive bodies, and make recommendations to the International General Assembly.

- The executive governance platforms are as follows:
 - The International Office, which houses the MSF International Secretariat, is responsible for coordinating the executives in the movement, providing support in terms of information flows, representing MSF externally and implementing international initiatives and projects as needed. Its registered office is in Geneva and its staff is distributed over all MSF sections,
 - The ExCom (Executive Committee) is the body which brings together the general directors of the sections. It is responsible to the IBC for implementing the policies defined and is a space for reflexion and advice on strategic operational issues. Depending on the matters on the agenda, a meeting is held of the Full ExCom (composed of all the general directors of the MSF sections, the international medical secretary and the general secretary) or of the Core ExCom (composed of the general directors of the five operational centres, the international medical secretary, two other general directors elected by the Full ExCom and the general secretary).
- International thematic platforms: Operations, Medical, Communication, Fundraising, Finance, Human Resources, Logistics, Information Systems.

Non-operational associations carry out fundraising, communication and recruitment activities. They also participate in the definition and implementation of operations under the responsibility of one of the five operational centres within privileged partnerships. Thus, the operational project implemented by the Parisian operational centre is jointly defined and validated by the US, Australian, French and Japanese sections, each of which provides the human, financial or technical resources needed to carry it out. The links between these four sections, partners of the Paris Operational Group (OCP), have been formalised by an agreement between their boards of directors and by the creation of a Group Committee in which each of them is represented. This committee is in charge of validating and monitoring the strategic and annual plans, the group's social mission and the operating budget.

Exchanges between sections (international projects, human resources, fundraising, etc.) lead to many financial flows that bias the reading of the national accounts. For many years now, although no law requires it, the international accounts of Médecins Sans Frontières have been combined, certified and presented annually in the International financial report. This combination is prepared in accordance with "Swiss GAAP" standards and adapted to a non-profit organisation, and has the same objective of presenting a faithful picture of the use of funds after the elimination of internal financial flows. The international financial report is available on MSF's international website (www.msf.org).

1.2 Other activities of the MSF movement

In 1999, Médecins Sans Frontières launched the Campaign for Access to Essential Medicines (CAME). Its goal is to improve access to quality treatments, diagnostic tools and vaccines that meet the needs of patients in its areas of intervention. It encourages other forms of medical research whose objectives are defined according to the most important needs and no longer according to a market logic. Together with other international organisations, its action has made it possible to lower prices and import generic molecules. The CAME is financed by all sections of the MSF movement.

In 2002, Médecins Sans Frontières, with the support of international partners¹, launched a new initiative to promote the research and development of new medicines to treat patients suffering from the most neglected diseases, with the same objective of improving access to treatment.

This initiative led to the creation of a foundation under Swiss law, DNDi ("Drugs for Neglected Diseases initiative"). The MSF movement is one of the members of the DNDi Board of Directors and financially supports the development of this initiative.

The MSF international movement in figures as of December 31, 2017
(The accounts for the year 2018 have not been added to this report)

In millions of Euros	2017		2016	
Private income	1,471	96%	1,438	95%
Public institutional income	30	2%	54	4%
Other income	31	2%	24	2%
OPERATING INCOME	1,532	100%	1,516	100%
Programmes	1,085	74%	989	68%
Programme support	190	13%	171	12%
Awareness-raising and Access Campaign	46	3%	45	3%
Other humanitarian activities	14	1%	12	1%
Total social mission	1,335	91%	1,217	83%
Fundraising	203	14%	174	12%
Management & General Administration	78	5%	68	5%
OPERATING EXPENDITURE	1,616	100%	1,459	100%
Deficit from operational activities	-85		57	
Result from exceptional activities	0		0	
Net exchange gains / losses	-19		11	
TOTAL DEFICIT	-104		69	

In millions of Euros	2017	2016
Non-current assets	258	229
Current assets	230	223
Cash and cash equivalents	840	1,001
ASSETS	1,328	1,453
Restricted funds	43	36
Unrestricted funds	996	1,107
Other equity	22	70
Organisational capital	1,019	1,178
Non-current provisions	0	18
Non-current liabilities	266	221
LIABILITIES, FUNDS AND CAPITAL	1,328	1,453

¹ The Institut Pasteur, Médecins Sans Frontières and four public sector research institutes in countries with high endemic prevalence: the Oswaldo Cruz/Farmanguinhos Foundation in Brazil, ICMR (Indian Council for Medical Research) in India, KEMRI (Kenya Medical Research Institute) in Kenya, the Ministry of Health of Malaysia, with the support of the special UNICEF/UNDP/World Bank/WHO Tropical Disease Research and Training (TDR) programme.

About this report

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It is available on **www.msf.fr** and on request, from our Paris headquarters.

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