

2024 FINANCIAL REPORT

**Stichting Practica
Papendrecht**

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Stichting Practica - Management report

Structure of the board and executive management

Our organization was established on February 21st 2001 and is registered under the name 'Stichting Practica' at the Chamber of Commerce, with registration number 09119363. As by the statutes, Practica is a non-profit organization. The organization was managed by a Board of Directors formed by Mr. W.H.B. van den Pol (Head of Operations) and Mrs. M. Heurter (Head of Administration). As per September 11th 2024 the executive board continued in the form of one Managing Director, Mr. W.H.B. van den Pol.

The executive Board is supported by a Supervisory Board consisting of Mrs. J.H.M. Barendse (Chair), Mr. F. Baas (Treasurer) and Mr. M.T. Westra (Secretary). As per November 18th 2024, Mr. F. Baas has withdrawn and Mrs. A.M. van den Broek has joined the Supervisory Board. Next to the head office in Papendrecht, the Netherlands, Practica has a field office in Antananarivo, Madagascar which was managed by Mr. D. Rason in 2024.

Mission and strategy

Adapted technology and practical know-how are critical elements for development. Practica aims to improve the livelihoods of people in low- and middle-income countries, by contributing to sustainable and inclusive access to water, food, energy and sanitation. We recognize the capacity of local service providers and entrepreneurs as key players in delivering the required services. To this end, we innovate to develop effective technologies, tools, trainings and support mechanisms for the private sector, development partners and knowledge institutes.

Practica focuses on sector development in four main pillars: sustainable rural drinking water supply, cost-effective groundwater development, climate-smart agriculture and safely managed urban sanitation. The organisation acts as a non-profit consultancy organization: we partner with international and local organizations that share our goals, and support those organizations to implement technical innovations within their programs. We charge a consultancy fee for those services based on an organizational cost-recovery basis. Surplus revenues are invested in in-house applied research and product development to ensure continued innovation in the sector.

Results

In 2024 Practica has invested in activities that prepare for scaling innovations in our focus countries: Madagascar, Burkina Faso, Uganda and Mozambique. This includes building strong partnerships, fine-tuning our hardware (TokenTap, Zainer, PuPu pump), software (Drillers Toolbox, IRRIS) and capacity building tools (Asset Management) and investigating diverse funding opportunities to adapt to the current political climate. This investment has led to a negative financial result for the year 2024, but contributed to a strong base for impact scaling in the upcoming years.

In 2024 the realized turnover has decreased from 1.5M to 1.4M Euro. The financial result is negative with -79,442 Euro which will be taken from our continuity reserve. Given the volatility in the development sector, we've adopted a conservative approach to our 2025 budget. Therefore, for 2025 we expect a turnover of 1.5M Euro and a negative result of -106,327 Euro. The results for 2024 and 2025 are heavily impacted by already incurred costs in two USAID projects that were suddenly annulled. With the current reserves and project portfolio, the solvency and liquidity position at the balance sheet date are sufficient to continue operations in 2025. The Managing Director and Supervisory Board see sufficient room for future growth of our current strategy, as it is well aligned with the policies of the new Dutch government, and the Sustainable Development Goals.

Risk and risk mitigation

The main risk for 2025 and beyond is the global reduction in government spending on development cooperation. The immediate closure of two USAID funded projects early 2025 has confronted us with this new reality and accelerated the diversification of funding sources which we already started in 2024. Next to this, the security situation in the Sahel remains an important risk to our work. Through our increasing network of local consultants, we will continue to support our partners in this area.

Policy on financial reserves

Financial reserves of the organization are deposited at savings accounts of two Dutch banks, with an aim to divide the savings over the two banks. Financial reserves are never invested in stock exchange funds or similar high-risk products. Our long-term goal for the continuity reserve remains at 75%. Surplus funds are invested in Research and Development activities.

Papendrecht, March 2025

W.H.B. van den Pol
Managing Director

ANNUAL FINANCIAL STATEMENTS

Balance as of December 31, 2024

Assets		31-12-2024		31-12-2023	
	ref	EUR	EUR	EUR	EUR
Fixed Assets					
Tangible Fixed Assets	2.1				
Other non current assets		5.679		6.533	
			5.679		6.533
Current Assets					
Inventories		17.116		21.490	
Accounts Receivable	2.2	389.693		454.128	
Taxes and social insurance premiums	2.3	7.288			
Other receivables, prepayments and accrued income	2.4	7.226		22.109	
			421.323		497.727
Cash and cash equivalents	2.5		90.636		164.016
			517.638		668.276
Equity and liabilities					
Equity					
Continuity reserve	2.6	270.211		341.101	
Allocated reserves	2.6	0		8.552	
			270.211		349.653
Short-term debts					
Accounts payable		48.197		40.563	
Taxes and social insurance premiums	2.7	10.428		11.556	
Current Projects	2.8	124.980		191.090	
Other debts, accruals and deferred income	2.9	63.822		75.414	
			247.427		318.623
			517.638		668.276

Statement of revenues and expenses for the year 2024

		realization 2024	budget 2024	realization 2023
	<i>ref</i>	EUR	EUR	EUR
Revenues		1.369.425	1.801.807	1.505.506
Project costs	3.1	-855.923	-1.072.474	-906.079
		513.502	729.333	599.427
Personnel costs	3.2	401.587	501.665	423.339
Depreciation	3.3	3.616	6.000	4.071
Other operational expenses	3.4	183.011	144.896	152.157
Total expenses		588.214	652.561	579.567
Operating result		-74.712	76.772	19.860
Finance result		-4.730	-5.500	-4.922
Result for the year		-79.442	71.272	14.938

The result for the year 2024 is added to the following reserves:

	2024	2023
	EUR	EUR
- Continuity reserve	-70.890	31.386
- Allocated reserves	-8.552	-16.448
	-79.442	14.938

Cash flow statement for the year ended December 31, 2024

	2024	2023
	EUR	EUR
Cash flow from operating activities		
Operating result	-74.712	19.860
<i>Adjustments for:</i>		
Depreciation	3.616	4.071
<i>Changes in working capital</i>		
Changes in receivables	72.030	-221.385
Changes in inventories	4.374	-13.933
Changes in liabilities	-71.196	139.086
	<u>5.208</u>	<u>-96.232</u>
Cash flow from operating activities	-65.888	-72.301
Finance result	<u>-4.730</u>	<u>-4.923</u>
Cash flow from operating activities	-70.618	-77.224
Cash flow from investment activities		
Investments in tangible fixed assets	-2.762	-3.802
Investments in intangible fixed assets		
Desinvestments in tangible fixed assets	<u>-2.762</u>	<u>-3.802</u>
Cash flow from investment activities	-2.762	-3.802
Net increase/(decrease) in cash and cash equivalents	-73.380	-81.026
Cash and cash equivalents as per January 1	164.016	245.042
Changes in cash and cash equivalents	<u>-73.380</u>	<u>-81.026</u>
Cash and cash equivalents as per December 31	<u><u>90.636</u></u>	<u><u>164.016</u></u>

Notes to the balance sheet and the statement of revenues and expenses

1 General notes

1.1 Accounting policies for the balance sheet

General

The financial statements have been prepared in accordance with the Dutch Accounting Standard C1 "Kleine-organisaties-zonder-winststreven" as issued by the Dutch Accounting Standards Board. The financial statements are expressed in euros. In general, assets and liabilities are stated at the amounts at which they were acquired or incurred. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet and statement of revenues and expenses include references to the notes.

The main risk for 2025 and beyond is the global reduction in government spending on development cooperation. The immediate closure of USAID early 2025 has confronted us with this new reality. We have taken cost reduction measures to mitigate the effects on the short term, and accelerated the diversification of funding sources to adapt to this change on the long term. We maintain a positive continuity expectation and have developed our financial report accordingly.

(In)Tangible Fixed Assets

Other non-current assets are valued at historical cost or manufacturing price including directly attributable expenditure, less straight-line depreciation over their estimated useful lives and impairment losses.

Inventories

Inventories are valued at cost price based on the FIFO method (first in, first out) or lower realisable value.

Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank balances. Cash and cash equivalents are carried at nominal value. To determine the foreign currency exchange rate as at the balance sheet date, www.oanda.com is used.

Reserves

The reserves are at the disposal of the board.

Short-term debts

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

1.2 Prior-year comparison

The accounting policies have been consistently applied to all the years presented.

1.3 Estimates

The preparation of the financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the foundation. If necessary for the purpose of providing the essential view, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question.

1.4 *Accounting policies for the statement of revenues and expenses*

General

Results are determined as the difference between the realisable value of the services rendered, and the costs and other charges for the year. Revenues are recognised in the year in which they are realized; losses are taken as soon as they are foreseeable.

Revenues

The subsidies and gifts are accounted for in the year to which they relate. Revenues are recognized based on the services performed to the balance sheet date as a percentage of the total services to be performed and in accordance with the subsidy conditions.

Depreciation

(In)Tangible fixed assets are depreciated over their estimated useful lives as from the inception of their use. Future depreciation is adjusted if there is a change in estimated future useful life.

Project costs

Costs of projects represents direct expenses attributable to the services performed.

Employee benefits

Salaries, wages and social security contributions are taken to the statement of revenues and expenses based on the terms of employment, where they are due to employees.

The foundation has a pension plan. All annual premiums are accounted for as expenses. Premium adjustments as a result of salary changes only have effect on future pension premiums and not on past premiums.

Other operational expenses

Other operating expenses comprise costs chargeable to the year that are not directly attributable to the costs of projects.

1.5 *Notes to the cash flow statement*

The cash flow statement has been prepared using the indirect method. The cash and cash equivalents disclosed in the cash flow statement comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average exchange rates. Interest received is included in net cash from operating activities.

2 Explanatory notes regarding the balance

2.1 *Tangible Fixed Assets*

	Other non current assets
	<u>EUR</u>
January 1, 2024	
Acquisition price	57.175
Accumulated depreciation	<u>-50.642</u>
Book value	6.533
Changes in 2024	
Investments	2.762
Divestments	
Divestment depreciation	
Bookresults on divestments	0
Depreciation	<u>-3.616</u>
	-854
December 31, 2024	
Acquisition price	59.937
Accumulated depreciation	<u>-54.258</u>
Book value	5.679
Depreciation percentages	20- 50%

2.2 *Accounts Receivable*

	31-12-2024	31-12-2023
	<u>EUR</u>	<u>EUR</u>
Accounts Receivable	389.693	454.128
Provision for doubtful debts	<u>0</u>	<u>0</u>
	389.693	454.128

2.3 *Taxes and social insurance premiums*

	31-12-2024	31-12-2023
	<u>EUR</u>	<u>EUR</u>
VAT	<u>7.288</u>	<u>0</u>
	7.288	0

2.4 *Other receivables, prepayments and accrued income*

	31-12-2024	31-12-2023
	<u>EUR</u>	<u>EUR</u>

Pre-paid costs and other receivables	7.226	22.109
Credit notes in accounts payable	0	0
	7.226	22.109

2.5 Cash and cash equivalents

	31-12-2024	31-12-2023
	EUR	EUR
ASN Bank	190	50.845
Triodos Bank	38.050	71.227
Societe Generale Madagascar	51.480	40.946
Cash	916	998
	90.636	164.016

The cash and cash equivalents are freely disposable

2.6 Equity

	2024	2023
	EUR	EUR
Continuity reserve		
At 1 January	341.101	309.715
Result appropriation	-70.890	31.386
At 31 December	270.211	341.101

The continuity reserve serves as a buffer in the event certain calamities occur in the future, and to pre-finance project activities. The board agreed that Practica will work towards a continuity reserve in 2024 of € 493,546, based on 75% of the annual operational costs prognosis for 2024 of € 658,061. For 2025 the supervisory board and board of directors decided to aim for a continuity reserve of € 484,735, equal to 75% of the annual fixed costs for 2025 of € 646,313.

	2024	2023
	EUR	EUR
Allocated reserves		
Acceleration R&D		
At 1 January	8.552	25.000
Result appropriation	-8.552	-16.448
At 31 December	0	8.552

Short-term debts

2.7 Taxes and social insurance premiums

	31-12-2024	31-12-2023
	EUR	EUR
Payroll taxes	10.428	11.556
	10.428	11.556

2.8 Current projects

	31-12-2024	31-12-2023
	EUR	EUR
- Invoiced in advance	232.891	320.576
- To be invoiced	-107.911	-129.486
	124.980	191.090

2.9 Other debts, accruals and deferred income

	31-12-2024	31-12-2023
	EUR	EUR
Other debts	3.463	13.359
Holiday allowances	16.586	17.472
Vacation days	23.391	21.823
Restricted performance based bonuses employees (maximum 8% of annual salary)	12.882	15.260
Auditor's fees	7.500	7.500
	63.822	75.414

2.10 Rights and obligations not included in the balance sheet

The foundation has entered into a rental obligation for housing for an amount of € 43,683 per year. This obligation expires with a notice period of 1 year.

3 Explanatory notes to the statement of revenues and expenses

3.1 Project costs

	realization 2024	budget 2024	realization 2023
	EUR	EUR	EUR
Consultants / personel costs projects	417.330		544.156
Material / other costs projects	438.593		361.923
	855.923	1.072.474	906.079

Personnel costs in Madagascar for projects are recognized directly under project costs

3.2 Personnel costs

	realization 2024	budget 2024	realization 2023
	EUR	EUR	EUR
Wages and salaries	285.176	364.674	313.870
Social security contributions	58.750	72.679	61.109
Pension Costs	5.931	5.436	5.802
Other personnel costs	31.903	32.050	26.093
Salaries Madagascar	19.827	26.826	16.465
	401.587	501.665	423.339

Average number of FTEs in service Netherlands	5,4	5,6	5,5
Average number of FTEs in service Madagascar	1,0	1,0	1,0

3.3 Depreciation

	realization 2024	budget 2024	realization 2023
	EUR	EUR	EUR
Depreciation Tangible Fixed Assets	3.616	6.000	4.071
	3.616	6.000	4.071

3.4 Other operational expenses

	realization 2024	budget 2024	realization 2023
	EUR	EUR	EUR
Housing costs	49.933	52.780	48.761
Office expenses	23.515	29.566	29.033
General costs	97.378	62.550	74.363
Non-refundable VAT input tax	12.185	0	
	183.011	144.896	152.157

BUDGET of revenues and expenses for the year 2025

**budget
2025
EUR**

Revenues	1.468.628
Project costs	922.642
	545.986
Personnel costs	495.363
Depreciation	6.000
Other operational expenses	144.250
Total expenses	645.613
Operating result	-99.627
Finance result	-6.700
Result for the year	-106.327

Papendrecht, 2025

On behalf of the Executive Board

W.H.B. van den Pol
Managing Director

On behalf of the Supervisory Board

J.H.M. Barendse
Chair

A.M. van den Broek

M.T. Westra

Stichting Practica
Geulweg 16
3356 LB Papendrecht
Netherlands

INDEPENDENT AUDITOR'S REPORT

To: the Board of Stichting Practica

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the financial statements 2024 of Stichting Practica based in Papendrecht.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting Practica as at 31 December 2024 and of its result for 2024 in accordance with the Guideline for annual reporting C1 'Kleine organisaties-zonder-winststreven' of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the balance sheet as at 31 December 2024;
2. the statement of income and expenditure for 2024; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Practica in accordance with the 'Verordening inzake de Onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the management report and the other information as required by the Guideline for annual reporting C1 'Kleine organisaties-zonder-winststreven' of the Dutch Accounting Standards Board.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board is responsible for the preparation of the management report and other information in accordance with the Guideline for annual reporting C1 'Kleine organisaties-zonder-winststreven' of the Dutch Accounting Standards Board.

Description of responsibilities regarding the financial statements

Responsibilities of the Board for the financial statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting C1 'Kleine organisaties-zonder-winststreven' of the Dutch Accounting Standards Board. Furthermore, the Board is responsible for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board should prepare the financial statements using the going concern basis of accounting unless the Board either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so. The Board should disclose events and circumstances that may cast significant doubt on the foundation's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining 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 foundation's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board;
- concluding on the appropriateness of the Board'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 foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a foundation to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Was signed Slidrecht, 14 July 2025.

WITH Accountants B.V.
P. Alblas RA