



**La chaîne
de l'espoir**

Together, let's save children

Financial report 2023



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Treasurer's report

Ladies and gentlemen, members of La Chaîne de l'Espoir,

I'm pleased to present the treasurer's report for the year 2023.

On the economic front, the year was marked by the return of inflation and an unprecedented rise in interest rates. The rate hike boosted income from the financial assets of La Chaîne de l'Espoir. In spite of inflation, funds raised from the general public remained at the same level. Furthermore, like last year, the association continued the diversification of its financing with bequests, but also with substantial public and private funding in the framework of ambitious international projects.

Thus, the amount of recorded operating income stands at **33 542 K€** compared to 29 569 K€ in 2022, up 13 % on the previous year.

The total income of La Chaîne de l'Espoir, including financial income boosted by interest rate increases and extraordinary income, amounted to **35 549 K€**.

In a complex geopolitical environment, La Chaîne de l'Espoir and its teams have remained very actively committed and continued their numerous projects and missions on the national level but also very extensively in the international field.

Total expenditure, including financial and extraordinary expenses, amounted to **34 468 K€** (compared to 30 422 K€ in 2022). This includes an expense of 651 K€ related to the development of fundraising in the USA through our affiliate United Surgeons For Children (USFC)..

The financial year closes therefore with a surplus of 1 080 K€, compared to a deficit of 191 K€ in 2022. The surplus will go to increase the association funds, enabling the future development of our social missions and strengthening our resilience in face of economic uncertainties.

The figures commented on below are taken from the Income Statement by Origin and Destination, a document of reference for associations, in accordance with regulation ANC n°2018-06.

INCOME

I. Income from public generosity:

In a particularly difficult economic context, income from public generosity declined: gifts by hand (-1 %), sponsorship (-23 %), income from bequests, donations and life insurance (-8 %). Other income increased substantially (+191 %) but represents only 2,8 % of income from public generosity.

Overall, public generosity regressed (-1 % compared to 2022). Its relative share is down: it represents 46 % of the resources of the association (versus 55 % in 2022).

II. Income not derived from public generosity:

This rose slightly (+2 %) and includes:

- financial contributions from non-profit organizations which increased sharply (+20 %) thanks notably to contributions from La Fondation des Hôpitaux, L'Association de Bienfaisance CFAO and La Fondation Alain Deloche;
- other income not derived from public generosity which fell substantially (-59 %) compared to the year 2022 which was exceptional due to very favorable currency effects on our stock of US dollars.

III. Subsidies and other public aid:

Public subsidies amounted to 13 831 K€ in 2023, up 70 % on the previous year, and make up a growing part in the resources of the organization (43 % in 2023 vs 27 % in 2022).

These grants come mainly from the French Ministry of Europe and Foreign Affairs, the French Development Agency and Expertise France, co-financing our projects in Iraq, Afghanistan, Ukraine, Jordan, Togo, Lebanon and Burkina Faso.

IV. Reversals of provisions and depreciations:

In 2023, reversals of provisions and depreciations amounted to 1 404 K€, including:

- 1 001 K€ as a reversal of depreciation of a debt obligation towards USFC written off by decision of the Board of Directors
- 380 K€ as a reversal of a provision for risk related to funding from ECHO which has become void of purpose.

V. Use of previous dedicated funds:

Funding recorded in dedicated funds, unused at the time of closure, is carried over as income in the income statement of the following year, as and when commitments are fulfilled.

In 2023, the use of dedicated funds of previous years amounted to 1 720 K€, and concerned notably projects in Iraq, Ukraine, Lebanon and Madagascar.

EXPENSES

I. Social missions

Expenditure dedicated to programs and our social missions amounted to 23 245 K€ in 2023, representing 74 % of total expenses. Thus, funds invested in our missions increased by 8 % compared to 2022, marking the development and advancement of our projects. The year 2023 was marked by the continuation of our emergency aid program in Ukraine, the substantial progress of our construction project of a hospital in Iraq which will be inaugurated at the end of 2024, and the maintenance at a high level of medical care in response to the crisis in Afghanistan. Expenses for treatment in France of children from deprived countries fell by 38 % compared to the previous year, in accordance with the budget voted for the year 2023. Extensive negotiations with French hospitals made it possible to limit costs, and the increasing commitment to medical cooperation between countries of the global South facilitated treatment in Dakar for children from the West Africa sub-region.

II. Fundraising expenses

Development expenses (fundraising, communication, management of donations and tax receipts, donor relations) amounted to 7 030 K€, up sharply compared to the previous year (+34 %) due to investments made to develop fundraising in the USA. They represent 22,4 % of total expenses.

III. Operating expenses

Operating expenses, the indispensable basis for our missions and the guarantee of sound management of our income, are up 12 % over the financial year and amount to 1 080 K€. Unfavorable exchange rate fluctuations in 2023, in contrast with the previous year, explain this rise which is higher than the increase in activities. These expenses nevertheless remain limited, representing 3,4 % of total expenses.

IV. Allocations for provisions and depreciations

Allocations for provisions and depreciation are down, and back to a more moderate level, in 2023 (108 K€ vs 535 K€ in 2022). These provisions were made according to the prudence principle to cover the risk of non-recovery of a supplier debt obligation (55 K€) and a labor court litigation (53 K€).

V. Income taxes

Capital gains taxes on investment securities amounted to 70 K€.

ALLOCATION OF EARNINGS

As stated above, the financial year 2023 shows a surplus of 1 080 K€, a result which the Board of Directors has validated and which I propose for your acceptance today.

It is also proposed that this surplus be allocated to the association funds.

Furthermore, your assembly will vote on the partial reversal of the project reserves for Madagascar, amounting to 336 K€, this sum corresponding to expenses on the project in 2023.

| In K€ | On 31/12/2023 (before allocation of 2023 earnings) | Allocation of 2023 earnings | | On 31/12/2023 (after allocation of 2023 earnings) |
|---|--|-----------------------------|--------------|---|
| | | Increase | Decrease | |
| Association funds without right of recovery | 10 571 | 1 416 | | 11 987 |
| Project reserves for Madagascar | 638 | | 336 | 302 |
| Project reserves for the Middle East | 500 | | | 500 |
| Project reserves for West Africa | 500 | | | 500 |
| Income 2023 | 1 080 | | 1 080 | 0 |
| | 13 289 | 1 416 | 1 416 | 13 289 |

The association funds and reserves thus represent 5.3 months of activity on 31 December 2023, stable compared to the previous year, an amount necessary to ensure the continuity of our actions on the ground, cover unforeseen funding needs due to emergencies or a sudden decrease in income, and fund investments and their renewal.

In 2023, the commitment of our volunteers and the support of our sponsors remained at a high level, amounting to 3 431 K€, but was nevertheless down by 24 %.

I – Volunteer work

Many surgeons, doctors, anesthetists and other medico-technical personnel go throughout the year on voluntary missions in the field and thus contribute in a decisive manner to the social missions and the spirit of La Chaîne de l'Espoir. Host families, people accompanying hospitalized children, volunteers in the provinces and in the Paris headquarters all make an effective contribution to the different activities of our organization.

A precise administrative monitoring of these volunteers makes it possible to know, by profile, the number of days they devote to the organization and to calculate their contribution. In 2023, La Chaîne de l'Espoir thus benefited from 8 982 days of volunteer work, estimated at 1 485 K€ (-557 K€ compared to 2022).

II – Consumables and medical and non-medical equipment

The collection of medical products and equipment, computer equipment and furniture from different structures, laboratories and our operational partners had an estimated value of 125 K€ in 2023. These donations in kind are down compared to the previous year (-404 K€).

III – Services free of charge and skills-based sponsorship

The value of skills-based sponsorship, actions in advertising and communication (press, radio, TV, reports) and other services provided free of charge to La Chaîne de l'Espoir by different advertisers, advisors and partners amounted to 1 821 K€ for the financial year 2023, a slight decrease of 6 % on the previous year.

Thus the total of contributions in kind is estimated at 3 430 K€.

BALANCE SHEET

The balance sheet total of La Chaîne de l'Espoir as at 31/12/2023 amounts to 41 073 K€, up 7 584 K€ compared to the previous year.

Assets

Net fixed assets stand at 7 443 K€ (versus 7 355 K€ in 2022). The value of new goods received by bequests, intended for cession, enabled an increase in net assets (+88 K€), while the amortization of the association headquarters continues.

Current assets amount to 33 630 K€ (versus 26 135 K€ in 2022). They are up by 7 495 K€ mainly due to the combined effect of the increase in public subsidies received as pre-financing of projects and recorded as amounts available awaiting effective spending on project activities (+5 819 K€), and debt obligations of financiers and partners (+1 483 K€).

Liabilities

The association funds before allocation of 2023 earnings amount to 10 571 K€.

Income from the 2023 financial year amounts to 1 080 K€ and will strengthen our own funds to serve our missions in 2024 and the following years.

Deferred and dedicated funds are up by 1 389 K€, mainly due to the increase in funds dedicated to projects (+1 216 K€, pushed up by the Ukraine project financed by the Crisis and Support Center of the Ministry of Europe and Foreign Affairs).

Debts registered under liabilities increased by 5 442 K€. Bank loans are down by 361 K€ (repayment of the loan for the purchase of the head office premises), whereas deferred income is up by 3 334 K€ (multi-year financing agreements concluded with public and private financial backers). The Other Debts item increased by 2 148 K€, due to the debt owed by La Chaîne de l'Espoir to our partner hospital FMIC in Kabul, since possibilities of international transfers towards Afghanistan remained very limited in 2023.

BUDGET FOR 2024

The 2024 budget was presented and pre-approved by the Board of Directors on February 19, 2024. It is subject to validation by the Annual General Meeting.

Forecasts of income, amounting to 36 923 K€, and of expenses, amounting to 36 859 K€, lead to a net result for the financial year of +64 K€.

This budget is broken down as follows:

| Income | K€ | Expenses | K€ |
|-----------------------------|---------------|---|---------------|
| Public generosity | 13 377 | Programs | 28 969 |
| Bequests & Donations | 2 700 | - Healthcare in France | 1 191 |
| Sponsorship | 723 | - Healthcare and training abroad | 27 778 |
| Other private contributions | 2 236 | Dedicated funds carried forward | 237 |
| Subsidies | 15 169 | Development | 6 666 |
| Other operating income | 17 | Operations | 956 |
| Use of dedicated funds | 2 331 | Financial expenses | 30 |
| Financial income | 371 | Total expenses | 36 859 |
| Total income | 36 923 | Net income | 64 |
| | | Reversal of project reserves | 354 |
| | | Net income adjusted for project reserves | 418 |

Sandrine TURQUETIL DELACOUR
Treasurer

AND NOW, WHAT PROSPECTS?

Sketching out the prospects for 2024 may seem like a singular approach at a time when, since the first day of the year, we have been so mobilized by humanitarian emergencies. **Current international events, the magnitude of crises and emergencies, impose their agenda on us**, putting us under pressure in a constantly accelerating race, **strongly mobilizing the teams of La Chaîne de l'Espoir as we carry out our humanitarian mandate in the field of medicine and surgery**. Recurrent crises mark our daily lives, by their violence, their intensity, the urgent need to respond: the invasion of Ukraine, the war in Gaza, the disaster in Armenia, the tragedy of Afghanistan, even if, alas, the latter country now gets less attention from the media and the public in spite of the enormous suffering endured by the Afghans, especially the women and girls of that country who must never be forgotten. And of course all the other theaters of conflict where La Chaîne de l'Espoir continues, whatever the cost, to carry out its mission in the service of the most vulnerable people in circumstances which have become more and more difficult.

There is an ever-widening gap between, on the one hand, the necessity for urgent humanitarian response, the multiplication of crises due to global geopolitical disorder, and, on the other hand, the decline in respect for international humanitarian law. In those places where we are actively engaged, in those troubled areas where our teams on the ground are confronted with violence, where they take risks in carrying out their humanitarian mission, our task is getting more and more complicated. This observation was widely discussed at the **National Humanitarian Conference** which took place in December 2023 under the auspices of the President of the Republic, a conference during which I was able to make known our mandate, our mission. I was also asked, on behalf of all the French humanitarian organizations, to express to the French authorities **our concerns about the deterioration of the international situation and its consequences for humanitarian access which must absolutely be preserved**, and also to **strongly assert the necessity for France to guarantee the growth of humanitarian financing, taking account of the explosion of needs**. We already know that in the coming months the services of La Chaîne de l'Espoir will be greatly in demand; we must mobilize so as to be present and effective in crisis areas where our unique expertise will be called upon. In the coming months also, La Chaîne de l'Espoir will have the heavy responsibility of successfully completing and then ensuring the sustainability of a major project, the long-awaited opening of the **French Medical Center of Sinjar**, in the Yazidi region of Iraq, a project which we have been working on for more than three years.

This hospital, a symbol of Franco-Iraqian health cooperation in this tormented region, represents for our association both a challenge, given its scale and the degraded environment in which we built it, and a great opportunity to prove our ability to successfully carry out a project of such magnitude in a crisis zone.

This very complex and deteriorated situation is a source of both obligation and encouragement: it obliges La Chaîne de l'Espoir to be even more responsive, it tests our capacity to mobilize our know-how even more quickly and it puts us under pressure to further improve our efficiency. Over the last few years, La Chaîne de l'Espoir has changed greatly. In the world of NGOs, it now occupies a singular place: it's an association for hospital cooperation, medical and surgical support, but also, more and more, an association for medical and social intervention in crisis situations. This evolution involves profound consequences for our organization, our mode of operating, our capacity for emergency action, our sources of financing, our requirements of accountability and transparency as a recognized humanitarian NGO. La Chaîne de l'Espoir is in a growth phase. Our activities are developing in proportion to the increase in our funding, the sources of which we must diversify by finding new financial backers both in France and abroad. Our teams are being renewed with more diversified profiles, often coming from the field of emergency humanitarian response, thus amplifying the changes in our strategy and our internal culture.

La Chaîne de l'Espoir, through the evolution of its activities, through its large-scale projects in crisis zones, is now recognized by the French authorities and by international partners. Our active participation in the National Humanitarian Conference, our role in NGO coordinations, show that our association has become an actor in its own right in the humanitarian world. La Chaîne de l'Espoir is thriving: our finances are sound, our expertise satisfies growing needs. Nevertheless, we must be clear-eyed about our limits and be constantly able to adapt, reform and transform ourselves.

The future is ours! I believe we can say for certain: 2024 is a pivotal year for our association. Together, with pride and optimism, let's raise to the highest level this noble mission of ours: act to save.

Anouchka FINKER
CEO of La Chaîne de l'Espoir

Annual Financial Statements

2023

BALANCE SHEET

| ASSETS (IN EUROS) | 2023 | | | 2022 |
|---|-------------------|-------------------------|-------------------|-------------------|
| | Gross | Amort. and depreciation | Net | Net |
| I - FIXED ASSETS | | | | |
| Intangible fixed assets | 293 288 | 170 250 | 123 038 | 70 028 |
| Concessions, licenses, trademarks, soft-ware and similar assets | 174 650 | 170 250 | 4 400 | 13 200 |
| Intangible fixed assets in progress | 118 638 | | 118 638 | 56 828 |
| Tangible fixed assets | 9 158 433 | 2 380 798 | 6 777 635 | 7 080 957 |
| Land | 1 380 000 | | 1 380 000 | 1 380 000 |
| Buildings | 7 432 322 | 2 156 045 | 5 276 277 | 5 592 021 |
| Technical installations, plant and equipment | 328 111 | 224 753 | 103 357 | 99 936 |
| Fixed assets in progress | 18 000 | | 18 000 | 9 000 |
| Assets received by legacy or donations held for disposal | 563 301 | 40 000 | 523 301 | 193 285 |
| Financial assets | 19 081 | | 19 081 | 10 619 |
| Other | 19 081 | | 19 081 | 10 619 |
| TOTAL FIXED ASSETS | 10 034 103 | 2 591 048 | 7 443 055 | 7 354 889 |
| II - CURRENT ASSETS | | | | |
| Receivables | 7 327 854 | 55 130 | 7 272 724 | 5 950 075 |
| Receivables from bequests and donations | 346 437 | | 346 437 | 506 811 |
| Other | 6 981 418 | 55 130 | 6 926 287 | 5 443 264 |
| Marketable securities | 4 684 327 | | 4 684 327 | 4 610 521 |
| Cash at bank and in hand | 21 142 429 | | 21 142 429 | 15 323 199 |
| Prepaid expenses | 530 905 | | 530 905 | 251 093 |
| TOTAL CURRENT ASSETS | 33 685 516 | 55 130 | 33 630 385 | 26 134 889 |
| TOTAL ASSETS (I + II) | 43 719 619 | 2 646 178 | 41 073 440 | 33 489 778 |

BALANCE SHEET

| LIABILITIES (IN EUROS) | 2023 | 2022 |
|--|-------------------|-------------------|
| I - ASSOCIATION FUNDS AND RESERVES | | |
| Association funds without right of recovery | 10 570 809 | 10 399 172 |
| Statutory association funds | | |
| Additional association funds | 10 570 809 | 10 399 172 |
| Reserves | 1 637 562 | 2 000 000 |
| Reserves for the entity's project | 1 637 562 | 2 000 000 |
| Surplus or deficit for the year | 1 080 145 | -190 801 |
| NET TOTAL ASSOCIATION FUNDS AND RESERVES | 13 288 517 | 12 208 371 |
| II - DEFERRED AND RESTRICTED FUNDS | | |
| Deferred funds related to bequests and donations | 799 901 | 627 274 |
| Restricted funds | 4 255 892 | 3 039 552 |
| TOTAL DEFERRED AND RESTRICTED FUNDS | 5 055 792 | 3 666 827 |
| III - PROVISIONS | | |
| Provisions for risks | 89 500 | 417 000 |
| TOTAL PROVISIONS | 89 500 | 417 000 |
| IV - DEBTS | | |
| Loans and debts with credit institutions | 3 015 199 | 3 375 920 |
| Supplier payables and related payables | 2 577 638 | 2 283 080 |
| Legacy and donation liabilities | 68 698 | 72 183 |
| Fiscal and social liabilities | 885 552 | 855 977 |
| Other liabilities | 7 035 213 | 4 886 723 |
| Deferred income | 9 057 330 | 5 723 697 |
| TOTAL DEBTS | 22 639 631 | 17 197 580 |
| TOTAL LIABILITIES (I + II + III + IV) | 41 073 440 | 33 489 778 |

INCOME STATEMENT

| (EN EUROS) | 2023 | 2022 |
|--|-------------------|-------------------|
| I - PRODUITS D'EXPLOITATION | | |
| Contributions | 320 | 80 |
| Sales of goods and services | 83 578 | 162 842 |
| Sales of goods | | 19 970 |
| - of which sales of donations in kind | | 15 424 |
| Sales of services | 83 578 | 142 872 |
| Income from third party funders | 31 705 341 | 26 207 663 |
| State grants and operating subsidies | 13 831 044 | 8 158 588 |
| Resources from public generosity | 15 906 174 | 16 412 026 |
| - Individual gifts | 12 855 824 | 12 959 395 |
| - Sponsorship | 620 530 | 806 447 |
| - Bequests, donations and life insurance | 2 429 820 | 2 646 185 |
| Financial contributions | 1 968 123 | 1 637 049 |
| Reversals of amortization, depreciation, provisions and transfer of expenditure | 32 397 | 58 047 |
| Use of restricted funds | 1 720 116 | 3 140 270 |
| Other | 312 | 45 |
| TOTAL OPERATING INCOME | 33 542 064 | 29 568 948 |
| II - OPERATING EXPENSES | | |
| Other purchases and external expenses | 19 251 565 | 17 240 711 |
| Financial aid | 2 311 658 | 2 975 226 |
| Taxes and similar expenses | 545 752 | 478 730 |
| Wages and salaries | 5 488 594 | 4 732 937 |
| Social security costs | 1 955 454 | 1 697 971 |
| Depreciation and amortization | 475 016 | 399 453 |
| Allocations to provisions | | 37 000 |
| Restricted funds carried forward | 2 936 456 | 2 029 331 |
| Other expenses | 16 905 | 13 775 |
| TOTAL OPERATING EXPENSES | 32 981 400 | 29 605 133 |
| 1. OPERATING INCOME (I - II) | 560 664 | -36 185 |
| III - FINANCIAL INCOME | | |
| Other interest and similar income | 457 198 | 152 500 |
| Reversals of provisions, depreciation and transfer of expenditure | 23 017 | 46 906 |
| Foreign exchange gains | 145 383 | 455 145 |
| TOTAL FINANCIAL INCOME | 625 598 | 654 551 |
| IV - FINANCIAL EXPENSES | | |
| Allocation to amortization, depreciation and provisions | | 23 005 |
| Interest and similar expenses | 32 898 | 34 741 |
| Foreign exchange losses | 294 297 | 135 436 |
| Net expenses on disposal of investment securities | | 50 576 |
| TOTAL FINANCIAL EXPENSES | 327 195 | 243 758 |
| 2. FINANCIAL INCOME (III - IV) | 298 403 | 410 792 |
| 3. INCOME FROM ORDINARY ACTIVITIES BEFORE TAXES (I - II + III - IV) | 859 067 | 374 607 |
| V - EXTRAORDINARY INCOME | | |
| On management operations | 260 | 8 238 |
| Reversals of provisions and depreciation | 1 380 628 | |
| TOTAL EXTRAORDINARY INCOME | 1 380 888 | 8 238 |
| VI - EXTRAORDINARY EXPENSES | | |
| On management operations | 1 037 157 | 14 198 |
| On capital operations | | 4 854 |
| Amortization, depreciations and provisions | 52 500 | 511 878 |
| TOTAL EXTRAORDINARY EXPENSES | 1 089 657 | 530 929 |
| 4. EXTRAORDINARY EXPENSES (V - VI) | 291 231 | -522 692 |
| Tax on profits(VIII) | 70 152 | 42 717 |
| TOTAL INCOME (I + III + V) | 35 548 549 | 30 231 737 |
| TOTAL EXPENSES (II + IV + VI + VII + VIII) | 34 468 403 | 30 422 538 |
| VOLUNTARY CONTRIBUTIONS IN KIND | | |
| Donations in kind | 125 188 | 529 079 |
| Services provided in kind | 1 820 560 | 1 940 097 |
| Volunteering | 1 484 709 | 2 041 712 |
| TOTAL | 3 430 457 | 4 510 888 |
| EXPENSES FOR VOLUNTARY CONTRIBUTIONS IN KIND | | |
| Goods provided free of charge | 125 188 | 529 079 |
| Services provided in kind | 1 820 560 | 1 940 097 |
| Volunteer staff | 1 484 709 | 2 041 712 |
| TOTAL | 3 430 457 | 4 510 888 |

APPENDIX TO THE 2023 ANNUAL FINANCIAL STATEMENTS

PREAMBLE

The financial year ending 31 December 2023 has a duration of 12 months. The accounts are drawn up in euros.

As at 31 December 2023, the balance sheet total before allocation of earnings was 41 073 440 €. The financial year shows a surplus of 1 080 145 €.

The information given below is an integral part of the annual financial statements which have been approved by the Board of Directors.

NOTE 1: SOCIAL PURPOSE, SOCIAL MISSIONS AND MEANS USED

Social purpose

La Chaîne de l'Espoir is a general-interest humanitarian organization whose goal is to help the most disadvantaged children, their families and their communities.

Social missions

- To provide medical care in France or abroad for children and mothers who cannot get treatment in their own countries due to lack of medical and technical means and specialist know-how;
- To provide training for local medical staff in specialist fields, responding to various pathologies;
- To transfer medical technology, equipment and consumable materials to countries where healthcare facilities are inadequate;
- To promote the development of specialist hospital facilities adapted to local needs;
- To contribute to the medical and social care of women and children in vulnerable situations;
- To provide medical assistance to impoverished populations, primarily to mothers and children, including by the acquisition and shipment abroad of medicines and health and nutrition products;
- To provide humanitarian assistance during conflicts or natural disasters;
- To provide access to education for disadvantaged children and women;
- To relieve human distress by all means possible.

Means used

- Collaboration with international organizations, local authorities, public and private bodies in France and abroad;
- Partnership with any other body or association pursuing goals similar to ours, in France or abroad;
- Encouraging the creation in foreign countries of other organizations with the same goal;
- With the help of host families, providing care for children transferred to and treated in France for the entire duration of their stay.

NOTE 2: FAITS SIGNIFICATIFS DE L'EXERCICE

Néant.

NOTE 3: POST BALANCE SHEET EVENTS

The association is not aware of any significant post balance sheet events.

NOTE 4: GENERAL VALUATION RULE

The annual financial statements are drawn up in accordance with the following regulations:

- ANC n° 2018-06 of 5 December 2018 as amended by ANC n° 2020-08 on the annual financial statements of private non-profit legal entities;
- ANC n° 2014-03 of 5 June 2014, as amended, relative to the general chart for accounts for provisions not covered by regulation ANC n° 2018-06 of 5 December 2018, as amended;
- ANC n° 2022-04 of 30 June 2022, relative to the obligation to present a separate statement of the advantages and resources coming from abroad (EAR) (1st application in the 2023 accounts 2023)

The following conventions have been applied in accordance with the prudence principle and these basic rules:

- Going concern,
- Consistency of accounting principles from one financial year to the next,
- Independence of financial years.

NOTE 5: CHANGE OF PRESENTATION

None.

NOTE 6: FIXED ASSETS

The organization's fixed assets are recognized and valued, in accordance with the standards set forth in the Asset Regulation, at their acquisition cost (price and incidental expenses) or production cost.

NOTE 6-1: Fixed assets located in France

Fixed assets located in France, at the organization's headquarters, are depreciated using the straight-line method over their useful life:

| | |
|--|---------------|
| Computer software | 3 years |
| Buildings | 25 years |
| Fixtures and fittings | 8 to 20 years |
| Technical installations, plant and equipment | 3 years |
| Transport equipment | 3 years |
| Office and computer equipment | 3 years |

NOTE 6-2: Fixed assets located abroad

In the framework of its activities, the association may be required to purchase, on its intervention sites abroad, assets that meet the accounting definition of fixed assets.

Taking account of:

a) the specificities of the context

- geographical distance that makes it difficult to monitor physical existence,
- specific operating conditions that create uncertainty regarding the physical state of the assets,
- the purpose of these acquisitions, made within the framework of the organization's project and intended for permanent local use,
- agreements made with funding agencies,

b) application of the accounting principle of prudence,

these capital assets are recorded directly in the project's expense accounts

The changes noted during the year are as follows:

| GROSS FIXED ASSETS | 31/12/2022 | Increase | Decrease | 31/12/2023 |
|--|-------------------|------------------|-----------------|-------------------|
| Computer software | 155 047 | | | 155 047 |
| Trademarks | 19 602 | | | 19 602 |
| Intangible fixed assets in progress | 56 828 | 61 810 | | 118 638 |
| Intangible fixed assets | 231 478 | 61 810 | | 293 288 |
| Headquarters land | 1 380 000 | | | 1 380 000 |
| Headquarters building | 6 779 041 | | | 6 779 041 |
| Headquarters fixtures and fittings | 636 676 | 16 605 | | 653 282 |
| Technical installations, plant and equipment | 58 015 | 53 097 | | 111 112 |
| Transport material | 21 021 | | | 21 021 |
| Office and computer equipment | 170 333 | 29 061 | 3 416 | 195 978 |
| Tangible fixed assets in progress | 9 000 | 9 000 | | 18 000 |
| Tangible fixed assets | 9 054 086 | 107 763 | 3 416 | 9 158 433 |
| Assets received by legacy or donation held for disposal | 193 285 | 908 690 | 538 675 | 563 301 |
| Deposits and guarantees | 10 619 | 14 245 | 5 783 | 19 081 |
| Financial fixed assets | 10 619 | 14 245 | 5 783 | 19 081 |
| GENERAL TOTAL | 9 489 467 | 1 092 509 | 547 873 | 10 034 103 |

| AMORTIZATION | 31/12/2022 | Increase | Decrease | 31/12/2023 |
|--|-------------------|-----------------|-----------------|-------------------|
| Computer software | 141 847 | 8 800 | | 150 647 |
| Trademarks | 19 602 | | | 19 602 |
| Intangible fixed assets | 161 450 | 8 800 | | 170 250 |
| Headquarters building | 1 580 744 | 271 162 | | 1 851 905 |
| Headquarters fixtures and fittings | 242 952 | 61 188 | | 304 140 |
| Technical installations, plant and equipment | 33 013 | 31 876 | | 64 889 |
| Transport equipment | 20 157 | 864 | | 21 021 |
| Office and computer equipment | 96 262 | 45 996 | 3 416 | 138 843 |
| Tangible fixed assets | 1 973 128 | 411 086 | 3 416 | 2 380 798 |
| GENERAL TOTAL | 2 134 578 | 419 886 | 3 416 | 2 551 048 |

| DEPRECIATION | 31/12/2022 | Increase | Decrease | 31/12/2023 |
|---|-------------------|-----------------|-----------------|-------------------|
| Assets received by legacy or donation held for disposal | | 40 000 | | 40 000 |
| GENERAL TOTAL | | 40 000 | | 40 000 |

The value of a good received by legacy held for disposal is adjusted to its current value by depreciation.

NOTE 7: RECEIVABLES

Receivables are valued at their nominal value. An impairment is recognized when there is a risk of non-recovery.

| | Amount | - 1 year | 1 to 5 years | + 5 years |
|---|-------------------|------------------|------------------|-------------------|
| Donor receivables | 2 278 632 | 842 081 | 1 436 551 | |
| French Development Agency | 432 212 | | 432 212 | |
| European Union | 100 292 | | 100 292 | |
| Expertise France | 706 920 | 290 000 | 416 920 | |
| Regional Council of La Réunion | 12 000 | 12 000 | | |
| City of Paris | 103 046 | 60 000 | 43 046 | |
| Other private donors | 924 162 | 480 081 | 444 081 | |
| Receivables from be-quests and donations | 346 437 | 346 437 | | |
| Other receivables | 4 702 786 | 3 702 158 | 1 000 628 | |
| TOTAL | 7 327 854 | 4 890 675 | 2 437 179 | |
| DEPRECIATION | 31/12/2022 | Increase | Decrease | 31/12/2023 |
| Other receivables | 1 000 628 | 55 130 | 1 000 628 | 55 130 |
| GENERAL TOTAL | 1 000 628 | 55 130 | 1 000 628 | 55 130 |

The provision on the receivable of the affiliated foundation USFC, which has become irrecoverable, was totally reversed and the corresponding sum of 1 000 628 € was written off by decision of the Board of Directors. A provision amounting to 55 130 € has been made for the receivable of the service provider ODEEF.

NOTE 7-1: Accrued income

| | - 1 an |
|-------------------------------------|----------------|
| Suppliers (credit notes receivable) | 58 845 |
| Miscellaneous accrued income | 192 498 |
| TOTAL RECEIVABLE INCOME | 251 342 |

NOTE 8: PREPAID EXPENSES

Prepaid expenses, amounting to 530 905 €, relate mainly to expenses for « Other purchases and external services ».

NOTE 9: MARKETABLE SECURITIES

Marketable securities are recorded on the balance sheet at their acquisition cost. Disposals are recognized using the first-in, first-out method (FIFO). Investments are made in guaranteed capital products payable in arrears. The changes noted during the year are as follows:

| | 31/12/2022 | Increase | Decrease | 31/12/2023 |
|-----------------------------|------------------|----------------|----------------|------------------|
| Endowment contract Agéas | 1 069 623 | 14 959 | 3 269 | 1 081 313 |
| Endowment contract Vie Plus | 1 563 915 | 486 520 | 447 421 | 1 603 014 |
| Bonds | 2 000 000 | | | 2 000 000 |
| GENERAL TOTAL | 4 633 538 | 501 480 | 450 690 | 4 684 327 |

The Vie Plus endowment contract was subject to a provision for impairment in 2015, adjusted annually based on the valuation of the contract in the event of early withdrawal.

The provision amounting to 23 017 € on 31/12/2022 was entirely reversed in 2023.

NOTE 10: CASH AT BANK AND IN HAND

Cash held in France and in foreign projects (banks and petty cash) includes amounts in foreign currencies. They have been valued in euros at the InforEuro exchange rate for the month of December. Foreign exchange differences at the end of the year are recorded as foreign exchange gains or losses in the income statement.

NOTE 11: ASSOCIATION FUNDS

La Chaîne de l'Espoir has two types of reserves:

- funds without right of recovery, whose purpose is to ensure that the organization remains a going concern;
- project reserves, intended to finance operational projects.

The variations noted during the year are as follows:

| Changes in association funds | At the start of the year | Allocation of earnings | | Increase | | Decrease or consumption | | At the end of the year |
|---|--------------------------|------------------------|-----------------------------|------------------|-----------------------------|-------------------------|-----------------------------|------------------------|
| | Amount | Amount | Of which public gene-rosity | Amount | Of which public gene-rosity | Amount | Of which public gene-rosity | Amount |
| Association funds without right of recovery | 10 399 172 | 171 637 | | | | | | 10 570 809 |
| Africa Project reserves | 500 000 | | | | | | | 500 000 |
| Madagascar Project Reserves | 1 000 000 | -362 438 | | | | | | 637 562 |
| Middle East Project Reserves | 500 000 | | | | | | | 500 000 |
| Earnings for the year | -190 801 | 190 801 | | 1 080 145 | 305 225 | | | 1 080 145 |
| TOTAL | 12 208 371 | | | 1 080 145 | 305 225 | | | 13 288 517 |

Information on the allocation of earnings appears in the minutes of the Annual General Meeting of 26 June 2023.

NOTE 12: PROVISIONS FOR RISKS AND CHARGES

Risks identified at the end of the financial year which have a reasonable probability and are of a significant amount give rise to a provision.

The changes noted during the year are as follows:

| | 31/12/2022 | Increase | Decrease | 31/12/2023 |
|---------------------|----------------|---------------|----------------|---------------|
| Provision for risks | 417 000 | 52 500 | 380 000 | 89 500 |
| TOTAL | 417 000 | 52 500 | 380 000 | 89 500 |

The provision for risks on operations in Iraq, recognized in the 2017 accounts at the amount of 380 000 €, has become void of purpose and has been reversed.

The provision for operations in Jordan, recognized in the 2022 accounts and amounting to 37 000 €, has been maintained. A provision for a labor tribunal risk in Togo has been made, amounting to 52 500 €.

NOTE 13: DEFERRED FUNDS

| | 31/12/2022 | Increase | Decrease | 31/12/2023 |
|---|----------------|----------------|----------------|----------------|
| Deferred funds relating to bequests and donations | 627 274 | 536 445 | 363 819 | 799 901 |
| TOTAL | 627 274 | 536 445 | 363 819 | 799 901 |

NOTE 14: RESTRICTED FUNDS

Restricted funds record the portion of resources allocated by third party funders to designated projects that could not yet be used at year-end.

The changes noted during the year are as follows:

| Changes in restricted funds: | At the start of the year | Deferrals | Uses | At the end of the year | |
|--|--------------------------|------------------|------------------|------------------------|---|
| | | | | Total amount | Of which restricted funds without expense over the 2 previous years |
| Operating subsidies | | | | | |
| Afghanistan | 45 921 | 5 386 | 45 921 | 5 386 | |
| Noma | 94 950 | 70 374 | | 165 324 | |
| Comoros | 163 593 | 95 266 | 163 593 | 95 266 | |
| Iraq | 1 950 684 | 775 521 | 794 761 | 1 931 444 | |
| Jordan | 68 251 | 86 057 | | 154 308 | |
| Lebanon | 156 228 | 37 341 | 156 228 | 37 341 | |
| Madagascar | 1 355 | | 1 355 | | |
| Mali | | 1 873 | | 1 873 | |
| Niger | | 6 375 | | 6 375 | |
| Stenosis | 43 617 | 15 018 | 43 617 | 15 018 | |
| Togo | 56 877 | 166 327 | 56 877 | 166 327 | |
| Ukraine | 172 702 | 1 203 546 | 172 702 | 1 203 546 | |
| | 2 754 179 | 2 463 083 | 1 435 055 | 3 782 207 | |
| Financial contributions from other bodies | | | | | |
| France | 14 347 | 8 638 | 14 347 | 8 638 | |
| Burkina Faso | 24 998 | 46 943 | 24 998 | 46 943 | |
| Comoros | | 8 438 | | 8 438 | |
| Mali | 176 464 | 199 005 | 176 152 | 199 318 | |
| Madagascar | 17 433 | 106 538 | 17 433 | 106 538 | |
| Senegal | 16 858 | 13 696 | 16 858 | 13 696 | |
| Ukraine | | 16 939 | | 16 939 | |
| Multi-country DES | | 27 372 | | 27 372 | |
| | 250 101 | 427 570 | 249 788 | 427 883 | |
| Resources from public generosity | | | | | |
| Afghanistan | | 19 725 | | 19 725 | |
| Mali | | 26 077 | | 26 077 | |
| Senegal | 11 272 | | 11 272 | | |
| Ukraine | 24 000 | | 24 000 | | |
| | 35 272 | 45 802 | 35 272 | 45 802 | |
| TOTAL | 3 039 552 | 2 936 456 | 1 720 116 | 4 255 892 | |

The Comoros dedicated fund recognized funding received from the Indian Ocean Regional Health Agency during the 2016 financial year.

For political reasons beyond the control of our organization, and in full transparency with the donor, these funds could only be partially used during the year 2023. The dedicated fund is therefore still present on 31/12/2023.

NOTE 15: DEBTS

Liabilities are valued at their nominal value.

Bank loans were taken out in 2016 for an initial amount of 5 500 000 € to finance the acquisition of the headquarters of La Chaîne de l'Espoir.

The due dates at the end of the year are as follows:

| | Amount | - 1 year | 1 to 5 years | + 5 years |
|--|-------------------|-------------------|------------------|------------------|
| Financial debts | 3 015 199 | 363 931 | 1 490 893 | 1 160 376 |
| Loans | 3 014 223 | 362 955 | 1 490 893 | 1 160 376 |
| Other financial liabilities | 976 | 976 | | |
| Miscellaneous liabilities | 10 567 102 | 10 567 102 | | |
| Supplier payables and related payables | 2 577 638 | 2 577 638 | | |
| Legacy and donation liabilities | 68 698 | 68 698 | | |
| Tax and social security liabilities | 885 552 | 885 552 | | |
| Other liabilities | 7 035 213 | 7 035 213 | | |
| TOTAL | 13 582 301 | 10 931 032 | 1 490 893 | 1 160 376 |

NOTE 15-1: Accrued expenses

| | - 1 an |
|--|----------------|
| Supplier payables and related payables | 347 035 |
| Fiscal and social liabilities | 478 239 |
| Other liabilities | 89 330 |
| TOTAL ACCRUED EXPENSES | 914 603 |

NOTE 16: DEFERRED INCOME

Deferred income recognizes financing granted by agreement for future years. The due dates for each country at the end of the financial year are as follows:

| | Amount | - 1 year | 1 to 5 years |
|------------------------|------------------|------------------|------------------|
| Projects | | | |
| Afghanistan | 1 848 380 | 1 848 380 | |
| Burkina Faso | 35 772 | 17 886 | 17 886 |
| Cameroon | 34 650 | 17 325 | 17 325 |
| Comoros | 33 000 | 16 500 | 16 500 |
| DES | 173 800 | 86 900 | 86 900 |
| Noma | 99 863 | 99 863 | |
| France | 5 000 | 5 000 | |
| Iraq | 4 341 994 | 4 041 994 | 300 000 |
| Jordan | 631 966 | 439 872 | 192 094 |
| Lebanon | 48 036 | 48 036 | |
| Madagascar | 236 500 | 104 500 | 132 000 |
| Mali | 40 260 | 20 130 | 20 130 |
| Mozambique | 136 400 | 68 200 | 68 200 |
| RDC | 57 200 | 28 600 | 28 600 |
| Senegal | 160 866 | 98 752 | 62 114 |
| South- South transfers | 77 440 | 38 720 | 38 720 |
| Togo | 408 704 | 321 377 | 87 327 |
| Ukraine | 687 500 | 687 500 | |
| TOTAL | 9 057 330 | 7 989 534 | 1 067 796 |

NOTE 17: DETAIL OF THE ENTRY «BEQUESTS, DONATIONS AND LIFE INSURANCE» IN THE INCOME STATEMENT

The item «bequests, donations and life insurance» in the income statement includes the accumulated net balance of the various accounts concerned by these transactions, both as expenses and as income.

| Income | Amount |
|--|------------------|
| Amount received for life insurance | 1 082 056 |
| Amount for the income entry «Bequests or donations defined in the article 213-9» | 1 555 447 |
| Sale price of assets received by legacy or donation held for disposal | 543 618 |
| Use of deferred funds related to bequests and donations | 363 819 |
| Total income | 3 544 940 |
| Expenses | Amount |
| Net book value of assets received by legacy or donation held for disposal | 538 675 |
| Allocation for depreciation of assets received by legacy or donation held for disposal | 40 000 |
| Restricted funds related to bequests and donations carried forward | 536 445 |
| Total expenses | 1 115 120 |
| TOTAL OF THE ENTRY | 2 429 820 |

Life insurance policies are recognized as income on the date the funds are received by the organization.

Assets and liabilities received by legacy are recognized on the date the legacy is accepted by the entity's authorized body.

NOTE 18: OPERATING SUBSIDIES

The subsidies awarded to the organization during the financial year 2023 are as follows:

| | Amount |
|---------------------------------------|-------------------|
| French Development Agency (AFD) | 800 000 |
| Crisis and Support Center (MEAE) | 16 050 322 |
| Dir. International Cooperation Monaco | 16 612 |
| City of Paris | 193 046 |
| TOTAL | 17 059 980 |

This amount corresponds to the sum of the financings agreed during the financial year, which are recognized as income of the current year, or recorded as deferred income for future years.

NOTE 19: STATEMENT OF ADVANTAGES AND RESOURCES FROM FOREIGN COUNTRIES

| Contributor's country | Total amount of advantages and resources |
|-----------------------|--|
| South Africa | 80 |
| Germany | 3 104 |
| Australia | 100 |
| Austria | 300 |
| Belgium | 9 446 |
| Burkina Faso | 57 413 |
| Canada | 420 |
| Chili | 360 |
| China | 1 312 |
| Cyprus | 470 |
| Congo | 4 153 |
| Croatia | 210 |
| Denmark | 610 |
| United Arab Emirates | 50 |
| Spain | 9 516 |
| Estonia | 300 |
| USA | 1 715 |
| Gabon | 500 |

| Contributor's country | Total amount of advantages and resources |
|-----------------------|--|
| Finland | 340 |
| Mauritius | 312 |
| Israël | 20 |
| Italy | 2 182 |
| Luxembourg | 10 318 |
| Mali | 101 182 |
| Morocco | 150 |
| Monaco | 121 519 |
| Norway | 50 |
| Netherlands | 1 735 |
| Philippines | 50 |
| Poland | 70 |
| Portugal | 30 |
| Czech Republic | 1 230 |
| Rumania | 20 |
| United Kingdom | 31 988 |
| Senegal | 360 |
| Switzerland | 57 291 |
| Chad | 150 |
| Togo | 14 708 |
| Tunisia | 480 |
| Uruguay | 50 |
| Zimbabwe | 180 |
| TOTAL | 434 475 |

The detailed version of the separate statement of advantages and resources coming from abroad is at the disposal of the public at the headquarters of the organization.

NOTE 20: VOLUNTARY CONTRIBUTIONS IN KIND

During the financial year 2023, La Chaîne de l'Espoir benefited from voluntary contributions in kind, which are presented at the foot of the income statement, and are estimated, for the financial year 2023, at 3 430 457 €.

NOTE 20-1: Volunteering

Numerous surgeons, doctors, nurses, anesthetists and other medico-technical personnel go on volunteer trips in the field throughout the year to contribute to the social missions of the organization.

Other volunteers also contribute to the various activities of the association, through their actions at the headquarters, in hospitals, and in host families and regional branches.

For all these volunteers, precise administrative monitoring allows us to track, by profile, the number of days dedicated to the organization and to calculate their contribution at replacement value. In 2023, 8 982 days of volunteer work were committed to La Chaîne de l'Espoir.

| | Number of people | Number of days | Valuation in euros |
|----------------------------------|------------------|----------------|--------------------|
| Volunteers at the headquarters | 53 | 1 948 | 435 839 |
| Volunteers in programs abroad | 157 | 1 867 | 582 690 |
| Volunteers in programs in France | 309 | 4 422 | 346 980 |
| Volunteers in regional branches | 86 | 745 | 119 200 |
| TOTAL | 605 | 8 982 | 1 484 709 |

NOTE 20-2: Medical consumables and equipment

In 2023, the value of medical products and equipment collected from various hospitals and laboratories is estimated at 125 188 €.

NOTE 20-3: Services free of charge

La Chaîne de l'Espoir benefited, during the 2023 financial year, from various services free of charge:

- information messages produced by radio and television stations, estimated at 1 689 457 €
- plane tickets worth 34 000 €.

The total amount of these services is therefore 1 723 457 €.

NOTE 20-4: Skills-based sponsorship

La Chaîne de l'Espoir benefited, during the year 2023, from the work of external collaborators made available to us, services estimated at 97 103 €.

NOTE 21: OFF-BALANCE SHEET COMMITMENTS**NOTE 21-1: Retirement indemnity**

The retirement indemnity is calculated using the retrospective projected unit credit method. The salary base is the end-of-career salary and rights are calculated on the basis of the final prorated seniority. This method is in accordance with that prescribed by the international accounting standard IAS 19.

The end of career indemnity for the staff present on 31 December 2023 was estimated at 64 026 €. This amount did not result in the recognition of a provision in the financial statements for the year ended 31 December 2023.

The indemnity was estimated taking into account the terms of the French Labor Code, in the absence of a specific collective agreement, and the mortality tables in force at that date.

The following assumptions were made to calculate the indemnity:

- Staff turnover rate: 0 %
- Life expectancy: Mortality table INSEE 0709
- Discount rate: 3,17 %
- Retirement age: 67 years (for everyone)
- Applicable collective agreement: none (provisions of the Labor Code)

NOTE 21-2: Commitments made on projects

In the framework of our Cooperation Program with the Republic of Iraq, represented by its Ministry of Health, signed on 25/11/2020, La Chaîne de l'Espoir is the «delegated project owner» for the construction of a hospital in Sinjar. A construction contract was therefore signed with the ZOZIK company on 28/10/2021 for the amount of 7 881 K\$ as well as a contract for project superintendent of execution with the KHATIB & ALAMI company on 06/01/2022 for the amount of 896 K\$. Construction works, initially planned to take place between January 2022 and August 2023, should be completed at the end of 2024.

NOTE 21-3: Commitments received by legacy

On 31 December 2023, 16 bequests and donations files were awaiting acceptance. Seven of these files have been given a provisional valuation amounting to 467 537 €.

NOTE 22: WORKFORCE

The organization's workforce is calculated as of 31 December, taking into account the employees in France, expressed as full-time equivalents, based on the average number of employees determined each month.

| | 2023 | 2022 | 2021 |
|------------------------|-----------|-----------|-----------|
| Executives | 49 | 46 | 35 |
| Non-executives | 22 | 21 | 20 |
| TOTAL WORKFORCE | 71 | 67 | 55 |

As at 31/12/2023, the organization also had 127 employees on the ground.

NOTE 23: AUDIT FEES

The auditor's fees to certify the financial statements for the 2023 financial year were 25 200 € TTC and 16 164 € TTC for specific audits (project audits).

NOTE 24: REMUNERATION AND BENEFITS IN KIND

NOTE 24-1: Remuneration and benefits in kind for members of the Board of Directors

In accordance with the statutory provisions and article 261-7-1° of the General Tax Code, La Chaîne de l'Espoir remunerates the function of Chairman of the Board of Directors.

The maximum amount of this remuneration is set at three times the social security ceiling applicable in the year of the decision.

The remuneration paid for 2023 amounts to 43 992 €.

The bylaws do not provide for the allocation of assets to members of the Board of Directors at any time whatsoever.

NOTE 24-2: Remuneration and benefits in kind for the three most senior executives

Article 20 of the law n° 2006-586 of 23 May 2006 relative to volunteer work and associative commitment provides that: «Associations whose annual budget exceeds 150 000 € [...] must publish, each year, in the financial statements, the remunerations of the three highest-paid volunteer and salaried executives as well as their benefits in kind».

The three most senior executives of the organization are the Chairman, the CEO and the Deputy CEO.

For the year 2023, the total gross annual remuneration and benefits amounted to 234 838 €.

NOTE 25: TAX REGIME

The amount of reduced-rate tax on certain investment income amounts to 70 152 €.

NOTE 26: INCOME STATEMENT BY ORIGIN AND DESTINATION

The Income Statement by Origin and Destination is drawn up according to the regulatory template ANC n°2018-06 (as amended by regulation ANC 2020-08). It includes two main parts:

- income by origin (income linked or not to public generosity, subsidies) and expenses by destination (social missions, fundraising expenses, operating expenses in particular).
- voluntary contributions in kind, income by origin and expenses by destination.

NOTE 26-1: Income by origin

Income from public generosity

This entry contains resources collected from the public, both ear-marked and non-earmarked, bequests and life insurance policies received by the organization, and funds from sponsorship by French and foreign companies.

Income not related to public generosity

These entries include subsidies, financial contributions from foundations and other non-profit bodies as well as miscellaneous income including service provision.

Subsidies and other public aid

This entry includes subsidies granted by public funders (States, local authorities, the European Union and other supranational bodies).

Voluntary contributions in kind

See Note 20.

NOTE 26-2: Expenses by destination

The expenses incurred by the organization are identified by cost accounting under three entries of use: Social Missions, Fundraising Expenses and Operating Costs.

Direct costs are allocated by entry according to the services and activities concerned.

Expenses related to activities that can be allocated to more than one entry are broken down between the relevant items according to breakdown keys. This includes the following expenses:

- internal control
- amortization of the headquarters and its fixtures and fittings
- auditor's fees, legal fees
- information systems and associated costs
- social taxes
- training for support staff and management.

The breakdown keys for these transversal expenses are determined on the basis of the time spent by teams on each of the categories of use.

This key is determined on the occasion of the annual budget.

The keys used at the end of the financial year are as follows:

- 5,4 % for medical care in France
- 64,8 % for care abroad
- 23,5 % for the development of resources
- 6,3 % for functioning

Social missions

In the category of actions carried out in France are included the costs of hospitalization of children transferred temporarily to France for treatment of their illnesses:

- expenses reimbursed to host families (volunteer work), hospital visits, convalescent stays..
- hospital costs (stay, surgery...) in France
- transport (ambulances, flights ...)
- ancillary costs: tests, medication, X-rays...
- salaries of the headquarters staff who manage this program or contribute to its implementation
- the share of charges broken down as described above.

In 2023, expenditure allocated to medical care in France is broken down as follows:

| | |
|--|--------------------|
| - Medical treatment and ancillary costs | 719 414 € |
| - Support for operations at the headquarters | 343 911 € |
| - Share of charges broken down (described above) | 34 832 € |
| TOTAL FOR ACTIONS IN FRANCE | 1 098 157 € |

Directly implemented actions abroad include expenditure related to healthcare, training, biomedical and infrastructure activities:

- costs of medical and surgical teams sent abroad to carry out surgeries and actions of prevention, screening, and training
- supply and shipment of medical material, biomedical equipment, medicines and consumables
- payments to organizations in which La Chaîne de l'Espoir is partially or fully involved in the implementation of operational actions under the terms of current agreements
- salaries of headquarters staff who manage or contribute to the implementation of these programs
- the share of charges broken down as described above.

Some programs abroad are carried out with local partners. The amounts which are retroceded to them in the framework of our social missions are recognized under the sub-entry «payment to a central body or other bodies».

Missions carried out abroad are financed by funds from public generosity (natural or legal persons), subsidies and funding from non-profit bodies. Exceptionally, they may involve paid services.

In 2023, expenditure allocated to medical care abroad is broken down as follows:

| | |
|--|---------------------|
| - Medical care and ancillary costs | 17 919 807 € |
| - Support for operations at the headquarters | 3 809 052 € |
| - Share of charges broken down (described above) | 417 986 € |
| TOTAL ACTIONS CARRIED OUT ABROAD | 22 146 844 € |

The order of allocation of resources to social missions is described below in Note 28.

Fundraising expenses

This entry includes all the expenses incurred in collecting donations from the general public (marketing campaigns, telephone and email campaign costs, processing donations and costs related to tax receipts, management of bequests), and in raising funds from private sponsors. The salaries of people working on fundraising are assigned to this entry as well as the share of charges broken down as described above.

In 2023, fundraising expenses amounted to 7 032 850 € and are broken down as follows:

| | |
|---|--------------------|
| - Direct fundraising expenses | 5 564 483 € |
| - Personnel assigned to fundraising | 1 313 557 € |
| - Share of expenses broken down (described above) | 151 584 € |
| TOTAL FUNDRAISING EXPENSES | 7 029 624 € |

Operating expenses

This entry contains the expenses related to the functioning of the organization and the general services of the headquarters of La Chaîne de l'Espoir.

Operating expenses amounted to 1 077 604 € in 2023 and are broken down as follows:

| | |
|--|--------------------|
| - Costs of structure and general services | 711 707 € |
| - Share of charges broken down (described above) | 40 638 € |
| - Financial charges | 327 195 € |
| TOTAL OPERATING EXPENSES | 1 079 539 € |

NOTE 27: ANNUAL USE OF FUNDS STATEMENT FOR FUNDS COLLECTED FROM THE GENERAL PUBLIC

This Use-of-Funds Statement is based on the regulatory template ANC n°2018-06 (as amended by regulation ANC 2020-08).

It consists of three main parts:

- Uses by destination and resources by origin
- Deferred resources linked to public generosity (excluding restricted funds)
- Voluntary contributions in kind (linked to public generosity)

Uses by destination and resources by origin

The information in the annual statement of the use of funds from public generosity corresponds to the information included in the column « of which public generosity » in the Income Statement by Origin and Destination.

Deferred resources from public generosity (excluding restricted funds)

The amount of deferred resources related to public generosity is equal to the balance of available association funds collected from the public. .

Voluntary contributions in kind

See Note 20.

NOTE 28: PRINCIPLE OF ALLOCATION OF INCOME

To determine what is financed by income from public generosity, we apply the following order of priority for the allocation of income to uses:

Social missions are funded in order of priority by:

- earmarked income: earmarked funds from public generosity, earmarked subsidies and financial contributions
- non-earmarked income: share of income of indirect costs of financers, non-earmarked income from public generosity, other non-earmarked income (financial income and other operating income)

The costs of appeals to public generosity are financed in order of priority by:

- non-earmarked income from public generosity
- other non-earmarked income

Fundraising expenses are financed in order of priority by:

- a share of income of indirect costs of financers
- other non-earmarked income

Operating expenses are financed in order of priority by:

- income from indirect costs of subsidies, earmarked financial contributions or sponsorship if they do not cover the totality of fundraising expenses described above
- non-earmarked income from public generosity
- other non-earmarked income.

INCOME STATEMENT BY ORIGIN AND DESTINATION (IN EUROS)

| A - INCOME AND EXPENSES BY ORIGIN AND DESTINATION | 2023 | | 2022 | |
|--|-------------------|----------------------------|-------------------|----------------------------|
| | Total | Of which public generosity | Total | Of which public generosity |
| INCOME BY ORIGIN | | | | |
| 1 - INCOME FROM PUBLIC GENEROSITY | 16 363 691 | 16 363 691 | 16 584 577 | 16 584 577 |
| 1.1 Unmatched contributions | 320 | 320 | 80 | 80 |
| 1.2 Donations, bequests and sponsorship | | | | |
| - Individual donations | 12 855 824 | 12 855 824 | 12 974 819 | 12 974 819 |
| - Bequests, donations and life insurance | 2 429 820 | 2 429 820 | 2 646 185 | 2 646 185 |
| - Sponsorship | 620 530 | 620 530 | 806 447 | 806 447 |
| 1.3 Other income from public generosity | 457 198 | 457 198 | 157 047 | 157 047 |
| 2 - INCOME NOT RELATED TO PUBLIC GENEROSITY | 2 230 052 | | 2 279 796 | |
| 2.1 Matching contributions | | | | |
| 2.2 Corporate sponsorship | | | | |
| 2.3 Unmatched financial contributions | 1 968 123 | | 1 637 049 | |
| 2.4 Other income not related to public generosity | 261 929 | | 642 747 | |
| 3 - SUBSIDIES AND OTHER PUBLIC AID | 13 831 044 | | 8 158 588 | |
| 4 - REVERSALS OF PROVISIONS AND IMPAIRMENTS | 1 403 645 | 1 023 645 | 68 506 | |
| 5 - USE OF PREVIOUS RESTRICTED FUNDS | 1 720 116 | 35 272 | 3 140 270 | 64 176 |
| TOTAL | 35 548 549 | 17 422 609 | 30 231 737 | 16 648 753 |
| EXPENSES BY DESTINATION | | | | |
| 1 - SOCIAL MISSIONS | 23 245 001 | 9 779 809 | 21 608 829 | 10 885 262 |
| 1.1 Undertaken in France | 1 098 157 | 1 060 448 | 1 764 073 | 1 723 674 |
| - Actions undertaken by the organization | 1 098 157 | 1 060 448 | 1 742 096 | 1 706 731 |
| - Payments to a central body or other organization operating in France | 0 | 0 | 21 976 | 16 943 |
| 1.2 Undertaken abroad | 22 146 844 | 8 719 361 | 19 844 757 | 9 161 588 |
| - Actions undertaken by the organization | 20 491 148 | 7 279 519 | 17 109 776 | 8 223 542 |
| - Payments to a central body or other organizations operating abroad | 1 655 696 | 1 439 842 | 2 734 981 | 938 046 |
| 2 - FUNDRAISING EXPENSES | 7 029 624 | 6 373 624 | 5 244 469 | 5 244 469 |
| 2.1 Public appeal costs | 5 333 218 | 5 333 218 | 5 207 164 | 5 207 164 |
| 2.2 Research costs for other resources | 1 696 406 | 1 040 406 | 37 305 | 37 305 |
| 3 - OPERATING EXPENSES | 1 079 539 | 810 518 | 962 308 | 826 872 |
| 4 - PROVISIONS AND DEPRECIATIONS | 107 630 | 107 630 | 534 883 | 511 878 |
| 5 - CORPORATE TAX | 70 152 | | 42 717 | |
| 6 - RESTRICTED FUNDS CARRIED FORWARD FOR THE YEAR | 2 936 456 | 45 802 | 2 029 331 | 35 272 |
| TOTAL | 34 468 403 | 17 117 384 | 30 422 538 | 17 503 754 |
| DEFICIT / SURPLUS | 1 080 146 | 305 225 | -190 801 | -855 001 |

| B - VOLUNTARY CONTRIBUTIONS FROM THE PUBLIC | 2023 | | 2022 | |
|---|------------------|----------------------------|------------------|----------------------------|
| | Total | Of which public generosity | Total | Of which public generosity |
| INCOME BY ORIGIN | | | | |
| 1 - VOLUNTARY CONTRIBUTIONS FROM PUBLIC GENEROSITY | | | | |
| Volunteering | 1 484 709,00 | 1 484 709,00 | 2 041 712 | 2 041 712 |
| Services provided in kind | 1 820 560,00 | 1 820 560,00 | 1 940 097 | 1 940 097 |
| Donations in kind | 125 188,00 | 125 188,00 | 529 079 | 529 079 |
| 2 - VOLUNTARY CONTRIBUTIONS NOT FROM PUBLIC GENEROSITY | | | | |
| 3 - PUBLIC GRANTS IN KIND | | | | |
| Services provided in kind | | | | |
| Donations in kind | | | | |
| TOTAL | 3 430 457 | 3 430 457 | 4 510 888 | 4 510 888 |
| EXPENSES BY DESTINATION | | | | |
| 1 - VOLUNTARY CONTRIBUTIONS TO SOCIAL MISSIONS | | | | |
| Undertaken in France | 346 980 | 346 980 | 527 960 | 527 960 |
| Undertaken abroad | 1 104 828 | 1 104 828 | 1 923 371 | 1 923 371 |
| 2 - VOLUNTARY CONTRIBUTIONS TO FUNDRAISING | 1 820 147 | 1 820 147 | 1 800 927 | 1 800 927 |
| 3 - VOLUNTARY CONTRIBUTIONS TO OPERATIONS | 158 502 | 158 502 | 258 630 | 258 630 |
| TOTAL | 3 430 457 | 3 430 457 | 4 510 888 | 4 510 888 |

ANNUAL STATEMENT FOR THE USE OF FUNDS COLLECTED FROM THE PUBLIC (IN EUROS)

(LAW n° 91-772 OF 7 AUGUST 1991)

| USES BY DESTINATION | 2023 | 2022 |
|---|-------------------|-------------------|
| USES OF THE YEAR | | |
| 1 - SOCIAL MISSIONS | 9 779 809 | 10 885 262 |
| 1.1 Undertaken in France | 1 060 448 | 1 723 674 |
| - Actions undertaken by the organization | 1 060 448 | 1 706 731 |
| - Payments to a central body or other organizations operating in France | | 16 943 |
| 1.2 Undertaken abroad | 8 719 361 | 9 161 588 |
| - Actions undertaken by the organization | 7 279 519 | 8 223 542 |
| - Payments to a central body or other organizations operating abroad | 1 439 842 | 938 046 |
| 2 - FUNDRAISING EXPENSES | 6 373 624 | 5 244 469 |
| 2.1 Public appeal costs | 5 333 218 | 5 207 164 |
| 2.2 Research costs for other resources | 1 040 406 | 37 305 |
| 3 - OPERATING EXPENSES | 810 518 | 826 872 |
| TOTAL USES | 16 963 952 | 16 956 604 |
| 4 - PROVISIONS AND DEPRECIATIONS | 107 630 | 511 878 |
| 5 - RESTRICTED FUNDS CARRIED FORWARD FOR THE YEAR | 45 802 | 35 272 |
| PUBLIC GENEROSITY SURPLUS FOR THE YEAR | | |
| TOTAL | 17 422 609 | 17 503 754 |

| VOLUNTARY CONTRIBUTIONS IN KIND | 2023 | 2022 |
|---|------------------|------------------|
| USES FOR THE YEAR | | |
| 1 - VOLUNTARY CONTRIBUTIONS TO SOCIAL MISSIONS | | |
| Undertaken in France | 346 980 | 527 960 |
| Undertaken abroad | 1 104 828 | 1 923 371 |
| 2 - VOLUNTARY CONTRIBUTIONS TO FUNDRAISING | 1 820 147 | 1 800 927 |
| 3 - VOLUNTARY CONTRIBUTIONS TO OPERATIONS | 158 502 | 258 630 |
| TOTAL | 3 430 457 | 4 510 888 |

| RESOURCES BY ORIGIN | 2023 | 2022 |
|--|-------------------|-------------------|
| RESOURCES FOR THE YEAR | | |
| 1 - RESOURCES FROM PUBLIC GENEROSITY | 16 363 691 | 16 584 577 |
| 1.1 Unmatched contributions | 320 | 80 |
| 1.2 Donations, bequests and sponsorships | | |
| - Individual donations | 12 855 824 | 12 974 819 |
| - Bequests, donations and life insurance | 2 429 820 | 2 646 185 |
| - Sponsorships | 620 530 | 806 447 |
| 1.3 Other resources from public generosity | 457 198 | 157 047 |
| TOTAL RESOURCES | 16 363 691 | 16 584 577 |
| 2 - REVERSALS OF PROVISIONS AND IMPAIRMENTS | 1 023 645 | |
| 3 - USE OF PREVIOUS DEDICATED FUNDS | 35 272 | 64 176 |
| PUBLIC GENEROSITY DEFICIT FOR THE YEAR | | 855 001 |
| TOTAL | 17 422 609 | 17 503 754 |

| | | |
|--|------------|------------|
| RESOURCES CARRIED FORWARD FROM PUBLIC GENEROSITY AT THE START OF THE YEAR (EXCLUDING RESTRICTED FUNDS) | 11 218 961 | 12 047 378 |
| (+) Surplus or (-) shortfall of public generosity | | -855 001 |
| (-) Net investments and (+) divestments related to public generosity during the year | -250 312 | -26 584 |
| RESOURCES CARRIED OVER FROM PUBLIC GENEROSITY AT THE END OF THE YEAR (EXCLUDING RESTRICTED FUNDS) | 11 273 873 | 11 218 961 |

| VOLUNTARY CONTRIBUTIONS IN KIND | 2023 | 2022 |
|---|------------------|------------------|
| RESOURCES FOR THE YEAR | | |
| 1 - VOLUNTARY CONTRIBUTIONS FROM PUBLIC GENEROSITY | | |
| Volunteering | 1 484 709 | 2 041 712 |
| Services in kind | 1 820 560 | 1 940 097 |
| Donations in kind | 125 188 | 529 079 |
| TOTAL | 3 430 457 | 4 510 888 |

For the record, here is a reminder of the table relating to restricted funds for the part that comes under public generosity.

| RESTRICTED FUNDS LINKED TO PUBLIC GENEROSITY | 2023 | 2022 |
|--|---------------|---------------|
| RESTRICTED FUNDS LINKED TO PUBLIC GENEROSITY AT THE BEGINNING OF THE YEAR | 35 272 | 64 176 |
| (-)Use | | 28 904 |
| (+)Deferral | 10 530 | |
| RESTRICTED FUNDS LINKED TO PUBLIC GENEROSITY AT THE END OF THE YEAR | 45 802 | 35 272 |

Statutory auditor's report on the annual financial statements

For the year ended 31 December 2023

To the General Assembly (AGM) of the association La Chaîne de l'Espoir

Opinion

In compliance with the engagement entrusted to us by your General Assembly, we have audited the accompanying financial statements of the association La Chaîne de l'Espoir for the year ended 31 December 2023.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Association, as at 31 December 2023, 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 these standards are further described in the «Statutory Auditor's Responsibilities for the Audit of Annual Financial Statements» section of the present report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code and the French Code of Ethics for statutory auditors, for the period from 1 January 2023 to the date of issue of our report.

Observation

Without questioning the opinion expressed above, we draw your attention to the change of accounting method resulting from the first application of regulation ANC n°2022-04, amending regulation ANC n°2018-06, relating to the separate statement of advantages and resources received from abroad, described in notes 4 and 19 «Statement of advantages and resources received from abroad» in the appendix to the annual financial statements.

Justification of Assessments

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you that the most important assessments we have made, according to our professional judgment, concerned the appropriateness of the accounting principles applied, the reasonableness of the significant estimations adopted and the overall presentation of the accounts.

The assessments thus made are in the context of the audit of the annual accounts taken as a whole, and of our opinion expressed above. We do not express an opinion on isolated elements of these financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information concerning the financial position and the financial statements given in the management report of the Board of Directors and in the other documents provided to members.

Responsibilities of management and those charged with governance for annual financial statements

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

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

The financial statements were approved by the Board of Directors.

Statutory auditor's responsibilities for the audit of the financial statements

Our role is to issue a report on the annual financial statements. Our objective is to obtain reasonable assurance about whether the 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 financial statements.

As specified in Article L.821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability or the quality of management 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 in the accounts, 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/her opinion. The risk of non-detection of 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 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 the audit report. However, future events or conditions may cause the Association to cease to exist as a going concern. If the auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements give a true and fair picture of the underlying transactions and events.

Paris-la-Défense, 12 June 2024

The Statutory Auditor

Deloitte & Associés

Jean-Claude MARTY

Statutory auditor's special report on regulated agreements

Meeting of the deliberative body on the approval of the financial statements for the year ended 31 December 2023

To the General Assembly of La Chaîne de l'Espoir

In our capacity as Statutory Auditor of your Association, we hereby report to you on regulated agreements.

It is our responsibility to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention, or which we may have discovered during the course of our audit, without having to express an opinion on their usefulness or appropriateness or to look for the existence of other agreements. It is your responsibility, in compliance with Article R.612-6 of the French Commercial Code, to assess the interest attached to the conclusion of these agreements with a view to approving them.

We performed the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements subject to approval by the deliberative body

Pursuant to Article R.612-7 of the French Commercial Code, we have been informed of the following agreements, as mentioned in Article L.612-5 of the Commercial Code, which were authorized during the year.

Directors' compensation agreement

Director concerned:

Éric CHEYSSON, Chairman of the Board of La Chaîne de l'Espoir.

Nature, object and modalities:

The gross amount recognized as an expense for the compensation received by Éric CHEYSSON is 43 992 € for the period between 1 January 2023 and 31 December 2023.

Agreement with the French Medical Institute for Children (FMIC), Afghanistan

Directors concerned:

Éric CHEYSSON, Chairman of La Chaîne de l'Espoir and Nathalie de SOUSA SANTOS, Deputy CEO of La Chaîne de l'Espoir and members of the Board of Directors of the FMIC.

Nature, object et modalities:

Agreement on the treatment of indigent children.

The expenses recorded for the year ended 31 December 2023 amounted to 3 094 601 €.

Agreement with the Hôpital Mère-Enfant of Bingerville, Ivory Coast

Directors concerned:

Éric CHEYSSON, Chairman of La Chaîne de l'Espoir and Nathalie de SOUSA SANTOS, Deputy CEO of La Chaîne de l'Espoir and members of the Board of Directors of HME Bingerville.

Nature, purpose and modalities:

Agreement related to assistance in the deployment of medical activities.

The expenses recorded for the year ended 31 December 2023 amount to 84 392 €.

The amount allocated as a cash advance, recorded in the balance sheet of La Chaîne de l'Espoir as at 31 December 2023, is 65 102 €.

Agreement with the affiliated foundation United Surgeons for Children (USA)

Directors concerned:

Éric CHEYSSON, Chairman of La Chaîne de l'Espoir, and Anouchka FINKER, CEO of La Chaîne de l'Espoir and members of the Board of Directors of l'USFC.

Nature, purpose and modalities:

To extend the network of the association abroad.

The amount recorded as operating expenses for the year ended 31 December 2023 is 650 976 €. The amount recognized as extraordinary expenses, due to the writing-off of a debt during the year ended 31 December 2023, is 1 000 628 €.

Agreement with the affiliated foundation Cirugia Por La Vida (Spain)

Directors concerned:

Éric CHEYSSON, Chairman of La Chaîne de l'Espoir and of the foundation Cirugia Por La Vida, and Anouchka FINKER, CEO of La Chaîne de l'Espoir and administrator of the foundation Cirugia Por La Vida.

Nature, purpose and modalities:

To extend the network of the association abroad.

The amount recorded as expenses for the year ended 31 December 2023 is 4 987 €.

Paris-la-Défense, 12 June 2024

The Statutory Auditor

Deloitte & Associés

Jean-Claude MARTY





Together, let's save children

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