



**Stichting “GLOBAL INITIATIVE ON
PSYCHIATRY”- an International
Foundation for the promotion of humane,
ethical, and effective mental health care
throughout the world**

Report for the year 2012



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Director's Report 2012



General

Global Initiative on Psychiatry (GIP) is an international not-for profit organization that seeks to promote humane, ethical and effective mental health care throughout the world and to support a global network of individuals and organizations to develop, advocate for, and carry out the necessary reforms.

The foundation Global Initiative on Psychiatry (Hilversum, the Netherlands) was originally founded in 1980 in Paris as a temporary organization with the name International Association on Political Use of Psychiatry. However because the political abuse of psychiatry in countries such as the USSR and Romania continued, the temporary status became a more permanent one and by the time the abuses came to a halt the association had established itself as a legal entity at the Chamber of Commerce in Amsterdam. In 1993 the organization was re-registered as a foundation with the name Geneva Initiative on Psychiatry. At the occasion of its 25th anniversary, on February 1, 2005 the name changed from Geneva initiative on Psychiatry to Global Initiative on Psychiatry.

Starting in 2000, GIP established a number of daughter organizations that gradually took over part of the work from the Hilversum office. The ultimate goal was to establish independent legal entities, which was achieved in 2005. From that year onwards, GIP was comprised of a network of independent foundations located in The Netherlands (GIP-Hilversum), Bulgaria (GIP-Sofia), Georgia (GIP-Tbilisi), Lithuania (GIP-Vilnius) and the United Kingdom (GIP/Hamlet-UK). The foundations were independent, yet were linked together in a federative structure overseen by GIP's General Board. Each foundation generated its own annual financial report including an auditor's report. However, until the fall of 2011 GIP-Hilversum functioned as the headquarters of the organization and the board of GIP-Hilversum was identical to that of the Federation Council. In November 2011, the Federation Council decided to disconnect the Federation GIP from GIP-Hilversum. A new board for GIP-Hilversum was formed, the chairman of which became a member of the Federation Council (just like the chairpersons of the other federation members). By doing so, GIP-Hilversum was - at least technically equalized - with the other GIP offices.

The year 2012

The effect of this change became felt only in 2012, when the separation was not only a technical issue but also resulted in practical changes. GIP-Hilversum set up its own board, consisting of Dutch stakeholders, and the focus of the organization was broadened with the "new" perspective on mental health care development in The Netherlands itself. It is hoped that in the course of 2013 the first projects in this area will be funded, which will not only establish the organization in the Dutch mental health field, but also broaden the financial basis, as a number of foundations that were hitherto inaccessible due to the fact that no activities were implemented outside the country, a situation that has now changed.

The board of GIP-Hilversum consisted at the end of 2012 of five members; Mr. Clemens Huitink was succeeded at the end of 2012 by Drs. Jos A. Poelmann as Chairman of the board. Mr. Jan Schaart continued to function as Secretary/Treasurer of the organization.

Also in 2012 the global economic crisis severely affected the functioning of GIP. Although a five-year grant from the Dutch Ministry of Development Aid for the period 2011-2015 provided a more reliable and steady financial base, the income from this project is not sufficient to cover the costs of running the office and thus the quest for new funding sources continued unabatedly. A third economic recession that announced itself at the end of 2012, heightened our fears that in the long run funding for mental health programs and development aid will be further reduced, and that the only way out of this predicament is to lower expenses, increase our versatility and to search for new sources of funding that are not as much related to the traditional donors. Also, we will need to continue to adapt our strategies and priorities.

Activities

The above-mentioned five-year project funded by the Dutch Ministry of Development Aid (MFS budget line), which is implemented in a consortium with WorldGranny and led by the Medical Committee Netherlands-Vietnam, gathered steam in 2012 and the projects in the five countries concerned (Georgia, Laos, Sri Lanka, Tajikistan and Vietnam) produced their first outcomes. The MFS project not only enhanced our presence and efficacy in these countries, but also allows us to implement projects that have a longer start-up period and need more time to result in sustainability, thanks to the five-year time-frame of the program. On the other hand, the threat of developing services that are not able to achieve sustainability kept us alert and keen to avoid making the mistake of easing the focus on local sustainability.

In other countries our work continued, in spite of the difficult financial situation. We had several projects on the African continent (e.g. EU-financed projects in Zimbabwe and Sierra Leone) and new initiatives were under preparation in the former USSR, in particular in Ukraine. Our main focuses remained Mental Health and Human Rights (including issues related to prison mental health and forensic psychiatry), Community Mental Health, User & Relative Involvement, Intellectual Disability and Mental Health and HIV/AIDS.

Future outlooks

For the year 2013, the outlooks are diverse. As in 2011 and 2012, the global economic crisis will continue to affect our work, yet at the same time a certain degree of financial stability will help us to look for alternative funding sources and funding strategies, preparing us for the period after the MFS grant has come to an end. Also, this relative stability will help us to continue to put the operational separation of GIP-Hilversum from the Federation Global Initiative on Psychiatry (FGIP) to effect and to develop a separate financial base for FGIP. All in all, we remain optimistic and committed to the goals as worded in the mission and vision of our organization.

Robert van Voren,
Chief Executive
23 April 2013



Balance sheet as at 31 December 2012

	<u>notes</u>	2012 €	2011 €
Fixed assets			
Tangible fixed assets	<i>1</i>	283,533	334,838
Current assets			
Accounts receivable	<i>2</i>	234,409	318,688
Cash at bank and in hand	<i>3</i>	62,867	83,139
Total current assets		<u>297,276</u>	<u>401,827</u>
TOTAL		<u><u>580,809</u></u>	<u><u>736,665</u></u>
Equity	<i>4</i>	117,037	210,810
Current liabilities	<i>5</i>	463,772	525,855
TOTAL		<u><u>580,809</u></u>	<u><u>736,665</u></u>



Statement of revenue and expenditure 2012

	<i>notes</i>	2012 €	2011 €
Income	<i>6</i>	1,026,370	1,906,723
Project Costs	<i>7</i>	<u>974,568</u>	<u>1,869,082</u>
		51,802	37,641
Wages and Salaries	<i>8</i>	262,856	325,857
Depreciations	<i>9</i>	922	1,779
Other staff costs	<i>10</i>	15,384	18,445
Accommodation expenses	<i>10</i>	40,016	41,232
Operating expenses	<i>10</i>	989	11,389
Car expenses	<i>10</i>	11,131	13,660
Office expenses	<i>10</i>	45,013	52,862
General expenses	<i>10</i>	31,939	19,025
Impairment of fixed assets	<i>1</i>	22,500	-
Allocated project costs	<i>10</i>	285,657-	449,042-
Total operating costs		<u>145,093</u>	<u>35,207</u>
Operating result		93,291-	2,434
Interest income and similar income	<i>11</i>	695	516
Interest charges and similar expense	<i>12</i>	<u>1,177-</u>	<u>1,233-</u>
Financial result		<u>482-</u>	<u>717-</u>
Net result		<u><u>93,773-</u></u>	<u><u>1,717</u></u>



Notes to the financial statements for the year 2012

General

Accounting principles

The financial statements are prepared in accordance with the guidelines for small companies, section C1 for not-for-profit organisations.

The use of estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised or in future periods for which the revision has consequences.

Principles for the valuation of assets and liabilities and the determination of the result

General

The principles applied in respect of the valuation of assets and liabilities and determination of the result are based on historical. Insofar as not stated otherwise, monetary assets and liabilities are shown at nominal value.

The income and expenditure are accounted for in the period to which they relate.

Difference in rate of exchange

Foreign currency balance sheet items are all translated at the exchange rate applicable on balance sheet date. Foreign currency profit and loss account items are translated at the exchange rate applicable on transaction date.

Tangible fixed assets

Tangible fixed assets are stated at acquisition costs less depreciation calculated on a straight-line basis over the estimated useful life.

Depreciation is calculated according to the straight-line method on the basis of useful life taken in account the residual value.

The rates of depreciation are:

Inventory 10% and 33%

Due to the fact that the residual value of the buildings is at least equal to the book value no depreciation has taken place.

Accounts receivable

Receivables are stated at nominal value less a provision for doubtful debts.

Provisions are set up on the basis of an individual assessment of whether the debt is bad or doubtful.

Employee Benefit

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Balance sheet as at 31 December 2011

Fixed assets

1 Tangible fixed assets

	2012 EUR	2011 EUR
Buildings	282,551	332,934
Inventory	982	1,904
	<u>283,533</u>	<u>334,838</u>

Buildings

As at 31 December 2012 the buildings consist of:

Year of
acquisition

2005	GIP office Vilnius (Lithuania)	149,464 *)
2006	GIP office Sofia (Bulgaria)	40,424 *)
2006	GIP office Tbilisi (Georgia)	68,111 *)
2006	Guesthouse / office Blagoevgrad (Bulgaria)	24,552 **)
		<u>282,551</u>

*) These buildings are on sale to the offices. It is agreed that the sales to GIP-H will be equal to the book value

***) This building is on sale, and is valued at the expected sales price

The development is presented as follows:

	Buildings EUR	Inventory EUR	Total EUR
Balance as at 1 January 2012			
Actual cost	332,934	76,097	409,031
Accumulated depreciation	0	-74,193	-74,193
Book value	<u>332,934</u>	<u>1,904</u>	<u>334,838</u>
Movements in book value	-27,883	0	-27,883
Depreciations	0	-922	-922
Impairment	-22,500		-22,500
Balance	<u>-50,383</u>	<u>-922</u>	<u>-51,305</u>
Balance as at 31 December 2012			
Actual cost	282,551	76,097	358,648
Accumulated depreciation		-75,115	-75,115
Book value	<u>282,551</u>	<u>982</u>	<u>283,533</u>



Current assets

2 Accounts receivable

<i>Other accounts receivable and accrued income</i>	2012 EUR	2011 EUR
Advances	5,000	7,500
Receivable employees	5,831	6,382
Current account GIP-Sofia	1,008	608
Prepayment other	1,705	6,747
Subsidy other projects to be received	220,110	297,200
Tickets	755	251
	<u>234,409</u>	<u>318,688</u>

3 Cash at bank and in hand

	2012 EUR	2011 EUR
ABN AMRO Bank N.V.	54,733	59,921
Postbank	1,183	10,097
Other banks	1,345	5,938
Deposits	4,085	4,624
Cash	1,521	2,559
	<u>62,867</u>	<u>83,139</u>

The liquid assets are available on demand.

4 Equity

	2012 EUR
Balance as at 1 January	210,810
Result 2012	-93,773
	<u>117,037</u>



Off-balance sheet assets and commitments

Memorandum obligations

Long - term unconditional obligations have been entered into in respect of rent and operating lease. The resulting obligations as at 31 December 2012 amounted to EUR 46.081. In respect of the rent a bank guarantee was issued at the end of 2012 Eur 3.918.



Profit and loss account for the year 2012

6 Income	2012	2011
	EUR	EUR
Subsidy MFS II	515,378	525,076
Subsidy other projects	459,190	1,344,006
Own Contribution	-54,585	-71,494
Gifts	78,091	113,687
Project results	37,679	-16,587
Result on sale Guesthouse	-9,383	12,035
	<u>1,026,370</u>	<u>1,906,723</u>

Note: In the year 2012, hardly any new projects were started. However, the MFS and EU projects continued, which resulted in the above. It is expected in 2013 that new projects will be found also in the Dutch implementation field.

7 Project costs	2012	2011
	EUR	EUR
Direct project costs MFS II	592,965	422,242
Direct project costs other projects	444,787	1,411,684
Movement in project liabilities	-63,184	35,156
	<u>974,568</u>	<u>1,869,082</u>

8 Wages and salaries	2012	2011
	EUR	EUR
Wages and salaries	198,520	261,820
Social security charges	64,336	64,037
	<u>262,856</u>	<u>325,857</u>

Wages and salaries	2012	2011
	EUR	EUR
Salaries	191,698	218,973
Holiday allowance	16,693	18,837
Mutation holiday allowance liability	-2,767	-1,362
Sickness benefits received	-14,604	0
Temporary staff	7,500	25,372
	<u>198,520</u>	<u>261,820</u>

Salary chief executive

Salary of chief executive in 2012 was € 59,029 (fte equivalent is € 98,091)

Average number of employees

Average staff in fulltime equivalents for 2012 is 4.4 (2011: 4.6), of which project managers 2.6 (2011: 2.6) and other staff 1.8 (2011: 2).



<i>Social security charges</i>	2012 EUR	2011 EUR
Social security	35,458	32,691
Pension insurance	28,878	31,346
	<u>64,336</u>	<u>64,037</u>

9 Depreciations

<i>Depreciation of tangible fixed assets</i>	2012 EUR	2011 EUR
Inventory	<u>922</u>	<u>1,779</u>

10 Other costs

<i>Other costs</i>	2012 EUR	2011 EUR
Compensation travel expenses	2,840	3,638
Travel and accommodation expenses	561	504
Board expenses	5,773	7,816
Occupational disability insurance	5,083	5,458
Other staff costs	1,127	1,029
	<u>15,384</u>	<u>18,445</u>



Accommodation expenses

	2012	2011
	EUR	EUR
Rent	18,335	19,048
Energy costs	3,618	4,443
Other accommodation costs	7,640	6,950
Cleaning	75	913
Taxation	903	719
Security	585	606
Costs for sale Ogynskio and moving out of GIP-V	8,860	8,553
	<u>40,016</u>	<u>41,232</u>

Operating expenses

	2012	2011
	EUR	EUR
Public relations / promotion	<u>989</u>	<u>11,389</u>

*Car expenses *)*

*) Note: first lease care is out, next will stop in 2013.

	2012	2011
	EUR	EUR
Lease	9,250	13,585
Fuel	5279	6,488
Other car expenses	798	390
Maintenance	0	43
Charged on car expenses	-4,196	-6,846
	<u>11,131</u>	<u>13,660</u>



<i>Office expenses</i>	2012 EUR	2011 EUR
Telephone	21,539	26,339
Maintenance computers	17,344	17,953
Printing	4,249	5,997
Publications and subscriptions	607	714
Postage	1,069	1,136
Office supplies	205	723
	<u>45,013</u>	<u>52,862</u>

<i>General expenses</i>	2012 EUR	2011 EUR
Accountancy	4,045	10,115
Salary records	976	1,075
Other advice	1,466	6,195
Insurance	1,154	1,047
Other general expenses	210	593
Contribution GIP-Federation*)	24,088	
	<u>31,939</u>	<u>19,025</u>

*) Note: GIP-Federation costs which the Federation cannot cover, will be covered by GIP-H until 2015 (as agreed by the Board)

<i>Allocated project costs</i>	2012 EUR	2011 EUR
MFS II project		
Costs of staff	-155,807	-107,934
Other costs	0	0
Other projects		
Costs of staff	-107,878	-306,146
Other costs	-21,972	-34,962
	<u>-285,657</u>	<u>-449,042</u>

The allocated project costs relates to organisational costs which are direct related to projects and included in the direct project costs.

11 Interest income and similar income	2012 EUR	2011 EUR
Interest	608	494
Exchange differences	87	22
	<u>695</u>	<u>516</u>

12 Interest charges and similar expenses	2012 EUR	2011 EUR
Bank charges	<u>1,177-</u>	<u>1,233-</u>



Hilversum, 23 April 2013

Stichting "GLOBAL INITIATIVE ON PSYCHIATRY" - an International Foundation for the promotion of humane, ethical, and effective mental health care throughout the world

Chief Executive,

R. van Voren

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.