

ANNUAL REPORT

2019

Stichting Changing Markets

Utrecht, The Netherlands

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ACCOUNTANT'S REPORT

To the board of
Stichting Changing Markets
Oorsprongpark 12
3581 ET Utrecht

Zeist, 6 February 2020

Subject: Financial statements 2019

Dear Mr. Bergman,

Hereby we report on the financial year ending with 2019 with regard to Stichting Changing Markets.

1 ASSIGNMENT

In accordance with your engagement, we have compiled the annual financial statements 2019 of Stichting Changing Markets, including the balance sheet with a total of € 1.115.339 and the statement of income and expenses with a result of € -.

2 ACCOUNTANT'S COMPILATION REPORT

The financial statements of Stichting Changing Markets at Utrecht have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2019 and the profit and loss account for the year 2019 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, "Compilation engagements", which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Stichting Changing Markets.

During this engagement we have complied with the relevant ethical requirements prescribed by the "Verordening Gedrags- en Beroepsregels Accountants" (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

For a further explanation of the nature and scope of a compilation assignment and the VGBA, please refer to www.nba.nl/uitleg-samenstellingsverklaring.

3 GENERAL

3.1 Company details

The objectives of the Changing Markets Foundation are to enhance quality of life for people and to protect the natural environment. The Foundation seeks to achieve these objectives by:

- Promoting the understanding of the opportunities that exist to address the social and environmental aspects of sustainability by driving change in the behaviour and performance of companies and the use of market forces to accelerate change;
- Publishing research papers;
- Engaging in public debate;
- Providing funding and strategic advice to community based nongovernmental organisations.

Stichting Changing Markets is recognised by the Belastingdienst (Dutch tax authority) as having ANBI status i.e. a Public Benefit Organisation, and is registered in the Commercial Register of the Chamber of Commerce under number 68014635.

3.2 Board

As of the balance sheet date, the foundation is led by Joakim Bergman (chairman) and Paul Gilding (secretary and treasurer).

4 RESULT

4.1 Comparative overview

The results for both years can be summarized as follows:

	2019		2018		Difference
	€	%	€	%	€
<u>Income</u>	1.799.498	100,0	1.600.723	100,0	198.775
<u>Expenditure</u>					
Campaign costs	1.645.015	91,4	1.460.508	91,2	184.507
Other operating expenses	154.483	8,6	140.215	8,8	14.268
	1.799.498	100,0	1.600.723	100,0	198.775
<u>Result</u>	-	-	-	-	-
Taxes	-	-	-	-	-
<u>Result</u>	-	-	-	-	-

We are happy to provide further explanations.

Yours sincerely,
Countus Ceifer



M.K. Tot MSc
Accountant-Administratieconsulent

FINANCIAL STATEMENTS

		31 December 2019	31 December 2018
		<u>€</u>	<u>€</u>
ASSETS			
CURRENT ASSETS			
<u>Receivables</u>	(1)		
Debtors		-	150.000
Other taxes and social insurance premiums		-	1.089
		<u>-</u>	<u>151.089</u>
<u>Cash and cash equivalents</u>	(2)		
ING Bank N.V.		1.115.339	1.268.763
		<u>1.115.339</u>	<u>1.419.852</u>

	31 December 2019		31 December 2018	
	€	€	€	€
LIABILITIES				
<u>CURRENT LIABILITIES</u>				
		(4)		
Debt to credit institutions	1.348		-	
Creditors	127		33.570	
Other taxes and social insurance premiums	2.184		1.722	
Other current liabilities	1.108.680		1.378.178	
Accruals	3.000		6.382	
		1.115.339		1.419.852

1.115.339

1.419.852

2 STATEMENT OF INCOME AND EXPENDITURE 2019

		<u>2019</u>	<u>2018</u>
		€	€
<u>INCOME</u>	(5)	1.799.498	1.600.723
<u>EXPENDITURE</u>			
Campaign costs	(6)	1.645.015	1.460.508
Organisational support costs	(7)	154.483	140.215
		<u>1.799.498</u>	<u>1.600.723</u>
<u>RESULT</u>		<u>-</u>	<u>-</u>
Taxes		-	-
<u>RESULT</u>		<u>-</u>	<u>-</u>

3 ACCOUNTING POLICIES FOR VALUATION AND DETERMINATION OF RESULTS

GENERAL

Activities

The objectives of the Changing Markets Foundation are to enhance quality of life for people and to protect the natural environment. The Foundation seeks to achieve these objectives by:

- Promoting the understanding of the opportunities that exist to address the social and environmental aspects of sustainability by driving change in the behaviour and performance of companies and the use of market forces to accelerate change;
- Publishing research papers;
- Engaging in public debate;
- Providing funding and strategic advice to community based nongovernmental organisations.

Stichting Changing Markets is recognised by the Belastingdienst (Dutch tax authority) as having ANBI status i.e. a Public Benefit Organisation, and is registered in the Commercial Register of the Chamber of Commerce under number 68014635.

Location address

Stichting Changing Markets (registered under Chamber of Commerce number 68014635) is legally established at Oorsprongpark 12 in Utrecht.

GENERAL PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the the guidelines for annual reporting 'RJK C1 voor Kleine Organisaties-zonder-winststreven' (RJK C1 annual reporting guidelines for Small Non-Profit Organizations).

The financial statements have been prepared based on historical costs. The valuation of assets and liabilities takes place, unless stated otherwise, at nominal value. Income is allocated to the period in which it is realized. Losses are recognized in the year in which they are foreseeable.

Error recovery

In the financial year two (material) errors have been recovered. Changing Markets Foundation has agreed with Disruptive Consulting International Pty Ltd. (Cygnnet, Australia) that the amounts received from Disruptive Consulting International Pty Ltd. in the financial year may only be counted as income when they have actually been spent on campaign costs or operational costs (have been realized). Amounts that are ultimately not spent (not realised) on campaign costs or operational costs must eventually be repaid to Disruptive Consulting International Pty Ltd. Therefore, in 2017 an amount of € 13.651 and in 2018 an amount of € 782.192 were unfairly regarded as income. As a result the foundation's equity is recovered for the total of these amounts of € 795.843. The counter correction is made in the financial statement item deferred income disruptive consulting international Pty Ltd.

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES

Receivables and prepayments and accrued income

Receivables are initially valued at the fair value of the consideration. Receivables are valued after initial processing at the amortized cost price. Provisions for bad debts are deducted from the carrying amount of the claim.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and are valued at nominal value.

Current liabilities

Short-term debts are initially measured at fair value. After initial processing, short-term debts are valued at amortized cost. This is usually the nominal value.

PRINCIPLES FOR DETERMINING THE RESULT

General

The result is determined as the difference between the net realizable value of the services provided on the one hand, and on the other hand the costs and other charges of the year, valued at historical cost prices.

Determining the result

The result is determined as the difference between the income and expenses for the year under review, taking into account the aforementioned accounting policies. Income is recognized in the year in which it was received. The amounts received from Disruptive Consulting International Pty Ltd. in the financial year are only recognized as income when they have actually been spent on campaigns or as operational costs (have been realized). Expenses that originate in the financial year are taken into account as soon as they are foreseeable.

Income

Income is understood to mean the revenue from services provided in the year under review, after deduction of discounts and taxes levied on turnover. The amounts received from Disruptive Consulting International Pty Ltd. in the financial year are only recognized as income when they have actually been spent on campaigns or as operational costs (have been realized).

Expenses

The expenses are determined on a historical basis and allocated to the reporting year to which they relate.

4 NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2019
1. RECEIVABLES

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
<u>DEBTORS</u>		
Accounts receivable	-	150.000
	<u> </u>	<u> </u>

OTHER TAXES AND SOCIAL INSURANCE PREMIUMS

Value added tax	-	1.089
	<u> </u>	<u> </u>

2. CASH AND CASH EQUIVALENTS

ING Bank N.V. .007	1.115.339	1.268.763
	<u> </u>	<u> </u>

3. FOUNDATION'S EQUITY

	2019	2018
	€	€
<u>GENERAL RESERVE</u>		
Position as of January 1st	-	13.651
Correction *	-	-13.651
Position as of December 31st	-	-

*) In 2017 an amount of € 13.651 and in 2018 an amount of € 782.192 was unfairly regarded as income. See page 8 under 'Error recovery' for an explanation.

4. CURRENT LIABILITIES

	31-12-2019	31-12-2018
	€	€
<u>DEBT TO CREDIT INSTITUTIONS</u>		
ING Bank N.V. Credit Card	1.348	-
<u>CREDITORS</u>		
Account payables	127	33.570
<u>OTHER TAXES AND SOCIAL INSURANCE PREMIUMS</u>		
Value added tax	290	-
Income tax	1.894	1.722
	2.184	1.722
<u>OTHER CURRENT LIABILITIES</u>		
Deferred income Disruptive Consulting International Pty Ltd.	1.108.680	1.378.178

DEFERRED INCOME DISRUPTIVE CONSULTING
INTERNATIONAL PTY LTD.

	2019	2018
	€	€
Position as of January 1st	1.378.178	615.000
Movement in monies received /(spent)		
- Direct campaign spent	-262.140	-32.665
- Operational costs*	-7.358	782.192
Correction *	-	13.651
Position as of December 31st	<u>1.108.680</u>	<u>1.378.178</u>

	31-12-2019	31-12-2018
	€	€
<u>Allocation position as of December 31st</u>		
To be spent on campaign costs (allocated/to realise) **	320.196	582.335
To be spent on operational costs (allocated/to realise) **	<u>788.484</u>	<u>795.843</u>
	<u>1.108.680</u>	<u>1.378.178</u>

**) Changing Markets Foundation has agreed with Disruptive Consulting International Pty Ltd. (Cygnnet, Australia) that the amounts received from Disruptive Consulting International Pty Ltd. in the financial year may only be counted as income when they have actually been spent on campaign costs or operational costs (have been realized). Amounts that are ultimately not spent (not realised) on campaign costs or operational costs must eventually be repaid to Disruptive Consulting International Pty Ltd.

	31-12-2019	31-12-2018
	€	€
<u>ACCRUALS</u>		
Accountant costs	<u>3.000</u>	<u>6.382</u>

5 NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE 2019

	2019	2018
	€	€
5. INCOME		
Service fee billed in the year	1.530.000	2.350.250
Allocated from deferred income previous year/realised	589.694	615.000
Allocated to deferred income - monies received for campaigns not yet realised	-320.196	-582.335
Allocated to deferred income - monies received for operational support costs not yet realised	-	-782.192
	<u>1.799.498</u>	<u>1.600.723</u>

The amounts received in the year are received from the founders of the foundation. Together with their consultancy firm Disruptive Consulting International Pty Ltd. in Cygnet, Australia, they generate their funds from various business activities, including investments, royalties books, office hours and advice to companies that are leaders in sustainable performance. Changing Markets Foundation has agreed with Disruptive Consulting International Pty Ltd. that the amounts received from Disruptive Consulting International Pty Ltd. in the financial year may only be counted as income when they have actually been spent on campaign costs or on operational support costs (have been realized). Amounts that are ultimately not spent (not realised) must be repaid to Disruptive Consulting International Pty Ltd.

6. CAMPAIGN COSTS

Staff Costs	593.126	609.007
Grants to other organizations*	207.360	230.806
Research and investigations	481.575	373.257
Media and communications	362.954	247.438
	<u>1.645.015</u>	<u>1.460.508</u>

* 13 % of the campaign costs are spent on grants to support 8 NGO's in America, Europe and Asia

STAFF MEMBERS

In 2019, on average (expressed in FTEs), 8 employees were working at the foundation (2018: 8).

7. ORGANISATIONAL SUPPORT COSTS

General administration and management costs	37.659	46.114
Office support costs	116.824	94.101
	<u>154.483</u>	<u>140.215</u>