

ANNUAL REPORT

2018

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, 10 april 2019

Subject: Financial statements 2018

Dear Mr. Bergman,

Hereby we report on the financial year ending with 2018 with regard to Stichting Changing Markets.

## 1 ASSIGNMENT

In accordance with your engagement, we have compiled the annual financial statements 2018 of Stichting Changing Markets, including the balance sheet with counts of € 1.419.852 and the statement of income and expenses with a result of € 782.192.

## 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 2018 and the profit and loss account for the year 2018 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.

## 3 GENERAL

### 3.1 Company details

The aim of the Changing Markets Foundation is to improve the quality of life for people and to protect the environment. It does this by promoting understanding of the options available to address the social and environmental aspects of sustainability, by driving change in the behavior and performance of companies, and by using market forces to accelerate change. By publishing research reports, participating in the public debate and providing financial resources and strategic advice to community-based non-governmental organizations. Stichting Changing Markets has the ANBI status (68014635).

### 3.2 Board

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

### 3.3 Comparative figures

The comparative figures have been derived from the financial statements for 2017 which have not been compiled by us. In order to ensure comparability of the figures, the presentation has been adjusted to the method of reporting we have used.

## 4 RESULT

### 4.1 Comparative overview

The result for 2018 is € 782.192 compared to € 13.651 for 2017. The results for both years can be summarized as follows:

	2018		2017		Vershil
	€	%	€	%	€
<u>Income</u>	2.382.915	100,0	783.461	100,0	1.599.454
<u>Costs</u>					
Campaign costs	1.460.508	61,3	665.621	85,0	794.887
Costs for organizational support	140.215	5,9	104.189	13,3	36.026
	<u>1.600.723</u>	<u>67,2</u>	<u>769.810</u>	<u>98,3</u>	<u>830.913</u>
<u>Result</u>	<u>782.192</u>	<u>32,8</u>	<u>13.651</u>	<u>1,7</u>	<u>768.541</u>
Taxes	-	-	-	-	-
<u>Result</u>	<u>782.192</u>	<u>32,8</u>	<u>13.651</u>	<u>1,7</u>	<u>768.541</u>

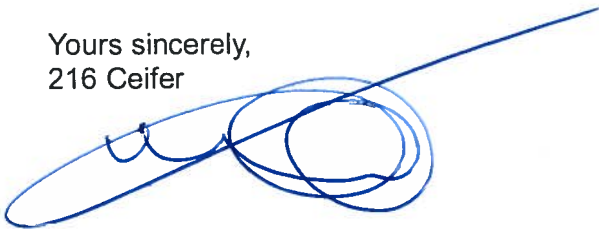
5 FINANCIAL POSITION

The following financing structure can be deduced from the balance sheet:

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<u>Available in the long term:</u>		
Foundation's equity	795.843	13.651
This amount is used as follows:		
Receivables	151.089	-
Cash and cash equivalents	1.268.763	634.174
	1.419.852	634.174
Less: short-term debts	624.009	620.523
Working capital	<u>795.843</u>	<u>13.651</u>

We are happy to provide further explanations.

Yours sincerely,  
216 Ceifer



M.K. Tot MSc  
Accountant-Administratieconsulent

FINANCIAL STATEMENTS



1 BALANCE SHEET PER 31 DECEMBER 2018  
(after adding the result)

	31 december 2018		31 december 2017	
	€	€	€	€
<b>ASSETS</b>				
<u>CURRENT ASSETS</u>				
<u>Receivables</u>	(1)			
Trade receivables		150.000		-
Other taxes and social insurance premiums		1.089		-
		<u>151.089</u>		<u>-</u>
<u>Cash and cash equivalents</u>	(2)			
ING Bank N.V.		1.268.763		634.174
		<u>1.419.852</u>		<u>634.174</u>

	31 december 2018		31 december 2017	
	€	€	€	€
<b>LIABILITIES</b>				
<u>FOUNDATION'S RESERVE</u> (3)		795.843		13.651
<u>CURRENT LIABILITIES</u> (4)				
Debts to suppliers and trade credits	33.570		4.441	
Other taxes and social insurance premiums	1.722		1.082	
Accruals and deferred income	588.717		615.000	
		624.009		620.523
		1.419.852		634.174

## 2 STATEMENT OF INCOME AND EXPENSES 2018

		<u>2018</u>	<u>2017</u>
		€	€
<u>INCOME</u>	(5)	2.382.915	783.461
<u>COSTS</u>			
Campaign costs	(6)	1.460.508	665.621
Costs for organizational support	(7)	140.215	104.189
		<u>1.600.723</u>	<u>769.810</u>
<u>RESULT</u>		<u>782.192</u>	<u>13.651</u>
Taxes		-	-
<u>RESULT</u>		<u><u>782.192</u></u>	<u><u>13.651</u></u>

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### 3 ACCOUNTING POLICIES FOR VALUATION AND DETERMINATION OF RESULTS

#### GENERAL

##### Activities

The aim of the Changing Markets Foundation is to improve the quality of life for people and to protect the environment. It does this by promoting understanding of the options available to address the social and environmental aspects of sustainability, by driving change in the behavior and performance of companies, and by using market forces to accelerate change. By publishing research reports, participating in the public debate and providing financial resources and strategic advice to community-based non-governmental organizations. Stichting Changing Markets has the Dutch ANBI (public benefit institution) status (68014635).

##### Location address

Stichting Changing Markets (registered under Chamber of Commerce number 68014635) is legally and effectively 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 cost. 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.

##### Comparison with previous year

The comparative figures have been derived from the financial statements for 2017 that have not been compiled by us. In order to ensure comparability of the figures, the presentation has been adjusted to the method of reporting we have used.

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## PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES

### General

#### 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 and 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. 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.

Expenses

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

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 4 NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2018
1. RECEIVABLES

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<u>TRADE RECEIVABLES</u>		
Accounts receivable	<u>150.000</u>	<u>-</u>
<u>OTHER TAXES AND SOCIAL INSURANCE PREMIUMS</u>		
Value added tax	<u>1.089</u>	<u>-</u>
<u>2. CASH AND CASH EQUIVALENTS</u>		
ING Bank N.V. .007	<u>1.268.763</u>	<u>634.174</u>

3. FOUNDATION'S EQUITY

	<u>2018</u>	<u>2017</u>
	€	€
<u>GENERAL RESERVE</u>		
Position as of January 1st	13.651	-
Profit for the year	782.192	13.651
Position as of December 31st	<u>795.843</u>	<u>13.651</u>

4. CURRENT LIABILITIES

	<u>31-12-2018</u>	<u>31-12-2017</u>
	€	€
<u>DEBTS TO SUPPLIERS AND TRADE CREDITS</u>		
Account payables	<u>33.570</u>	<u>4.441</u>

OTHER TAXES AND SOCIAL INSURANCE PREMIUMS

Value added tax	-	18
Income tax	1.722	1.064
	<u>1.722</u>	<u>1.082</u>

ACCRUALS AND DEFERRED INCOME

Accountant costs	6.382	-
Deferred income	582.335	615.000
	<u>588.717</u>	<u>615.000</u>



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**5 EXPLANATION OF THE STATEMENT OF INCOME AND EXPENSES 2018**

	<u>2018</u>	<u>2017</u>
	€	€
<b>5. <u>INCOME</u></b>		
Service fee	<u>2.382.915</u>	<u>783.461</u>

The service fee is received from the founders of the foundation. Together with their consultancy firm Disruptive Consultants in 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.

**6. CAMPAIGN COSTS**

Staff costs	609.007	253.222
Grants to other organizations*	230.806	188.006
Research costs	373.257	115.294
Media and communication	247.438	109.099
	<u>1.460.508</u>	<u>665.621</u>

\*) 16% of the campaign costs are spent on subsidies to support more than 10 NGO's in America, Europe and Asia.

**7. COSTS FOR ORGANIZATIONAL SUPPORT**

General administration and management costs	46.114	76.575
Office support costs	94.101	27.614
	<u>140.215</u>	<u>104.189</u>