

MASARANG INTERNATIONAL FOUNDATION

Annual Report 2018

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AUDITOR'S REPORT

To the Board of
Masarang International Foundation
Waterlelie 3
2631 DE Nootdorp

Dear Board,

We hereby send you the report regarding the financial statements for the year 2018 of your foundation .

1 ANNUAL ACCOUNTS

In accordance with your instructions we have compiled the annual accounts for your foundation, including the balance sheet and financial results.

2 AUDIT

Masarang International is exempt from the audit requirement because your foundation is within the limits set in Article 2:396 paragraph 1 of the Dutch Civil Code. Therefore the annual accounts does not include a formal audit report. However, the financial statements have been verified and validated.

3 GENERAL

3.1 Company

Masarang International has the purpose to protect and restore the nature in Indonesia with the active involvement of the local population.

3.2 Board

On December 31, 2018 the board is formed by:

- Hans van Willige (chairman)
- Esther Klinkum (treasurer)
- Wim van de Meerendonck (member)

3.3 Incorporation of the foundation

Masarang International Foundation was incorporated by notarial deed on June 07, 2010 by mr. E. Schot in Amsterdam.

4 FISCAL POSITION

4.1 Corporate Income Tax

Masarang International Foundation is exempted from corporate income tax. Masarang International has the ANBI-status, which means that gifts to the foundation are tax deductible in the Netherlands.

Upon request, we will gladly provide further information.

Sincerely yours,
Administratiekantoor Hermans

A.I. Korenhof

FINANCIAL STATEMENTS

1 BALANCE SHEET AS AT DECEMBER 31, 2018

| | December 31, 2018 | | December 31, 2017 | |
|--|-------------------|------------------|-------------------|------------------|
| | € | € | € | € |
| ASSETS | | | | |
| Fixed assets | | | | |
| Financial fixed assets | (1) | 195,000 | | 105,000 |
| Current assets | | | | |
| Receivables, prepayments and accrued income | (2) | | | |
| Accounts receivable | | 10,528 | | 9,350 |
| Prepayments and accrued income | | 9,484 | | 24,131 |
| | | | | |
| | | 20,012 | | 33,481 |
| Securities | (3) | 2,105,391 | | 2,697,356 |
| Cash and cash equivalents | (4) | 279,453 | | 919,104 |
| | | | | |
| TOTAL ASSETS | | <u>2,599,856</u> | | <u>3,754,941</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Earmarked reserves | (5) | 2,598,827 | | 3,752,453 |
| Current liabilities | | | | |
| Accounts payable | | - | | 1,461 |
| Accruals and deferred income | | 1,029 | | 1,027 |
| | | | | |
| | | 1,029 | | 2,488 |
| TOTAL EQUITY AND LIABILITIES | | <u>2,599,856</u> | | <u>3,754,941</u> |

2 FINANCIAL RESULTS IN 2018

| | | <u>2018</u> | <u>2017</u> |
|------------------------------------|------|-------------------|-----------------|
| | | € | € |
| Income from fundraising | (7) | 60,816 | 49,701 |
| Expenses | | | |
| Donations to projects in Indonesia | (8) | 1,122,562 | 274,023 |
| Other operating expenses | (9) | <u>6,607</u> | <u>4,015</u> |
| | | <u>1,129,169</u> | <u>278,038</u> |
| Operating result | | <u>-1,068,353</u> | <u>-228,337</u> |
| Financial income and expenses | (10) | <u>-85,273</u> | <u>128,140</u> |
| Result | | <u>-1,153,626</u> | <u>-100,197</u> |
| Change in earmarked reserves | (11) | <u>1,153,626</u> | <u>100,197</u> |
| Result | | <u><u>-</u></u> | <u><u>-</u></u> |

3 NOTES TO THE FINANCIAL STATEMENTS

GENERAL

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The annual accounts have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at nominal value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

PRINCIPLES OF VALUATION FOR ASSETS AND LIABILITIES

Financial fixed assets

Upon initial recognition the receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions.

Receivables and deferred assets

Upon initial recognition the receivables and deferred assets are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions.

Securities

The securities are valued at cost or lower market value. The lower market value is determined for each listed stock security separately.

Cash and cash equivalents

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

ACCOUNTING PRINCIPLES FOR THE FINANCIAL RESULTS

General

The financial result is defined as the difference between the revenue from fundraising, donations and other income, and the costs and expenses for that year, valued at historical costs.

Financial income and expenses

Financial income and expenses refers to interest income and expenses for loans (issued and received) during the current reporting period.

4 NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2018**ASSETS****FIXED ASSETS****1. Financial fixed assets**

| | <u>12/31/2018</u> | <u>12/31/2017</u> |
|--|-------------------|-------------------|
| | € | € |
| Other receivables | | |
| Loan Sugar Factory - working capital | 75,000 | 75,000 |
| Loan Sugar Factory - roof renovation | 30,000 | 30,000 |
| Loan Sugar Factory - contribution to labour flexibility fund | 90,000 | - |
| | <u>195,000</u> | <u>105,000</u> |

Repayment of the loans will be made once the liquidity of the Sugar Factory is sufficient. No interest will be charged.

CURRENT ASSETS**2. Receivables, prepayments and accrued income****Accounts receivable**

| | | |
|-----------------------------------|---------------|--------------|
| Interest still to be received | - | 212 |
| Dividend tax still to be received | 10,528 | 9,138 |
| | <u>10,528</u> | <u>9,350</u> |

Prepayments and accrued income

| | | |
|----------------------------|--------------|---------------|
| Ongoing projects Indonesia | <u>9,484</u> | <u>24,131</u> |
|----------------------------|--------------|---------------|

3. Securities

| | | |
|-----------|------------------|------------------|
| Alex Bank | <u>2,105,391</u> | <u>2,697,356</u> |
|-----------|------------------|------------------|

,
The securities are valued at the acquisition price or the lower market value if applicable. Any write-down to a lower market value is determined on an individual basis. The market value of the securities as of December 31, 2018 is € 2.260.659 (2017: € 3.481.165).

| | <u>12/31/2018</u> | <u>12/31/2017</u> |
|-------------------------------------|-------------------|-------------------|
| | € | € |
| 4. Cash and cash equivalents | | |
| Rabobank | 240,596 | 182,499 |
| Alex Bank | 38,857 | 736,605 |
| | <u>279,453</u> | <u>919,104</u> |

EQUITY AND LIABILITIES

5. Equity

Earmarked reserves

| | | |
|--------------------|------------------|------------------|
| Earmarked reserves | <u>2,598,827</u> | <u>3,752,453</u> |
|--------------------|------------------|------------------|

| | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|
| | € | € |

Earmarked reserves

| | | |
|-----------------------------------|------------------|------------------|
| Carrying amount as of January 1 | 3,752,453 | 3,800,000 |
| Withdrawal | -1,153,626 | -100,197 |
| Miscellaneous changes | - | 52,650 |
| Carrying amount as of December 31 | <u>2,598,827</u> | <u>3,752,453</u> |

Other reserves

| | | |
|-----------------------------------|----------|----------|
| Carrying amount as of January 1 | - | 52,650 |
| Miscellaneous changes | - | -52,650 |
| Carrying amount as of December 31 | <u>-</u> | <u>-</u> |

6. Current liabilities

| | <u>12/31/2018</u> | <u>12/31/2017</u> |
|-------------------------------------|-------------------|-------------------|
| | € | € |
| Accounts payable | | |
| Accounts payable | - | 1,461 |
| | <u> </u> | <u> </u> |
| Accruals and deferred income | | |
| Audit costs | 1,000 | 1,000 |
| Interest and bank charges | 29 | 27 |
| | <u> </u> | <u> </u> |
| | <u>1,029</u> | <u>1,027</u> |

5 NOTES TO THE FINANCIAL RESULTS IN 2018

| | 2018 | 2017 |
|---|------------------|----------------|
| | € | € |
| 7. Income from fundraising | | |
| Donations from private individuals | 30,316 | 31,172 |
| Donations from companies | 1,300 | 1,500 |
| Donations other foundations | 29,200 | 17,029 |
| | <u>60,816</u> | <u>49,701</u> |
| 8. Donations to projects in Indonesia | | |
| <i>Donations to projects in Indonesia</i> | | |
| Land purchases Temboan Beach | 900,000 | - |
| Release of Orang Utans Kalimantan | - | 111,323 |
| Investment in local organisation/Yayasan Masarang | 106,087 | 50,457 |
| Upgrade Tasikoki | 63,099 | - |
| New staff uniforms Tasikoki | 5,000 | - |
| Reforestation BolTim | - | 52,000 |
| Other reforestations | 11,929 | 29,281 |
| Scholarships and other education | - | 20,506 |
| Renovation/relocation Amfitheatre | 18,500 | - |
| Sustainable Tengkawan/palmsugar factory | - | 10,456 |
| Sustainable agriculture Kalimantan | 10,000 | - |
| Other projects | 7,947 | - |
| | <u>1,122,562</u> | <u>274,023</u> |
| 9. Other operating expenses | | |
| <i>Management and administration costs</i> | | |
| Audit costs | 1,227 | 1,627 |
| Banking fees | 1,057 | 408 |
| Internet payment module | 125 | - |
| Postage and shipping costs | 254 | 236 |
| Website costs | 2,008 | 759 |
| Office support | 1,936 | 985 |
| | <u>6,607</u> | <u>4,015</u> |

| | Audit report May 31, 2019 | |
|--|---------------------------|----------------|
| | 2018 | 2017 |
| | € | € |
| 10. Financial income and expenses | | |
| Income of non-current receivables and of securities | 99,501 | 89,077 |
| Interest and similar income | - | 212 |
| Changes in value of financial assets and of securities | -184,774 | 39,003 |
| Exchange rate differences | - | -152 |
| | <u>-85,273</u> | <u>128,140</u> |
| 11. Change in earmarked reserves | | |
| Change in earmarked reserves | <u>1,153,626</u> | <u>100,197</u> |