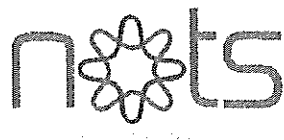




# Annual Report 2012 NOTS Foundation



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## **Foreword by Bart Hartman Chairman NOTS Foundation**

In 2012 we were confronted with a coup in Mali. This caused a lot of anxiety and uncertainty for the Malian population. Our solar lamp business was especially affected by this. But after the French army intervened, the country returned more or less to the situation before the coup and our lamp business got back on track - every month more lamps sold than the previous month.

In January 2012 Marc Maisonneuve, a French Canadian with extensive operational experience, replaced Femke Bergsma as our country manager in Mali. Marc did an excellent job of taking our activities from the startup phase to a well-structured, efficient enterprise. For family reasons Marc left us at the end of 2012. We were very fortunate to find Badara Konate as Marc's successor. Badara is a native Malian with extensive experience in marketing and sales of fast moving consumer goods in Mali, other western African countries and France. Badara started on November 1 and is doing super. In 2013 we plan to sell 70.000 lamps and it looks like we are going to realize this ambitious goal. The fact that both d.light, our primary lamp supplier, and the World Bank have told us that we are one of best performing and most professional solar lamp companies in Africa, indicates that we are on the right track.

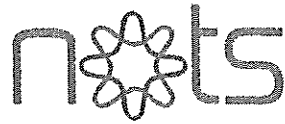
In 2012 we expanded our sustainable charcoal production pilot activities to two more villages. We are now piloting in a total of three villages with 2 kilns (type of ovens to produce charcoal more efficiently) in each village. We are also testing the other elements of our sustainable charcoal production method – reforestation and growing cash crops- in these villages and the results are very promising. At the end of 2012 we started to develop a plan to roll out our method to 20 communities, transforming the production of 40.000 tons of charcoal per year (30% of Mali's current production) from non-sustainable to sustainable. This requires an investment of €4 million, with a payback period of 5 years, assuming a annual return of 7,5%. We are planning to raise this amount before the end of 2013 so we can start the roll out to the 20 communities in Q1 2014. Discussions with several African governments and the United Nations Development Program (UNDP -involved in sustainable charcoal production planning in 4 African countries) have made clear that NOTS is at the forefront of stopping charcoal driven deforestation in Africa.

Our joint initiative with ICCO, Oxfam Novib and Wageningen UR aimed at increasing the yield and income of African smallholder farmers has resulted in a business model that is ready to be tested. After an initial screening of pilot opportunities, smallholder coffee farmers in Rwanda came out as most promising. A NOTS team visited Rwanda and grew quite enthusiastic. In the course of 2013 we will do more research and will take a decision about the pilot at the end of the year.

I am still involved in the effort of ABN AMRO Bank to create an impact fund of funds focused on developing countries. It looks like the fund will be introduced to the market in Q1 2014. This would be a major step towards making impact investing a real asset class.

Recently we 'cleaned' our website and reformulated our mission statement: NOTS improves the livelihoods of people in developing countries by creating and building social enterprises. This explains what NOTS is all about. Overall 2012 was a good year in which we made a lot of progress. It was a year in which we also laid the foundation for 2013 - to break even in our solar lamp business and to become ready, both operationally and financially, for the roll out of the NOTS method for sustainable charcoal production.

A handwritten signature in black ink, appearing to be 'Bart Hartman', is written over a faint, stylized graphic element that resembles a flower or sunburst. Below the signature is a small number '3'.



# **1. Introduction**

## **1.1 Mission**

NOTS improves the lives of people in developing countries by creating and building social enterprises.

NOTS aims to achieve this goal by three main activities: Solar Lamps, Sustainable Charcoal and Microfinance.

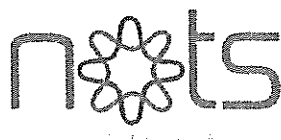
## **1.2 History**

The NOTS Foundation was established in October 2003 by two Dutch entrepreneurs with extensive experience in establishing businesses in several lines of trade. They were convinced that the effectiveness and efficiency of development cooperation can be increased substantially by handling projects in an entrepreneurial manner.

NOTS' entrepreneurial approach stems both from the founder's background and from the fact that entrepreneurship and industriousness have proven very effective in helping people in developing countries to build up an independent existence.

The founders first encountered the problems in developing countries, independently, in 2001. They then decided to dedicate their knowledge and experience, as well as part of their time and money, to development cooperation. However, they could not find an organisation that had a business-like approach to development cooperation. When they discovered that this equally hindered other businessmen that were interested in development cooperation, they had the idea for what was to become the NOTS Foundation.

The first years were mainly involved in creating scholarships for educational projects. Apart from that NOTS was involved in microcredits and renewable energy. Early 2010 NOTS has changed its strategy. As scholarships require a different approach and use donation money instead of investments, NOTS has decided to concentrate on microfinance and renewable energy. These activities are in line with the entrepreneurial spirit of NOTS.



## 1.3 Main Activities

The main activities for NOTS in 2012 were:

- Support entrepreneurs with microfinance
- Supporting people in rural areas with sustainable energy solutions

### Support entrepreneurs with microfinance

To finance NOTS's micro credit activities, NOTS has issued bonds to Dutch investors in October 2008.

NOTS Investments Ltd uses the investments to provide loans to Micro Finance Institutions (MFIs) in developing countries. These MFIs use the money from NOTS to provide micro credit (€ 50 - € 5,000). That way an investor that invests € 10,000 in the bonds, during the term of the bonds helps around 3,000 people in developing countries from poverty towards a self-supporting life.

The NOTS Microcredit Bonds are a unique investment product developed for Dutch investors who value a financial return but are at the same time committed to making a social contribution. These bonds combine elements of donating and investing. The coupon on the bonds is donated to Stichting NOTS Foundation and these donations are used according to the statutory goals of NOTS Foundation and its associated companies.

### Support people in rural areas with sustainable energy solutions

NOTS invests in renewable energy products for developing countries. Not only because it is better for the climate, but especially to improve the living conditions of the population. By using renewable energy products families can: save on their fuel expenses, which increases their disposable income; they save time which can be used for activities that generate income; and the renewable energy products attribute to a better health.

## 1.4 Entrepreneurial Approach

NOTS sets itself apart from most other organisations by its business-like approach. This approach has four characteristics:

- Effective. As a small, professional organization we work with a network of partners who are leading in their own field. Triple Jump B.V. for microfinance; non-governmental organizations (NGO's) and technology firms for renewable energy. This structure enables us to reach scale in an efficient way and a larger positive effect per invested Euro.
- Innovative. For NOTS, innovation primarily means combining matters which have a positive effect on each other, but have not (yet) been combined by others. For example, developing projects concerning sustainable energy in development countries, combined with microcredits in order to stimulate economic development.

Being innovative also means that NOTS will continue to aim for optimisation, including within its own organisation.

- Sustainable (economically, climatologically and socially). For NOTS, being economically sustainable means that all activities will have to become self-sustainable (in time) or, put differently, that the activities need to make sufficient profits to



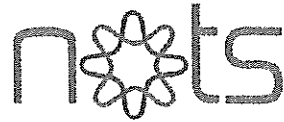
warrant continuity. Being climatologically sustainable means that (in time) all activities should on balance have a positive effect on the climate. Being socially sustainable means that the activities should on balance have positive social effects.

- Transparent. Investors should have access to clear reports to be able to assess whether the desired effect has in fact been reached. NOTS has a reporting system with which we monitor the activities, investments and the realised effects. Periodically we assess, based upon this information, whether activities should be adjusted.

## 1.5 Change in Strategy

To increase the number of people in developing countries who are able to lead a self-supporting life even further NOTS has launched a new strategy at the end of 2009. As grants and donations do not fit its entrepreneurial approach, NOTS has decided to focus on microfinance and renewable energy. These activities reflect the entrepreneurial spirit of NOTS. The funds in NOTS Foundation will, according to its statutory goal, be used to support the activities of NOTS in the area of renewable energy and microfinance.





## 2. Organization

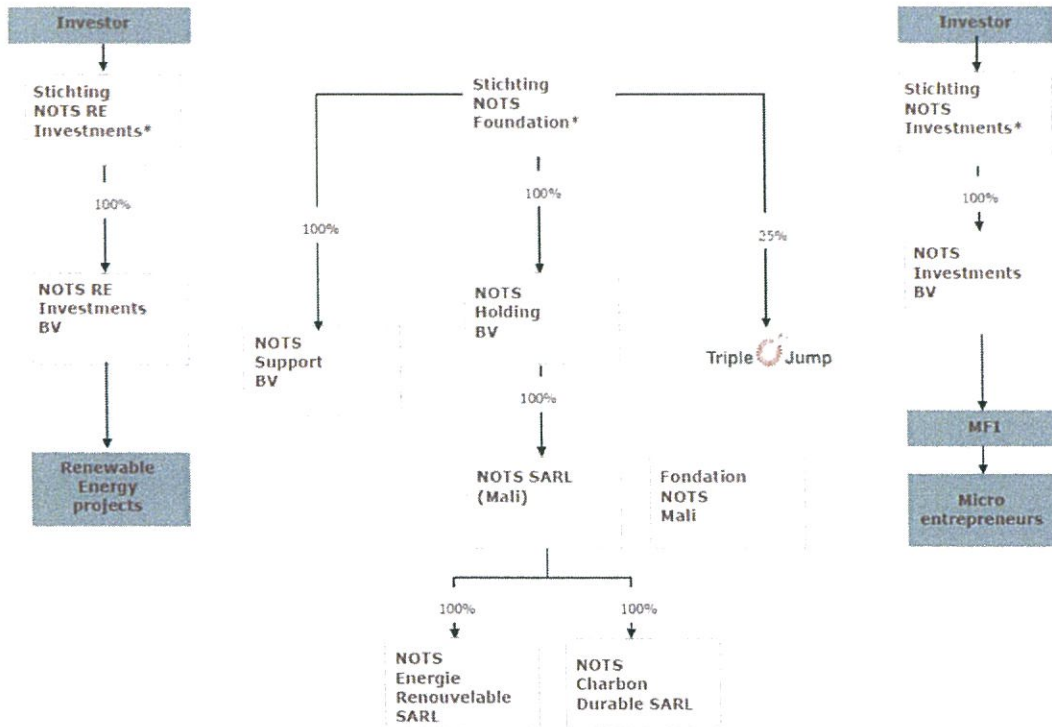
### 2.1 Structure NOTS

As of the end of 2012 NOTS comprised of eleven entities: Stichting NOTS Foundation, Stichting NOTS Investments, NOTS Investments B.V. (100% daughter of Stichting NOTS Investments), Stichting NOTS RE Investments, NOTS Renewable Energy B.V. (100% daughter of Stichting NOTS RE Investments) and NOTS Support B.V. (100% daughter of Stichting NOTS Foundation).

NOTS Holding B.V. is also a 100% daughter of Stichting NOTS Foundation and contains the activities of NOTS in Mali (NOTS SARL with NOTS Energie Renouvelable SARL and NOTS Charbon Durable SARL) We also have a foundation in Mali; Association NOTS Mali.

	<b>PRIMARY FUNCTION</b>
<b>Stichting NOTS Foundation</b>	<b>Central organization with status as Public Benefit Institution</b>
Stichting NOTS Investments	To issue the Microcredit Bonds
NOTS Investments B.V.	To invest the funds raised with the NOTS Microcredit Bonds.
Stichting NOTS RE-Investments	To issue the Renewable Energy Bonds
NOTS Renewable Energy Projects	To invest the funds raised with the NOTS Renewable Energy Bonds.
NOTS Support B.V.	Cost centre of NOTS
NOTS Holding B.V.	To support, whether or not financially, the NOTS Foundation and the affiliated companies.
NOTS SARL (MALI)	Entity in Mali for the benefit of the activities in the area of renewable energy
NOTS Energie Renouvelable SARL	Company in Mali for the sale and distribution of solar LED lamps.
NOTS Charbon Durable SARL	Company in Mali to support sustainable charcoal production and Agro-forestry.
Association NOTS Mali	Foundation in Mali to enable the rural population to use renewable energy products.

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There are no employees in all entities apart from NOTS Support B.V.. In addition, all matters purchased for the foundations, NOTS Investments B.V. and/or NOTS Support B.V. are purchased by NOTS Support B.V. This structure was chosen to provide maximum transparency, keep the donations and costs flows separate and minimise the operational risk.

Aside from the previously mentioned 100% interest, the NOTS Foundation owns 25% of Triple Jump B.V. shares. This firm was established in 2006 by NOTS, Oxfam Novib and ASN Bank. Triple Jump B.V. specialises in microcredit asset management and identifies, screens, contracts en monitors Micro Finance Institutions. This all benefits microcredit investment funds, including the NOTS microcredit bonds and the ASN Novib fund. As of end 2012, Triple Jump has capital commitments of around EUR 360 million

NOTS investments is qualified by the Dutch Tax Authority as a social ethical bank. In addition, NOTS investments is classified by the Dutch Bank as exempt from bank supervision.





## 2.2 Board of NOTS Foundation and Director

During 2012 the board of NOTS Foundation has changed. From September 2012 the board consisted of:

NAME	POSITION ONF THE NOTS BOARD FOUNDATION	DATE OF COMMENCEMENT OF DUTIES AS A BOARD MEMEBER
Bart Hartman	Voorzitter	13-10-2003
John van der Ent	Lid	14-11-2005
Eric Rahusen	Lid	05-02-2010
Paul Bijleveld	Lid	26-09-2012

The Board supervises, appoints and discharges the Director who is responsible for day to day operations. The Chairman is in daily contact with the Director. The Board is responsible for the Strategy and meets at least 4 times a year. Board members are appointed by the Board for an indefinite period.

For CV's of the Board members see: <http://www.ots.nl/content.php?id=121&titel=Our-Team>

## 2.3. Employees

In addition to the board members, who did not receive a salary, another 2 people were working for NOTS (NOTS Support B.V.) in 2012. Marc Maisonneuve (1 FTE) as manager of NOTS Mali SARL and Sandra Kingma (0,8 FTE) as managing director. Anne Sandbrink worked until march 2012 for NOTS and Femke Bergsma until July 2012.

Mihai Calin and Matthew Fries both worked as interns and Arie de Vries, Roos Jacobs and Hilleke Lamberts (all students of ITV in Utrecht) have handled all translations from and into French for all NOTS entities.

In Mali we had a total of 10 employees during 2012.

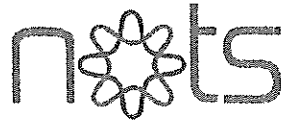
## 3. Results

### 3.1 NOTS Microcredit Bonds

In 2008 we launched the NOTS Microcredit Bonds which raised around 1 million Euro's.

The NOTS Microcredit Bonds are an unique investment product developed for Dutch investors who value a financial return but are at the same time committed to making a social contribution.

With an investment of €10,000 around 50 micro entrepreneurs in developing economies are supported each year to strengthen their income-generating activities and improve their living conditions.



The investors have committed by a notarial deed to donate the annual coupon interest to NOTS. The Dutch tax authority has granted NOTS written permission to use a tax break for its bonds (the social ethical status). Therefore the investor that pays 52% tax on the top of his income, realizes a return of over 3,1 % per year on the bonds plus a fiscal return in Box 3. The latter facility is currently being revised by the government and will be abolished by 2013.

NOTS Investments Ltd uses the investments to provide loans to so-called Micro Finance Institutions (MFIs) in developing countries. These MFIs use the money from NOTS to provide micro credit (€ 50 - € 5,000). That way an investor that invests € 10,000 in the bonds, during the term of the bonds helps around 3,000 people in developing countries from poverty towards a self-supporting life.

The microcredit activities of NOTS in 2012 were aimed at (re)investing these funds in Micro Finance Institutions.

### **Output**

The first investment of NOTS was in 2009 in **Fondesurco** (Peru).

Fondesurco is a NGO created in 1994 in the department of Arequipa, in Southern Peru. Since then the MFI has had a very important outreach to underserved rural areas. Fondesurco's main goal is to serve the financing need of micro and small entrepreneurs in the rural areas of Peru. Fondesurco focuses on clients linked to agriculture, stockbreeding, trade and services.

The first part of the loan was repaid according to schedule in December 2011 and the second part was repaid in December 2012.

In July 2010 NOTS approved the second investment to **Kixicredito** (Angola) S.A. for the amount of USD 370.000. this investment runs until July 2013. KixiCredito has been the first microfinance provider when Angola was still in war and even today remains one of only three sizeable microfinance institutions in the country. Its name was derived from Kixikila, an age-old Angolan form of community savings. KixiCredito is a non-bank financial institution established in 1999 and has approximately 183 staff and operates out of 12 branches in five regions of the country. It has a strong lending methodology and offers both group loans (80% of portfolio) and individual loans (20%), mostly for graduating clients.

In December 2011 a third investment has been made in **FACES** (Fundacion de Apoyo Comunitario del Ecuador) of USD 400.000. This investment runs until February 2015. FACES was established as an NGO in Ecuador in 1991 to improve the quality of life of people with scant resources as well as to achieve equality of gender. It was ranked in the top 100 MFI's by the IADB in 2011. In the same year FACES decided to transform into a bank by 2015 in order to provide additional financial services to clients such as savings, remittances and checking account. The steps in order to achieve this like the strengthening of the senior and middle management, governance and finance systems are currently undertaken.

In June 2012 NOTS approved a loan to **Fundeser**, an MFI from Nicaragua. A second tranche was approved in December. The total loan is USD USD 400.000 and will be repaid in 2014.

The Fundacion para el Desarrollo Socio economico Rural (Fundeser) was created as an NGO in 2000 by the Nicaraguan Catholic Church, with the purpose of attending rural

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marginalized sectors. After years of growth and geographic expansion, the MFI, as the whole Nicaraguan microfinance industry, suffered a profound crisis in 2009 and 2010 as a result of both the international financial downturn and the domestic No Pago (No Payment) Movement. This negatively impacted Fundeser's portfolio quality and net income, just as in the case of most other MFI's. Fundeser began an internal reengineering process and portfolio restructuring and today is clearly on its way to full recovery. Fundeser is also working to strengthen its structure in order to become a regulated institution in 2013.

### 3.2 NOTS Renewable Energy

In 2010 NOTS has made a strategic decision for its Renewable Energy activities to focus on proven technologies. After intensive research NOTS has selected a few technologies in combination with a country where these technologies can prove added value within a short period. On this basis we have looked for possibilities in Mali to apply Solar LED technology and an efficient way to produce charcoal.

The activities of NOTS focus on the following:

- Identifying the (investment) opportunities
- The design of a sustainable distribution channel
- The creation of this distribution channel
- Initiating and coordinating of the finance and operational issues; to facilitate the local entrepreneurs and provide them with the necessary knowledge.

NOTS strives to create the maximum additional value for all parties whereby the improved living conditions and health of the local population as well as the protection of the environment are dominant.

In the summer of 2010 we have started a pilot project in Mali whereby we sold, via the distribution network of a local company, 2000 Solar LED lamps to people who previously had no access to electricity. The enthusiasm for these lamps was enormous. Not only because of the access to light (with all advantages) but also because of the fact that these lamps are economical. The purchase price is relatively high but is compensated by the fact that no kerosene has to be bought any more. At the same time the lamps offer a possibility to charge mobile phones for which, in many cases, payment is required.

Based upon the outcome of this pilot a decision was made in 2011 to start distribution of Solar LED lamps in Mali on a big scale.

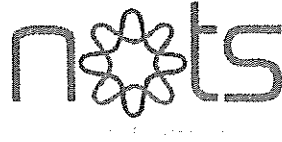
In march 2011 we moved into our offices in Bamako from which the distribution of the Solar LED lights takes place.

NOTS Mali uses several distribution channels (via distributors, cooperatives etc.) and is working on new channels.

In 2012 NOTS sold over 11.000 lamps and targets over 70.000 lamps for 2013.

In the area of sustainable charcoal production we are working on a business model whereby deforestation is targeted through retorts which use less wood while producing the same amount of charcoal. In combination with the planting of fast growing trees it will be possible to earn back our investments in 1 to 2 years and at the same time increase the income of the local population.

In 2012 two retorts were built with the expected output. NOTS targets to build at least another 25 in 2013.



## **4. Funding**

### **4.1. Bonds**

To finance NOTS's micro credit activities, NOTS has distributed bonds in 2008 to Dutch investors. (see Chapter 3.1)

The issue of additional bonds has not been given any priority in 2012.

### **4.2 Additional funding**

To finance the renewable energy activities in their start-up phase NOTS Holding B.V. has attracted some external investors. The target of all our renewable energy activities is that these become financially sustainable within 2 to 3 years.

### **4.3 Code of Conduct**

With regards to her (limited) fundraising activities NOTS adheres to the code of conduct for fundraising issued by the Instituut Fondsenwerving (IF).

## **5. Marketing and communication**

NOTS Foundation has used the following channels for her marketing and communication in 2012:

### **5.1. Website**

Website and email are the most important media to inform our investors, interested parties and potential partners. The website follows our structure of 2 pillars of activities; the third pillars was added in 2012.

### **5.2 Publicity**

On June 15, 2012 Bart Hartman has been interviewed on Business News Radio. Subject of the interview was "Investing in Africa". Reference was made to the cooperation with ICCO and Oxfam Novib with regards to the investments in the Agro Food sector in Africa.

### **5.3 Reports**

Investors in the NOTS Microcredit Bonds received two updates with regards to the status of the investments in Micro Finance Institutes.



## **5.4 Conferences and events**

On May 15, 2012 NOTS has organized the NOTS golf Cup for the fourth consecutive time. During this event time was spent on the activities and plans of NOTS both in the area of the Solar LED lights as well as in the production of sustainable charcoal.

## **5.5 Keurmerk Goede Doelen**

In 2012 the Keurmerk Goede Doelen (quality mark for charities) for NOTS Foundation was renewed.

The principal objective of this quality mark is to encourage Charities to give insight into their performance and the effective running of their organisation.

# **6. Risk control**

## **6.1 Risk factors of NOTS Microcredit Bonds**

For risks related to the NOTS Microcredit Bonds we refer to the prospectus which can be obtained through [info@NOTS.nl](mailto:info@NOTS.nl).

## **6.2 Risk factors of Renewable energy activities**

Part of the up scaling of our activities in Mali has been the assessment of the relevant risks involved. All risks have been addressed as adequately as possible.

Although the political situation in Mali remained insecure after the coup in march 2012 our colleagues in Mali reported that business was "as usual". Our activities are centered around the area of Bamako and towards the west and not the northern parts of Mali.

# **7. Plans for 2013**

NOTS will remain focused on small scale renewable energy products that will improve the lives of people in rural areas and increase the number of people in developing countries who are able to lead a self-supporting life.

## **Microcredits in Social Investments**

In 2013 NOTS will reinvest all funds available from repayments.

## **Renewable Energy**

NOTS will continue to upscale her activities with the Solar LED lights and the production of sustainable charcoal in Mali. We are also studying the possibilities to extend to other countries in the foreseeable future.



Our target is to sell 70.000 lamps in 2013 with which 420.000 people in Mali will be one step further towards leading a self-supporting life.

We are aware that these ambitions are high and are (partly) depending on the political situation and development in Mali but we are at the same time confident that they can be obtained.

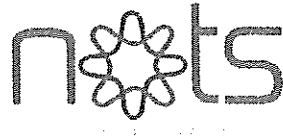
## **Marketing and Communication**

In 2013 we will adapt and restyle the website according to the current situation.

## **NOTS Foundation financial 2013**

Our expectations are that the income and costs of NOTS Foundation will remain the same in 2013 as they were in 2012.





# **Financial Statements 2012 STICHTING NOTS FOUNDATION**

## **Contents**

1. General Information
2. Balance sheet as at 31 December 2012
3. Statement of Income and Expenditures 2012
4. Accounting Principles
5. Notes to the balance sheet
6. Notes to the Statement of Income and Expenditure
7. Additional information
8. Auditor's Report

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For identification purposes only



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# 1. General Information

## General

The NOTS Foundation was set up in October 2003 by Bart Hartman, an entrepreneur who has won his spurs by starting up companies in various lines of business. Stichting NOTS Foundation is based in Amsterdam, the Netherlands.

## Statutory Goal

Since April 2008 Stichting NOTS Foundation has the following statutory goals:

1. To increase the number of people in developing countries who are able to lead a self-supporting life.
2. To Increase the number of people in developing countries that have access to electricity and clean water by investing in (production- ) activities and projects in the area of renewable energy and water.
3. Maximizing the effect and efficiency of development aid by acting as a platform for different parties who are active in development aid.

## Output

### General

NOTS Foundation wants to achieve these goals by donations in money or in kind as well as by supplying loans. Furthermore NOTS want to get involved in every activity that seems relevant and effective to achieve its goal.

## Investment Policy

NOTS Foundation has no formal Investment Policy.

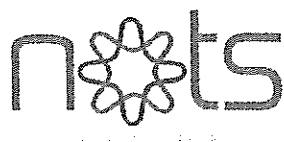
## Volunteers Policy

NOTS Foundation has no formal Volunteers Policy.

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## 2. Balance sheet as at December 31st 2012

	<u>31-dec-12</u>	<u>31-dec-11</u>
<b>ASSETS</b>		
<b>Fixed Assets</b>		
Financial fixed assets	1.429.161	1.010.584
<b>Current Assets</b>		
<b>Receivables and accruals</b>		
Debtors	0	0
Other receivables and accruals	<u>341</u>	<u>2.066</u>
<b>Total receivables and accruals</b>	<b>341</b>	<b>2.066</b>
<b>Cash</b>	<u>67.383</u>	<u>49.742</u>
<b>Total Assets</b>	<b><u>1.496.885</u></b>	<b><u>1.062.392</u></b>
	<u>31-dec-12</u>	<u>31-dec-11</u>
<b>LIABILITIES</b>		
<b>Reserves</b>		
Other reserves	312.246	288.521
Earmarked reserves	1.184.639	773.792
<b>Total reserves</b>	<u>1.496.769</u>	<u>1.062.313</u>
<b>Shortterm liabilities and accrued liabilities</b>	<u>0</u>	<u>79</u>
<b>Total Liabilities</b>	<b><u>1.496.885</u></b>	<b><u>1.062.392</u></b>

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### 3. Statement of income and expenses 2012

	<u>2012</u>	<u>2011</u>
<b>Income</b>		
Income own fundraising	58.800	59.231
Interest income and income from investments	<u>564.083</u>	<u>329.672</u>
<b>Total Income</b>	<b>622.883</b>	<b>388.903</b>
<b>Expenses</b>		
<b>Committed to administration:</b>		
Management and administration (by NOTS Support B.V.)	4.093	213.244
<b>Total expenses</b>	<b>4.093</b>	<b>213.244</b>
<b>Result income and expenses</b>	<u><b>618.790</b></u>	<u><b>175.659</b></u>
<b>Allocation of balance</b>		
<b>Continuity reserves</b>	<b>410.847</b>	<b>228.056</b>
<b>Desingnated funds</b>	<b>0</b>	<b>0</b>
<b>Other reserves</b>	<u><b>207.943</b></u>	<u><b>-52.397</b></u>
<b>Balance</b>	<u><b>618.790</b></u>	<u><b>175.659</b></u>

NOTS Foundation has made no budget for 2012

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## 4. Accounting Principles

### General

The financial statements of 2012 have been prepared in accordance with the accounting principles for fundraising Institutions in the Netherlands (Richtlijn 650) . The financial statements are in euro's.

Assets and Liabilities (excluding the fixed assets) are stated at the amounts at which they were acquired or incurred. When no specific valuation is mentioned they are recognized at the amounts at which they were acquired.

### Comparison with preceding year

The accounting principles adherent to are unchanged with respects to the preceding year.

### Group relations

Stichting NOTS Foundation forms a group with NOTS Support B.V. and NOTS Holding B.V..

NOTS Support B.V. is a 100% daughter of Stichting NOTS Foundation.

NOTS Holding B.V. is a 100% daughter of Stichting NOTS Foundation.

Stichting NOTS Foundation has a 25% participation in Triple Jump B.V..

## Accounting policies for the balance sheet

### Financial fixed assets

Other receivables:

The other receivables refer to loans and bonds which will be kept until redemption date. These receivables are initially measured at fair value. In a later stage these loans and bonds will be valued against amortized acquisition price.

Participations:

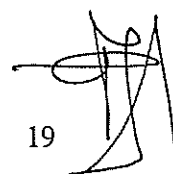
Participations in group companies and other participations which involve significant influence are valued according to the net asset value method. Significant influence is assumed when voting rights involve 20% or more.

The net asset value will be calculated according to the principles that apply to these financial statements.

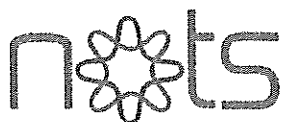
Stichting NOTS Foundation is not liable for the debts of the participation and will not consider paying the debts of the participation.

In case the value of the participation is negative according the net asset value method it will be valued at nil.

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### **Receivables**

Claims are initially valued at the fair value of the product or service offered. After initial processing, trade receivables are measured at amortized cost. If the payment of the claim has been postponed on the basis of an extended period for payment, the fair value is determined on the basis of the present value of the expected revenue. Facilities because of bad and doubtful debts should be deducted from the book value of the claim.

### **Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, bank balances and deposits for a shorter period than twelve months.

### **Reserves and funds**

Other reserves indicates how much money is available for general usage according to the objectives and to cover temporary surpluses or deficits.

Earmarked reserves (assigned by the Board) are formed to express the part of the reserves used for special purposes.

## **Accounting policies for the statement of income and expenses**

The income and expenses are allocated to the reporting year to which they relate.

### **Income**

All income is stated without the deduction of costs unless otherwise mentioned.

### **Income from own fundraising**

Income from own fundraising means: received donations from campaigns as well as from the NOTS bonds.

Donations from NOTS bonds are the coupons received by the bondholders of NOTS Microcredit Bonds issued by Stichting NOTS Investments. These coupons are donated each year by the bondholders to Stichting NOTS Foundation.

Donations and contributions received in the reporting year are income.

100% of the income is used for the statutory goals through loans to the other NOTS Companies.

No costs have been made for fundraising.

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A handwritten signature in black ink, consisting of several loops and strokes, is written over the page number '20'.



## Financial income and expenses

Interest paid and received is recognized on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned.

## 5. Notes to the Balance Sheet

### Assets

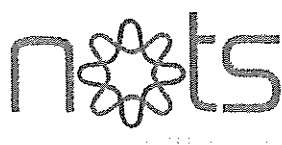
#### 1. Financial Assets

	<u>31-dec-12</u>	<u>31-dec-11</u>
Participation in NOTS Microcredit Bonds	10.000	10.000
Participation NOTS Support B.V. (100%)	-	-
Participation NOTS Holding B.V. (100%)	-	-
Participation Triple Jump B.V. (25%)	1.174.639	763.792
Loan to Stichting NOTS Investments	-	61.692
Loan to NOTS Investments B.V.	<u>244.522</u>	<u>175.100</u>
<b>Total Assets</b>	<b><u><u>1.429.161</u></u></b>	<b><u><u>1.010.584</u></u></b>

	<u>2012</u>
<b><i>Course of the participation Triple Jump B.V.</i></b>	
Position as of 01-01-2012	763.792
Increase redistribution	<u>190.950</u>
	954.742
Dividend payment	120.000-
Result participation	<u>339.897</u>
<b>Position as of 31-12-2012</b>	<b><u><u>1.174.639</u></u></b>

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### **Course of the participation NOTS Support B.V.**

Position as of 01-01-2012	0
Result participation financial year	(570.727)
Result participation financial year write down related to negative result participation	<u>570.727</u>
<b>Position as of 31-12-2012</b>	<b><u>0</u></b>

### **Course of the participation NOTS Holding B.V.**

Position as of 01-01-2012	0
Result participation financial year	(113.330)
Result participation financial year write down related to negative result participation	<u>113.330</u>
<b>Position as of 31-12-2012</b>	<b><u>0</u></b>

## **NOTS Bonds**

At the request of one of its beneficiaries a NOTS Microcredit bond has been bought with his donation in 2008. This NOTS Microcredit bond has a lifetime of 10 years. The yearly donation (part of this bond) as well as all the other donations from this bond has Stichting NOTS Foundation as its beneficiary. NOTS foundation will also be the beneficiary of the amount due from the repayment of the donated bond.

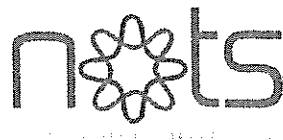
## **Other Financial Assets**

The other financial assets include a loan to NOTS Investments B.V. for the amount of € 244.522 (2011: € 175.100). This loan has a fixed interest rate of 6% and needs to be repaid on December 31, 2018 or earlier as soon as the liquidity position admits.

The loan to Stichting NOTS investments also carries a coupon of 6% and needs to be repaid on December 31, 2018 or earlier as soon as the liquidity position admits.

## **Participations**

NOTS foundation has participations in Triple Jump(25%), NOTS Support B.V. (100%) and NOTS Holding B.V. (100%). Triple Jump is involved in analyzing, selecting and investing in MFI's. NOTS Support is the vehicle in which all the (operating) costs of NOTS are carried such as personnel, office costs etc. NOTS Holding financially or otherwise supports NOTS Foundation and all the other NOTS companies.



NOTS Foundation

The net asset value of the participation in NOTS Support B.V. was € 2.376.016 negative as of December 31, 2012. In accordance with the financial guidelines the participation is valued at € 0,-. NOTS Foundation is not liable for the debts of this participation.

The net asset value of the participation in NOTS Holding B.V. was € 375.261 negative as of December 31, 2012. In accordance with the financial guidelines the participation is valued at € 0,-. NOTS foundation is not liable for the debts of this participation.

## 2. Other receivables and accruals

	<u>31-dec-12</u>	<u>31-dec-11</u>
Account NOTS Support B.V.	-	-
Interest to be received Q4	185	112
Turnover tax to be received	156	85
Costs paid in advance	-	1.869
<b>Book value as at 31 December</b>	<b><u>341</u></b>	<b><u>2.066</u></b>

A provision has been made for the account of NOTS Support B.V. ad € 212.161. The balance is valued at € 0,- as of December 31. Other receivables fall due in less than one year.

## 3. Cash

	<u>31-dec-12</u>	<u>31-dec-11</u>
ABN-AMRO 52.92.00.147	17.779	22.132
ABN-AMRO deposit 55.13.25.488	49.604	27.610
<b>Book value as at 31 December</b>	<b><u>67.383</u></b>	<b><u>49.742</u></b>

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#### 4. Other reserves

	<u>2012</u>	<u>2011</u>
Balance as at 1 January	288.521	340.918
Share premium NOTS Support BV	-184.218	-
Distribution result	<u>207.943</u>	<u>52.397-</u>
<b>Balance as at 31 December</b>	<b><u>312.246</u></b>	<b><u>288.521</u></b>

Additions to the Other reserves (before general reserved) are additions with no specific labeling neither by the donor nor by the Board of the Foundation. The donations from the NOTS Microcredit Bonds are added to these reserves as well.

#### 5. Earmarked reserves

	<u>1-jan-12</u>	<u>transfer</u>	<u>addition</u>	<u>31-dec-12</u>
NOTS Bond (10 years)	10.000	-	-	10.000
Reserve financing assets	<u>763.792</u>	-	410.847	<u>1.174.639</u>
<b>Total earmarked reserve</b>	<b><u>773.792</u></b>	<b>-</b>	<b><u>410.847</u></b>	<b><u>1.184.639</u></b>

Additions to the earmarked reserves are additions from the results of the participations minus dividends paid. The Board is entitled to decide upon the use of these reserves.

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## 6. Short term liabilities and accrued liabilities

	<u>31-dec-12</u>	<u>31-dec-11</u>
Creditors	-	67
Accrued liabilities	-	12
<b>Balance as at 31 december</b>	<b>-</b>	<b>79</b>

All current liabilities fall due in less than one year.

## Off-Balance sheet items

The NOTS Microcredit bonds were launched in 2008 by the Stichting NOTS Investment. All investors have committed themselves to donate the annual coupon of 6% to Stichting NOTS Foundation. Stichting NOTS Foundation receives this donation on a yearly bases until 2017 from Stichting NOTS Investments.

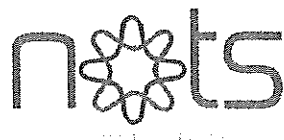
The Foundation has no additional obligations or rights not visible in the balance sheet.

## 6. Notes to the statement of income and expenses

### Income own fundraising

	Actual <u>2012</u>	Budget <u>2012</u>	Actual <u>2011</u>
Donations	-	-	431
Donations from NOTS Bonds	58.800	-	58.800
<b>Total Income own fundraising</b>	<b>58.800</b>	<b>-</b>	<b>59.231</b>

No overhead has been calculated on the donation of € 10.000 from which a  
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NOTS bond has been bought. At the same time no overhead is calculated on the donations resulting from the sale of NOTS bonds by Stichting NOTS Investments.

**Other Income:**

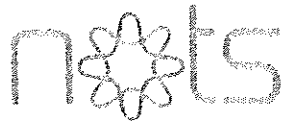
	<u>Actual</u> <u>2012</u>	<u>Budget</u> <u>2012</u>	<u>Actual</u> <u>2011</u>
Interest income from loan NOTS Investments B.V.	10.622	-	6.300
Interest income from loan NOTS Support B.V.	15.710		8.393
Interest income from loan NOTS Investments	3.702		3.492
Interest income from banks	728		181
Extra dividend	0		20.250
Income from investments	530.847		291.056
Incidental income	2.474		0
	<b><u>564.083</u></b>	<b>-</b>	<b><u>329.672</u></b>

**Income from investments:**

	<u>Actual</u> <u>2012</u>	<u>Budget</u> <u>2012</u>	<u>Actual</u> <u>2011</u>
Participation NOTS Support B.V. (100%)	-	-	-
Participation NOTS Holding B.V. (100%)	-	-	-
Increase redistribution Triple Jump (from 20% to 25%)	190.950	-	-
Participation Triple Jump B.V. (25%)	339.897	-	291.056
	<b><u>530.847</u></b>	<b>-</b>	<b><u>291.056</u></b>

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## Expenses

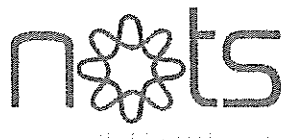
### Operational expenses

	Actual <u>2012</u>	Budget <u>2012</u>	Actual <u>2011</u>
Communication costs	-	-	245
Consultancy	1.378	-	-
Research	-	-	68
Provision for debtors	-	-	400
Insurance	1.851	-	370
General expenses	864	-	-
Provision loan NOTS Support B.V.	-	-	212.161
<b>Total Operational Expenses</b>	<b><u>4.093</u></b>	<b>-</b>	<b><u>213.244</u></b>

Amsterdam, June 27, 2013  
Stichting NOTS Foundation  
The Board

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## **7. Additional Information**

### **Destination of result**

The Board will decide upon the destination of the result in accordance with the division of the result as stated in the statement of income and expenses.

### **Events after the balance sheet date**

No events have taken place after the balance sheet date that should have been reported in the balance sheet.

### **Auditor's report**

The financial statements of NOTS were audited by PriceWaterHouseCoopers Accountants N.V. The report is included on the next page.





## 8. Auditor's report



## *Independent auditor's report*

To: the Board of Governance of Stichting NOTS Foundation

We have audited the accompanying financial statements 2012 of Stichting NOTS Foundation, Amsterdam, which comprise the balance sheet as at 31 December 2012, the statement of income and expenditure for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

### *The board of Governance's responsibility*

The board of Governance is responsible for the preparation and fair presentation of these financial statements in accordance with the Guideline for annual reporting 650 "Charity organisations" of the Dutch Accounting Standards Board. Furthermore, the board of Governance is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the foundation's preparation and fair presentation of the financial statements 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 foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of Governance, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Stichting NOTS Foundation as at 31 December 2012, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 "Charity organisations" of the Dutch Accounting Standards Board.

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*PricewaterhouseCoopers B.V., Newtonlaan 205, 3584 BH Utrecht, Postbus 85096, 3508 AB Utrecht  
T: 088 792 00 30, F: 088 792 94 87, [www.pwc.nl](http://www.pwc.nl)*

'PwC' is het merk waaronder PricewaterhouseCoopers Accountants N.V. (KvK 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (KvK 34180284), PricewaterhouseCoopers Advisory N.V. (KvK 34180287), PricewaterhouseCoopers Compliance Services B.V. (KvK 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (KvK 54226368), PricewaterhouseCoopers B.V. (KvK 34180289) en andere vennootschappen handelen en diensten verlenen. Op deze diensten zijn algemene voorwaarden van toepassing, waarin onder meer aansprakelijkheidsvoorwaarden zijn opgenomen. Op leveringen aan deze vennootschappen zijn algemene inkoopvoorwaarden van toepassing. Op [www.pwc.nl](http://www.pwc.nl) treft u meer informatie over deze vennootschappen, waaronder deze algemene (inkoop)voorwaarden die ook zijn gedeponereerd bij de Kamer van Koophandel te Amsterdam.



*Announcement according to the management report*

We have read the Governance report in order to identify material inconsistencies, if any, with the audited financial statements. Based on reading the management report we established that the management report is consistent with the information in the financial statements and that the management report contains all information required by Guideline for annual reporting 650 "Charity Organisations" of the Dutch Accounting Standards Board. We have not audited or reviewed the information in the management report.

Utrecht, 27 June 2013  
PricewaterhouseCoopers Accountants N.V.

Original signed by M.H.A. Bauman RA