



Annual Report 2015

NOTS Foundation

Contents

Foreword Bart Hartman	3
1. Organization	4
2. Results	5
3. Funding	5
4. Plans for 2016	6
Financial Statements 2015	7

Foreword by Bart Hartman, Founder and Chief Entrepreneur NOTS Impact Enterprises

In 2015 the most decisive moment for NOTS was my meeting with President Kagame of Rwanda. I proposed to him to implement Bye Bye Agatadowa ('Bye Bye Kersone Lamps'), a program developed by NOTS to replace all kerosene lamps in Rwanda with solar lamps. One week after my meeting with President Kagame the minister of Infrastructure & Energy informed me that the President had decided to go ahead with Bye Bye Agatadowa ('BBA')!

Despite the substantial benefits for households if they replace kerosene lamps with solar lamps (saving money – USD 50 per lamp per year; better health situation – no bad kerosene fumes anymore; safer – less house fires; and more convenience – no 3 km biking for charging a phone) the penetration of solar lamps and home systems in Sub-Saharan Africa is still low (nowhere higher than 7%; Rwanda only 2%). The two main reasons for this are: lack of awareness (people don't know solar products exist) and lack of cash. The lack of cash obstacle can be removed by selling the solar products on credit. This we do in Rwanda in a partnership with Urwego Opportunity Bank and we will do it on a large scale with MTN Mobile Money. Though the lack of awareness obstacle is harder to remove. In August 2015 I learned about Bye Bye Nyakatsi ('Bye Bye Straw Huts'), a program developed by the Government of Rwanda ('GoR') to replace all about 100.000 straw huts that were still in Rwanda in 2011 with simple brick and mortar houses. This program was very successful. Inspired by Bye Bye Nyakatsi I came up with the idea for BBA.

After the minister of Infrastructure & Energy informed me about the decision of the President (October 2015) we have been working hard with the Head of the Energy Division of MININFRA to design BBA. This has resulted in:

- a. A partnership with EDCL under which the GoR will implement a national awareness campaign for solar products and a subsidy program for low-income households.
- b. An exclusive partnership with MTN consisting of: MTN co-branding of our solar products; distribution of our products via 1.500 – 2.000 MTN Agents; and using the MTN Mobile Money platform for facilitating sales on credit.
- c. A unique funding structure with an SPV that allows institutional investors to invest in the loans for households to obtain a solar product on credit.

We plan to sell 900.000 units in 2 years, representing a sales value of about USD 65 mln. In the peak we need USD 45 mln capital. We will start with the sales via MTN Agents on credit about 2 months after the start of the GoR national campaign. When the GoR campaign is launched is not clear yet.

2015 was also a sad year because we had to decide to close down our activities in Mali. Both the economic and safety situation made it too difficult to have a positive impact. The kidnapping of guests of the Radison Blue hotel in Bamako (where I always stayed) confirmed that we took the right decision. Plus, the closure of Mali enabled our team to focus completely on Rwanda.

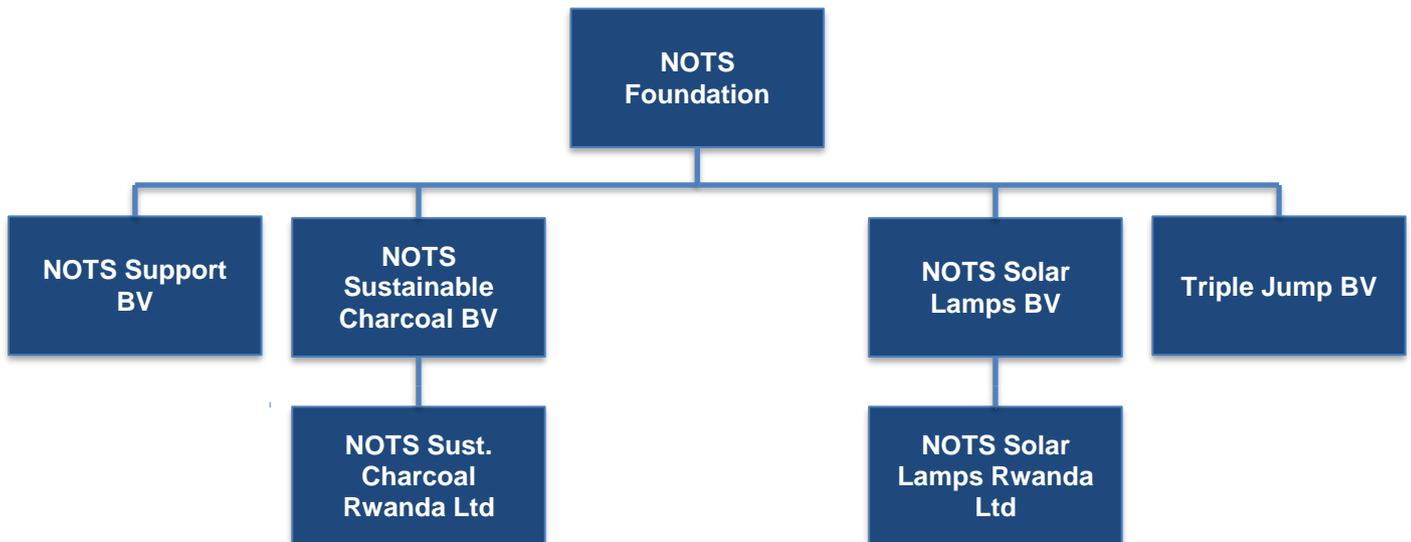
When we opened an office in Rwanda in February 2014, we also developed and implemented a pilot for our Blue Charcoal business. In 2015 when we evaluated the pilot we concluded that our Blue Charcoal business model is not suitable for Rwanda, because forestry / growing trees is not geographically concentrated enough to fill a retort. This means that wood has to be transported to the retort. This is financially not viable / sustainable. Given the positive developments in our solar business we decided to freeze our Blue Charcoal activities.

Breukelen, 7 February 2017.

1. Organization

1.1 Structure NOTS

As of the end of 2015 NOTS comprised of the following entities:



1.2 Board of NOTS Foundation

The board of NOTS Foundation consists of:

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

Board meetings are held on a quarterly basis. Besides the formal board meetings, the board members have conference calls on a regular basis. None of the board members receives a remuneration for their activities for NOTS. For profiles of the Board members see: <http://www.nots.nl/en/our-team>.

1.3 Employees

NOTS had four part-time staff members in The Netherlands (NOTS Support BV): Bart Hartman (CEO), Sjouke de Vries (COO), Mischa Assink (controller) and Folmer Ferment (Consultant).

In Rwanda we had on average 8 employees.

2. Results

2.1 Blue Power

Up to and including 2015 NOTS sold over 108.000 solar lamps.

Using D-light design's impact measurement methodology, NOTS achieved the following social and environmental impact:

- 501.000 Lives Empowered
- EUR 19.000.000 Saved in Energy-Related Expenses
- 46.000 Tons of CO2 Offset

2.2 Blue Charcoal

In Rwanda we built 6 retorts in 2014 and we extensively tested them. With dry wood we achieve similar yields as in Mali. The GoR was very enthusiastic about these yields. Though given the fact that wood growing and charcoal production is spread quite thin over Rwanda we concluded in 2015 that the Blue Charcoal method is not financially viable / sustainable in Rwanda.

In Q4 2014 we were approached by Shell Foundation for participating in a study about sustainable charcoal production in Sub-Saharan Africa. In December 2015 the results were presented. The researcher concluded that charcoal production is the main reason for deforestation in Sub-Saharan Africa and that charcoal will remain the main cooking fuel in cities for at least the next 10 years. This means there is an urgent need for a sustainable production method. The team proposed a method consisting of two elements: (1) a tree fund for financing farmers / land owners who want to grow trees for charcoal production; and (2) introduction of an efficient production method. NOTS' Blue Charcoal method was selected by the team as an efficient production method. The team is preparing a pilot project in Tanzania.

3. Funding

All solar lamp (Blue Power) activities are financed through NOTS Solar Lamps BV (100% subsidiary of NOTS Foundation) and all Sustainable Charcoal activities (Blue Charcoal) are financed through NOTS Sustainable Charcoal BV (100% subsidiary of NOTS Foundation).

In 2014 we got the commitment of a successful entrepreneur to invest EUR 0.8 million in the NOTS businesses. By the end of 2014 50% of the committed amount was transferred to NOTS.

For BBA NOTS has a funding need of USD 45 mln. It was / is clear that the way NOTS has done its funding in the past was not suitable for raising USD 45 mln. Therefore NOTS has been exploring alternatives. In March 2016 this got momentum when Tonko Gast, founder and CEO of Dynamic Credit, an Amsterdam based fintech company, offered to develop a funding structure that allows NOTS to raise capital from institutional investors.

4. Plans for 2016

NOTS will remain focused on improving lives in Sub-Saharan Africa by building renewable energy impact enterprises.

Renewable Energy

NOTS will focus on scaling up Blue Power in Rwanda via the implementation of BBA. NOTS plans to sell 50.000 lamps in 2016 in Rwanda. In 2016 there will be no Blue Charcoal activities.

NOTS Foundation financials 2016

Our expectations are that the income and costs of NOTS Foundation (including NOTS Support BV) will be substantially about the same as in 2015, because compared to 2015 changes in the Foundation and NOTS Support BV will be very limited.

Financial Statements 2015
STICHTING NOTS FOUNDATION

Contents

1. General Information
2. Balance sheet as at 31 December 2015
3. Statement of Income and Expenses 2015
4. Accounting Principles
5. Notes to the balance sheet
6. Notes to the Statement of Income and Expenses
7. Additional information
8. Auditor's Report

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. The Stichting NOTS Foundation is registered in the Dutch Chamber of Commerce under the number: 813367451.

Currency

All amounts stated in this report are in Euro's.

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.

Investment Policy

NOTS Foundation has no formal Investment Policy.

Volunteers Policy

NOTS Foundation has no formal Volunteers Policy.

2. Balance sheet as at 31 December 2015

		<u>31-dec-15</u>	<u>31-dec-14</u>
ASSETS		€	€
Fixed Assets			
Financial fixed assets	1	7.082.319	4.976.464
Current Assets			
Receivables and accruals			
Receivables from group companies	2	111.230	112.606
Other receivables	3	<u>-</u>	<u>96</u>
Total receivables		113.230	112.702
Cash	4	<u>346</u>	<u>68.887</u>
Total Assets		<u><u>7.193.895</u></u>	<u><u>5.158.053</u></u>
		<u>31-dec-15</u>	<u>31-dec-14</u>
LIABILITIES		€	€
Reserves			
General reserve	5	1.247.689	(213.216)
Legal reserve	6	1.280.255	1.264.517
Total reserves		2.527.944	1.051.301
Long term liabilities	7	3.948.025	3.378.020
Short term liabilities	8	717.926	728.732
Total Liabilities and reserves		<u><u>7.193.895</u></u>	<u><u>5.158.053</u></u>

3. Statement of income and expenses 2015

	<u>2015</u>	<u>2014</u>
	€	€
Income		
Income from fundraising	208.800	358.800
Interest income and income from investments	<u>(22.144)</u>	<u>(419.009)</u>
Total Income	186.656	(60.209)
Expenses		
Expenses	(2.566)	10.099
Management and administration charges by NOTS Support B.V.	22.926	184.719
Total expenses	(20.360)	(194.818)
Result	<u>166.296</u>	<u>(255.027)</u>
Allocation of result:		
Legal reserve (share of result Triple Jump B.V.)	95.738	244.878
General reserve	<u>70.558</u>	<u>(499.905)</u>
Total	<u>166.296</u>	<u>(255.027)</u>

NOTS Foundation has not prepared a budget for 2015.

4. Accounting Principles

General

The financial statements of 2015 have been prepared for the first time in accordance with fiscal valuation principles as stipulated in article 2:396 sub 6 of book 2 of the Dutch civil code and is in line with the accounting guideline RJK C1 Kleine organisaties zonder winststreven (Small organizations without profit motive) as issued by the Dutch council for accounting policies (Raad voor de jaarverslaggeving) for all other requirements. The change to fiscal principles was done in order to save on expenses for accounting and tax advice. This is a change in the accounting principles which has been applied with retro-active effect, with the difference presented in equity as per 1 January 2015. The total adjustment as a result of this change to fiscal valuation amounts to € 1.310.347 as a result of revaluation of the book value of the participations to cost price or higher net asset value. The breakdown of this account is presented in note 5 of this financial statement. The comparable figures in this report have not been adjusted as allowed by the so called "besluit fiscal waarderingsgrondslagen". The financial statements are in euro's.

Assets and Liabilities 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 are unchanged compared to the preceding year, except for the change to fiscal valuation principles as mentioned above.

Group relations and consolidation

Stichting NOTS Foundation forms a group with the following entities:

- NOTS Support B.V. (100% subsidiary)
- NOTS Solar Lamps B.V. (100% subsidiary)
- NOTS Sustainable Charcoal B.V. (100% subsidiary)
- NOTS Solar Lamp Ltd. (Rwanda) (100% subsidiary of NOTS Solar Lamps B.V.)
- NOTS Sustainable Charcoal Ltd. (Rwanda) (100% subsidiary of NOTS Sustainable Charcoal B.V.)

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

NOTS Foundation uses the exemption under article 401 of RJK C1 for not preparing consolidated financial statements.

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. After initial measurement 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 cost price or higher net asset value. 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 this financial statement.

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

Receivables

Receivables are initially valued at the fair value of the product or service offered. After initial measurement, trade receivables are measured at amortized cost. If the payment of the receivable 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. Provisions for bad and doubtful debts will be deducted from the book value of the receivable.

Receivables from participations are valued at nominal value in accordance with fiscal regulations.

Cash and cash equivalents

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

Reserves and funds

The general reserve indicates how much funds are available for general usage according to the objectives of the foundation and to cover temporary surpluses or deficits. The legal reserve is formed for any legal requirements and restricted assets.

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 fundraising

Income from 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.

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-15</u>	<u>31-dec-14</u>
	€	€
Participation Triple Jump B.V. (25%)	1.361.445	1.345.708
Participation NOTS Support B.V. (100%)	202.218	175.764
Participation NOTS Solar Lamps B.V. (100%)	1.548.000	366.970
Participation NOTS Sustainable Charcoal (100%)	1.038.946	936.083
NOTS Microcredit Bond	10.000	10.000
Loan to NOTS Investments B.V.	227.359	349.791
Loan to NOTS Solar Lamps B.V.	<u>2.694.351</u>	<u>1.792.148</u>
Total	<u>7.082.319</u>	<u>4.976.464</u>

Participations

NOTS Foundation has participations in Triple Jump B.V. in Amsterdam (25%), NOTS Support B.V. in Loosdrecht (100%), NOTS Solar Lamps B.V. in Loosdrecht (100%) and NOTS Sustainable Charcoal B.V. in Loosdrecht (100%).

- Triple Jump is involved in selecting and investing in MFI's.
- NOTS Support B.V. is the entity for the NOTS activities in The Netherlands.
- NOTS Solar Lamps B.V. is the NOTS entity for the solar lamp business. In this entity the strategy for the solar lamp business is developed, the administration for all solar lamp entities is executed, the subsidiary in Rwanda is supported, etc. NOTS Solar Lamps B.V. is the 100% parent of NOTS Solar Lamp Ltd.
- NOTS Sustainable Charcoal B.V. is the NOTS entity for the sustainable charcoal production business. In this entity the strategy for the sustainable charcoal business, the administration for all sustainable charcoal production entities is executed, the subsidiary in Rwanda is supported, etc. NOTS Sustainable Charcoal B.V. is the 100% parent of NOTS Sustainable Charcoal Ltd.

The net asset value of the participation in NOTS Support B.V. was € 175.764 as of 31 December 2015. The net value result of 2015 amounted to nil. In accordance with the accounting principles the participation is valued at cost price. NOTS foundation is not liable for the debts of this participation.

The net asset value of the participation in NOTS Solar Lamps B.V. was € (968.965) as of 31 December 2015. The net value result of 2015 amounted to € (1.459.900). In accordance with the accounting policies the participation is valued at cost price. NOTS foundation is not liable for the debts of this participation.

The net asset value of the participation in NOTS Sustainable Charcoal B.V. was € 835.853 as of 31 December 2015. The net result of 2015 amounted to € (100.229). In accordance with the accounting policies the participation is valued at cost price. NOTS foundation is not liable for the debts of this participation.

	<u>2015</u>
	€
<i>Movements in the participation in Triple Jump B.V.</i>	
Balance as of 01-01-2015	1.345.708
Dividend payment	(80.000)
Result participation	<u>95.738</u>
Balance as of 31-12-2015	<u><u>1.361.446</u></u>

	<u>2015</u>
	€
<i>Movements in the participation in NOTS Support B.V.</i>	
Balance as of 01-01-2015	175.764
Adjustment to cost price	<u>26.454</u>
Balance as of 31-12-2015	<u><u>202.218</u></u>

	<u>2015</u>
	€
<i>Movements in the participation in NOTS Solar Lamps B.V.</i>	
Balance as of 01-01-2015	366.970
Adjustment to cost price	<u>1.181.030</u>
Balance as of 31-12-2015	<u><u>1.548.000</u></u>

	<u>2015</u>
	€
<i>Movements in the participation in NOTS Sustainable Charcoal B.V.</i>	
Balance as of 01-01-2015	936.083
Adjustment to cost price	<u>102.863</u>
Balance as of 31-12-2015	<u><u>1.038.946</u></u>

NOTS Microcredit Bond

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

Loans

Loans include a loan to NOTS Investments B.V. for the amount of € 227.359 (2014: € 349.791). This loan has a fixed interest rate of 6% and needs to be repaid on 31 December 2018 or earlier as soon as the liquidity balance permits.

The loan to NOTS Solar Lamps B.V. amounts € 2.694.351 (2014: € 1.792.148). This loan has a fixed interest rate of 6% and needs to be repaid on 31 December 2025 or earlier as soon as the liquidity balance permits. This loan is valued at nominal value in line with the fiscal valuation. If the loan was valued at lower fair value, the valuation would have been lower.

2. Receivables from group companies

	<u>31-dec-15</u>	<u>31-dec-14</u>
	€	€
Current account Stichting NOTS Investments	108.526	110.402
Current account Stichting NOTS RE Investments	<u>2.704</u>	<u>2.204</u>
Total	<u>111.230</u>	<u>112.606</u>

3. Other receivables

	<u>31-dec-15</u>	<u>31-dec-14</u>
	€	€
Interest to be received for Q4-2014	<u>-</u>	<u>96</u>
Total	<u>-</u>	<u>96</u>

4. Cash

	<u>31-dec-15</u>	<u>31-dec-14</u>
	€	€
ABN-AMRO 52.92.00.147	73	10.432
ABN-AMRO deposit 55.13.25.488	<u>273</u>	<u>58.455</u>
Total	<u>346</u>	<u>68.887</u>

5. General reserve

	<u>2015</u>	<u>2014</u>
	€	€
Balance as at 1 January	(213.216)	221.689
Reclassification to the legal reserve (dividend received from Triple Jump B.V.)	80.000	55.000
Reclassification from earmarked reserves	-	10.000
Adjustments due change to fiscal valuation:		
- Participation NOTS Support B	26.454	-
- Participation NOTS Solar Lamps B.V.	1.181.030	-
- Participation NOTS Sustainat Charcoal B.V.	102.863	-
Distribution result	<u>70.558</u>	<u>(499.905)</u>
Balance as at 31 December	<u>1.247.689</u>	<u>(213.216)</u>

Additions to the general reserve are additions with no specific labeling neither by the donors nor by the Board of the Foundation. The donations from the NOTS Microcredit Bonds are added to this reserve as well.

6. Legal reserve

	<u>2015</u>	<u>2014</u>
	€	€
Balance as at 1 January	1.264.517	-
Reclassification from Earmarked reserves	-	1.074.639
Share of result participation Triple Jump B.V.	95.738	244.878
Dividend payment Triple Jump B.V.	<u>(80.000)</u>	<u>(55.000)</u>
Balances as at 31 December	<u>1.280.255</u>	<u>1.264.517</u>

7. Long term liabilities

	<u>31-dec-15</u>	<u>31-dec-14</u>
	€	€
Loan from party A	3.427.148	3.378.020
Loan from party B	520.877	-
	<hr/>	<hr/>
Total	<u>3.948.025</u>	<u>3.378.020</u>

The loan from party A has an interest rate of 6% and has no fixed repayment date.

For the loan from party B the interest rate is 4%. In the event the sales of solar lamps in Rwanda amount at least \$ 25 million, the interest rate will increase to 18%. The ultimate repayment date is 15 December 2024.

8. Short term liabilities

	<u>31-dec-15</u>	<u>31-dec-14</u>
	€	€
Current account NOTS		
Sustainable Charcoal B.V.	471.948	470.544
Current account NOTS Support B.V.	229.979	237.694
Current account NOTS RE		
Investments B.V.	15.970	15.868
Accrued expenses	29	4.626
	<hr/>	<hr/>
Total	<u>717.926</u>	<u>728.732</u>

All current liabilities are payable in less than one year.

Off-Balance sheet items

The NOTS Microcredit Bonds were launched in 2008 by 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 an annual basis until 2018 from Stichting NOTS Investments.

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

In the course of 2016 the Dutch tax authority has started an investigation into the so called “ANBI-status” of Stichting NOTS Foundation. The Foundation, together with its external tax advisor, is in discussion with the Dutch tax authority about the outcomes of this investigation. The external tax advisor of the Foundation expects that Stichting NOTS Foundation will keep its ANBI status and that if the Dutch Tax authority unexpectedly decides to cancel the ANBI status this will be effective starting on the date of the decision; so not retrospectively.”

6. Notes to the statement of income and expenses

Income from fundraising:

	Actual	Budget	Actual
	<u>2015</u>	<u>2015</u>	<u>2014</u>
	€	€	€
Donations	150.000	-	300.000
Donations from NOTS Microcredit			
Bonds	58.800	-	58.800
Total Income from fundraising	<u>208.800</u>	-	<u>358.800</u>

The donation of € 150.000 in 2015 is a donation from a third party relating to 2015.

Interest income:

	Actual	Budget	Actual
	<u>2015</u>	<u>2015</u>	<u>2014</u>
	€	€	€
Interest income from loan NOTS Investments B.V.	20.987		19.080
Interest income from loan NOTS Support B.V.	(7.445)		42.354
Interest income from loan NOTS Solar Lamps	107.529		8.556
Interest current account NOTS Solar Lamps B.V.	2.700		-
Interest current account NOTS Sustainable Charcoal B.V.	(28.233)		-
Interest current account St. NOTS Investments	6.624		-
Interest current account NOTS Re investments B.V.	(952)		-
Interest costs from loan from party A	(198.181)		(185.423)
Interest costs from loan from party B	(20.877)		-
Income from investments	95.738		(303.842)
Interest income from banks	(34)		266
Other finance income	-		-
Total	<u>(22.144)</u>		<u>(419.009)</u>

Income from investments:

	Actual <u>2015</u> €	Budget <u>2015</u> €	Actual <u>2014</u> €
Participation NOTS Solar Lamps B.V. (100%)	-	-	(490.690)
Participation NOTS Sustainable Charcoal B.V. (100%)	-	-	(58.030)
Participation Triple Jump B.V. (25%)	95.738	-	245.778
Adjustment shareholders capital Triple Jump B.V.	-	-	(900)
	<u>95.738</u>	<u>-</u>	<u>(303.842)</u>

Expenses

Operational expenses

	Actual <u>2015</u> €	Budget <u>2015</u>	Actual <u>2014</u> €
Insurance	2.420		4.614
General expenses	(4.986)		5.485
Management expenses NOTS Support B.V.	22.926		184.719
Total Operational Expenses	<u>20.360</u>	<u>-</u>	<u>194.818</u>

Loosdrecht, 7 February 2017.

Stichting NOTS Foundation

G.E. Hartman
Chairman of the Board

7. Additional Information

Destination of result

The Board will decide upon the destination of the result. The destination of the 2015 result is presented in the statement of income and expenses.

Events after the balance sheet date

NOTS Foundation signed an additional bridging and credit facility with third party B in July 2016 for an amount of € 300.000 in total. The interest rate is 6%. Maturity date is 25 March 2017. The loan from third party B as presented in note 7 was formalised in a loan agreement on 21 July 2016.

Auditor's report

The financial statements of NOTS Foundation were audited by Baker Tilly Berk. The report is included on the next page.

8. Auditor's report

Auditors



To: The board of NOTS Foundation

Baker Tilly Berk N.V.
Entrada 303
PO Box 94124
1090 GC Amsterdam
Netherlands
T: +31 (0)20 644 28 40
F: +31 (0)20 646 35 07
E: amsterdam@bakertillyberk.nl
Reg.no.: 24425560
www.bakertillyberk.nl

INDEPENDENT AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2015 of Stichting NOTS Foundation, Amsterdam, which comprise the balance sheet as at December 31, 2015, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management 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 entity'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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

An independent member of Baker Tilly International

Baker Tilly Berk N.V. is a limited liability company and is the exclusive contracting party in respect of all commissioned work. The company's general terms and conditions, filed with the registry of the Dutch chamber of commerce under no. 24425560, which include a limitation of liability, are applicable to all work performed and all legal relationships with third parties.

Auditors



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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Stichting NOTS Foundation as at December 31, 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Amsterdam, March 13, 2017

Baker Tilly Berk N.V.,

signed by

drs. L. den Boer RA
Director