



**Annual Report 2016**

# **NOTS Foundation**

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

Within this holding company, St. NOTS Foundations, there were no significant activities in 2016. As stated in our 2015 annual report I informed you that we decided to freeze our Blue Charcoal activities. These activities are still frozen. The main activities took place in the non-consolidated subsidiaries NOTS Solar Lamps BV and NOTS Solar Lamps Ltd. In this foreword we will take a closer look at our achievements in 2016 for these entities.

After President Kagame of Rwanda in October 2015 said yes to our proposal to implement Bye Bye Agatadowa ('Bye Bye kerosene Lamps'; 'BBA'), a program developed by NOTS to replace all kerosene lamps in Rwanda with solar products, we have been working hard to optimize the program and to enter into relevant partnerships.

The main milestones we achieved in 2016 are:

- a. We entered into a partnership agreement with EDCL (the energy development division of the national energy company) under which the Government of Rwanda ('GoR') will implement a national awareness campaign for solar products and a subsidy program for low-income households.
- b. We entered into a partnership agreement with MTN, MTN is the biggest mobile operator in Rwanda. The partnership consisting of the following elements: MTN co-branding of our solar products; using mobile phone and mobile banking data of about 4 mln MTN clients to assess their creditworthiness (we need this info to determine which clients we can sell a solar home system on credit); distribution of our products via about 1.000 MTN Agents; and using the MTN Mobile Money platform for facilitating sales on credit.
- c. We developed a unique funding structure with a SPV (NOTS Solar Loans Ltd) that allows institutional investors to invest in the loans for households to obtain a solar product on credit. For funding itself the SPV will issue notes in RWF. These notes will be listed at the Rwandan Stock Exchange.
- d. We secured conditional commitments for an investment in the notes from 3 Rwandan institutional investors for the RWF equivalent of USD 11 mln; and from Symbiotics (a Swiss impact investing firm) for the RWF equivalent of USD 5,5 mln.
- e. We reached a conditional agreement with Equity Bank for providing NOTS with a revolving LC facility of USD 5 mln for solar products; underwriting and pre-financing the loans to consumers; and facilitating NOTS in offering solar products to the 500.000 retail clients of Equity Bank.

In February – March 2017 NOTS together with Barefoot Power (our solar products supplier for BBA) and Positivo BGH (a company active in Rwanda with assembling laptops) developed a plan / proposal to build a Solar Home Systems Manufacturing and Export Business ('SHSMEB'). On March 21, 2017 we submitted this proposal to the Government of Rwanda ('GoR'). Our proposal was well received and we expect to start the negotiations with the GoR in the near future.

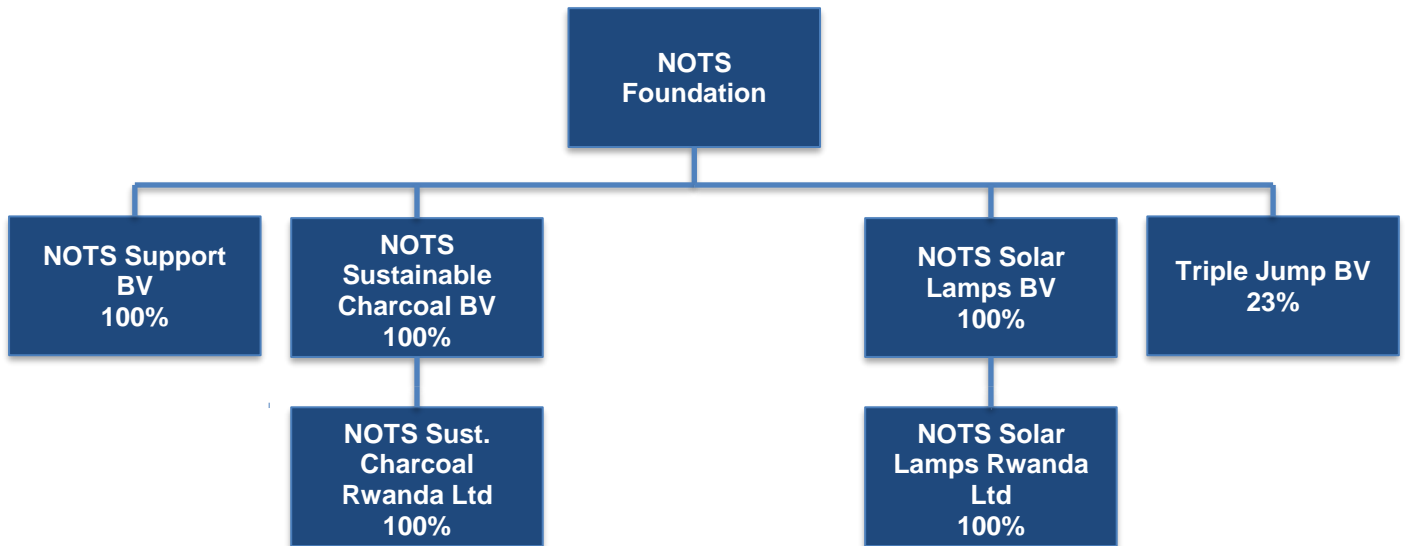
We are behind our planning for the implementation of our BBA program. The reason is that the GoR didn't start yet with the implementation of the national solar awareness campaign. The GoR keeps postponing the start without explaining why. Such campaign is a core element of our BBA program because lack of awareness is the main reason that the penetration of solar products is very low in Rwanda (and other Sub-Saharan countries). We will not start with the implementation of BBA until we have sufficient assurance that the GoR will implement the campaign. To obtain such assurance we incorporated the campaign in our SHSMEB proposal. So it should become part of the negotiations with the GoR.

Loosdrecht, 18<sup>th</sup> September 2017.

# 1. Organization

## 1.1 Structure NOTS

As of the end of 2016 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 receive 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 2016 NOTS sold over 114.000 solar lamps.

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

- 530.000 Lives Empowered
- EUR 20.000.000 Saved in Energy-Related Expenses
- 49.000 Tons of CO2 Offset

### 2.2 Blue Charcoal

The Blue Charcoal activities are still frozen.

## 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 2016 100% 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 2017

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 2017 in Rwanda. In 2017 there will be no Blue Charcoal activities.

### **NOTS Foundation financials 2017**

Our expectations are that the income and costs of NOTS Foundation (including NOTS Support BV) will be substantially about the same as in 2016, because compared to 2016 changes in the Foundation and NOTS Support BV will be very limited.

**Financial Statements 2016**  
**STICHTING NOTS FOUNDATION**

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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. 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 2016 (after profit appropriation)

		<u>31-dec-16</u>	<u>31-dec-15</u>
ASSETS		€	€
<b>Fixed Assets</b>			
Financial fixed assets	1	7.828.856	7.082.319
<b>Current Assets</b>			
<b>Receivables and accruals</b>			
Receivables from group companies	2	144.142	111.230
Other receivables	3	<u>17.313</u>	<u>-</u>
<b>Total receivables</b>		<b>161.455</b>	<b>111.230</b>
<b>Cash</b>	4	<u>251.791</u>	<u>346</u>
<b>Total Assets</b>		<b><u>8.242.102</u></b>	<b><u>7.193.895</u></b>
		<u>31-dec-16</u>	<u>31-dec-15</u>
LIABILITIES		€	€
<b>Reserves</b>			
General reserve	5	1.385.993	1.247.689
Legal reserve	6	<u>1.426.787</u>	<u>1.280.255</u>
<b>Total reserves</b>		<b>2.812.780</b>	<b>2.527.944</b>
<b>Long term liabilities</b>	7	4.660.829	3.948.025
<b>Short term liabilities</b>	8	<u>768.493</u>	<u>717.926</u>
<b>Total Liabilities and reserves</b>		<b><u>8.242.102</u></b>	<b><u>7.193.895</u></b>

### 3. Statement of income and expenses 2016

	<u>2016</u>	<u>2015</u>
	€	€
<b>Income</b>		
Income from fundraising	211.300	208.800
Income from investments	257.003	95.738
Financial income and expenses	<u>(86.771)</u>	<u>(117.882)</u>
<b>Total Income</b>	<b>381.532</b>	<b>186.656</b>
<b>Expenses</b>		
Expenses	16.050	(2.566)
Management and administration charges by NOTS Support B.V.	49.425	22.926
	<u>                    </u>	<u>                    </u>
<b>Total expenses</b>	<b>(65.475)</b>	<b>(20.360)</b>
<b>Result</b>	<b><u><u>316.057</u></u></b>	<b><u><u>166.296</u></u></b>
<b>Allocation of result:</b>		
<b>Legal reserve (share of result Triple Jump B.V.)</b>	<b>257.003</b>	<b>95.738</b>
<b>General reserve</b>	<b><u>59.054</u></b>	<b><u>70.558</u></b>
<b>Total</b>	<b><u><u>316.057</u></u></b>	<b><u><u>166.296</u></u></b>

NOTS Foundation has not prepared a budget for 2016.

## 4. Accounting Principles

### General

The financial statements of 2016 have been prepared 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 and will show a higher valuation of the subsidiaries. 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.

### Destination of result

The destination of the 2016 result is presented in the statement of income and expenses. The balance was drawn up after profit appropriation.

### Comparison with preceding year

The accounting principles are unchanged compared to the preceding year.

### 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 23% 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

<b>1. Financial Assets</b>	<u>31-dec-16</u>	<u>31-dec-15</u>
	€	€
Participation Triple Jump B.V. (23%)	1.392.269	1.361.445
Participation NOTS Support B.V. (100%)	202.218	202.218
Participation NOTS Solar Lamps B.V. (100%)	1.548.000	1.548.000
Participation NOTS Sustainable Charcoal (100%)	1.038.946	1.038.946
NOTS Microcredit Bond	10.000	10.000
Loan to NOTS Investments B.V.	338.372	227.359
Loan to NOTS Solar Lamps B.V.	<u>3.299.051</u>	<u>2.694.351</u>
<b>Total</b>	<u><b>7.828.856</b></u>	<u><b>7.082.319</b></u>

### Participations

NOTS Foundation has participations in Triple Jump B.V. in Amsterdam (23%), 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 2016. The net value result of 2016 amounted to nil. In accordance with the unaudited financial statements and based on fiscal 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 € (1.325.308) as of 31 December 2016. The net value result of 2016 amounted to € (357.467). In accordance with the unaudited financial statements and based on fiscal 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 Sustainable Charcoal B.V. was € 822.296 as of 31 December 2016. The net result of 2016 amounted to € (13.656). In accordance with the unaudited financial statements and based on fiscal accounting principles the participation is valued at cost price. NOTS foundation is not liable for the debts of this participation.

	<u>2016</u>
	€
<b><i>Movements in the participation in Triple Jump B.V.</i></b>	
Balance as of 01-01-2016	1.361.446
Dividend payment	(79.250)
Sold 2% of shares	(115.709)
Result participation	<u>225.782</u>
<b>Balance as of 31-12-2016</b>	<b><u>1.392.269</u></b>

## 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 € 338.372. (2015: € 227.359). 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 € 3.299.051 (2015: € 2.694.351). 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-16</u>	<u>31-dec-15</u>
	€	€
Current account Stichting NOTS Investments	115.888	108.526
Current account Stichting NOTS RE Investments	3.204	2.704
Current account Stichting NOTS Solar Foundation	50	-
Current account NOTS Solar Lamps Ltd. (Rwanda)	<u>25.000</u>	<u>-</u>
<b>Total</b>	<b><u>144.142</u></b>	<b><u>111.230</u></b>

## 3. Other receivables

	<u>31-dec-16</u>	<u>31-dec-15</u>
	€	€
Dividend tax to be received after sales shares for 2016	<u>17.313</u>	<u>-</u>
<b>Total</b>	<b><u>17.313</u></b>	<b><u>-</u></b>



## 4. Cash

	<u>31-dec-16</u>	<u>31-dec-15</u>
	€	€
ABN-AMRO 52.92.00.147	251.490	73
ABN-AMRO deposit 55.13.25.488	<u>301</u>	<u>273</u>
<b>Total</b>	<b><u>251.791</u></b>	<b><u>346</u></b>

## 5. General reserve

	<u>2016</u>	<u>2015</u>
	€	€
Balance as at 1 January	1.247.689	(213.216)
Reclassification to the legal reserve (dividend received from Triple Jump B.V.)	79.250	80.000
Adjustments due change to fiscal valuation:		
- Participation NOTS Support B	-	26.454
- Participation NOTS Solar Lamps B.V.	-	1.181.030
- Participation NOTS Sustainable Charcoal B.V.	-	102.863
Distribution result	<u>59.054</u>	<u>70.558</u>
<b>Balance as at 31 December</b>	<b><u>1.385.993</u></b>	<b><u>1.247.689</u></b>

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>2016</u>	<u>2015</u>
	€	€
Balance as at 1 January	1.280.255	1.264.517
Share of result participation Triple Jump B.V.	225.782	95.738
Dividend payment Triple Jump B.V.	<u>(79.250)</u>	<u>(80.000)</u>
<b>Balances as at 31 December</b>	<u>1.426.787</u>	<u>1.280.255</u>

## 7. Long term liabilities

	<u>31-dec-16</u>	<u>31-dec-15</u>
	€	€
Loan from party A	3.814.871	3.427.148
Loan from party B	541.712	520.877
Bridge-Loan from party B	<u>304.246</u>	<u>-</u>
<b>Total</b>	<u><u>4.660.829</u></u>	<u><u>3.948.025</u></u>

The loan from party A has an interest rate of 6%. The ultimate repayment date is 31 December 2026.

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.

The bridge-loan from party B has an interest rate of 6%. The ultimate repayment date is 25<sup>th</sup> March 2017.

The loan from party A is subordinated relative to loans from party B.

## 8. Short term liabilities

	<u>31-dec-16</u>	<u>31-dec-15</u>
	€	€
Current account NOTS		
Sustainable Charcoal B.V.	499.515	471.948
Current account NOTS Support B.V.	252.743	229.979
Current account NOTS RE- Investments B.V.	16.228	15.970
Accrued expenses	<u>7</u>	<u>29</u>
<b>Total</b>	<u><u>768.493</u></u>	<u><u>717.926</u></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.”

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

There are no specifics to mention

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

### Income from fundraising:

	<b>Actual</b> <b><u>2016</u></b> €	<b>Budget</b> <b><u>2016</u></b> €	<b>Actual</b> <b><u>2015</u></b> €
Donations	152.500	-	150.000
Donations from NOTS Microcredit			
Bonds	58.800	-	58.800
	<hr/>		
Total Income from fundraising	<b><u>211.300</u></b>	-	<b><u>208.800</u></b>

### Financial income and expenses:

	<b>Actual</b> <b><u>2016</u></b> €	<b>Budget</b> <b><u>2016</u></b> €	<b>Actual</b> <b><u>2015</u></b> €
Interest income from loan NOTS Investments B.V.	15.406		20.987
Interest income from loan NOTS Support B.V.	(6.447)		(7.445)
Interest income from loan NOTS Solar Lamps	161.661		107.529
Interest current account NOTS Solar Lamps B.V.	1.410		2.700
Interest current account NOTS Sustainable Charcoal B.V.	(28.317)		(28.233)
Interest current account St. NOTS Investments	6.512		6.624
Interest current account NOTS Re investments B.V.	(958)		(952)
Interest costs from loan from party A	(210.933)		(198.181)
Interest costs from loan from party B	(20.835)		(20.877)
Interest costs from bridge-loan from party B	(4.246)		-
Interest income from banks	(24)		(34)
Other finance income	-		-
	<hr/>		
<b>Total</b>	<b><u>(86.771)</u></b>		<b><u>(117.882)</u></b>

**Income from investments:**

	<b>Actual</b> <b><u>2016</u></b> €	<b>Budget</b> <b><u>2016</u></b> €	<b>Actual</b> <b><u>2015</u></b> €
Participation NOTS Solar Lamps B.V. (100%)	-	-	-
Participation NOTS Sustainable Charcoal B.V. (100%)	-	-	-
Participation Triple Jump B.V. (23%)	257.003	-	95.738
Adjustment shareholders capital Triple Jump B.V.	-	-	-
	<u>257.003</u>	<u>-</u>	<u>95.738</u>

**Expenses**

**Operational expenses**

	<b>Actual</b> <b><u>2016</u></b> €	<b>Budget</b> <b><u>2016</u></b>	<b>Actual</b> <b><u>2015</u></b> €
Insurance	2.420		2.420
General expenses	13.630		(4.986)
Management expenses			
NOTS Support B.V.	49.425		22.926
	<u>65.475</u>	<u>-</u>	<u>20.360</u>

Loosdrecht, 18<sup>th</sup> September 2017.

**Stichting NOTS Foundation**

G.E. Hartman  
Chairman of the Board

## 7. Additional Information

### **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 Stichting NOTS Foundation

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## **INDEPENDENT AUDITOR'S REPORT**

### **A. Report on the audit of the financial statements 2016**

#### **Our opinion**

We have audited the financial statements 2016 of Stichting NOTS Foundation, based in Amsterdam. In our opinion the accompanying financial statements of Stichting NOTS Foundation as at December 31, 2016, and of its result for 2016 are prepared, in all material aspects, in accordance with the Dutch fiscal accounting policies as included in chapter II of the Wet op de Vennootschapsbelasting 1969.

The financial statements comprise:

1. the balance sheet as at December 31, 2016;
2. the profit and loss account for 2016; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report. We are independent of Stichting NOTS Foundation in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

### **B. Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- foreword and management board report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.



Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. Management is responsible for the preparation of the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

### **c. Description of responsibilities regarding the financial statements**

#### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Dutch fiscal accounting policies as included in chapter II of the Wet op de Vennootschapsbelasting 1969.

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

#### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Auditors



Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit 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 company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Amsterdam, September 26, 2017.

Baker Tilly Berk N.V.

signed by

L. den Boer RA  
Audit Director