

Financial Statements 2019

Social Capital Stichting
Claude Debussylaan 46
1082 MD Amsterdam

Table of contents

	Page
MANAGEMENT BOARD'S REPORT	
Management Board's report	2
FINANCIAL STATEMENTS	
Balance sheet as at 31 December 2019	7
Statement of activities for the year 2019	8
Notes to the financial statements	9
Notes to the balance sheet as at 31 December 2019	12
Notes to the statement of activities for the year 2019	16

MANAGEMENT BOARD'S REPORT

MANAGEMENT BOARD'S REPORT

The objective

The object of the Social Capital Stichting (Foundation or SCF) is:

- to reduce global poverty and inequality in a sustainable manner through the creation of opportunities, encouraging self-reliance for individuals and communities in the broadest sense of the word;
- to cooperate with and support other social organizations that pursue the same objectives as described above; and
- to perform all and everything that is conducive thereto.

The policy to meet the objective

The Foundation tries to achieve this object, among other things, by:

- supporting partner organizations through a combination of mentoring, grants, investments and active participation in these organizations;
- providing multiyear grants for organizations which are capable of driving long term systematic changes, however do not lend themselves to earned income models;
- offering financial support which allow the partner organizations to continue to grow and improve;
- remaining in close contact with partner organizations in order to better understand their challenges, successes and methodology and to determine how the Foundations' resources both financial and non-financial could be most useful;
- identifying interesting social businesses with which the Foundation could partner and are capable of generating positive social and financial returns;
- investing in impact funds with a proven history of field level success in the areas in which the Foundation strives to make a difference;
- expanding resources and learning through participating in global foundations and impact investor networks, amplifying their best practices.

The Foundation does not intend to make a profit.

Financial information

Fundraising

The Foundation is not actively engaged in searching for funds of its activities. The annual donations are expected from the network of the board.

Expenditure of funds

In principle, all received donations are directly used to promote and support the objectives of the Foundation. However, reservations can be made to support long-term projects, which need financial support over several years. Further, reservations can be made to ensure the Foundations long-term sustainability.

Management of funds

The Foundation will receive donations on/do donations from a bank account (checking account). In time, it might be possible that a savings account is opened in order to yield interest from the donations received. Please note that the additional yielded interest will be used to fulfill the primary objective of the Foundation.

In accordance with article 1a, section d in conjunction with article 1b of the Uitvoeringsregeling Algemene Wet inzake Rijksbelastingen 1994, Social Capital Stichting will not retain more assets than in the opinion of the board is reasonably necessary to guarantee the continuity of the Foundations' work in pursuit of its objective as referred to above. Furthermore, the Foundation will state in its financial accounts the purpose for which assets are retained, as well as a reason for the amount of capital retained. Returns on the investments of the Foundation will be used to make future grants to charitable organizations.

Financial policy

Once per year, the financial statements will be published within six months after the end of the calendar year. This is in accordance with the articles of Social Capital Stichting. In general, the financial statements are prepared in compliance with article 640 of the decree for annual reporting (de Richtlijn van de Raad voor de Jaarverslaggeving voor organisaties zonder winststreven). The financial statements will be approved and confirmed by the board.

Communication on the remuneration policy of managing and supervisory directors and how this was put to practice

The board does not receive any remuneration for their services as members of the board. Reimbursement of expenses is possible. Staff compensation is in line with industry standards and fully disclosed in these financial statements.

References to and additional information about financial statements line items

As 2019 has ended we reflect on the actions pursued this year, some new directions undertaken along with continued support of existing partners. Also, we are seeking to expand our activities in East Africa and Central America, while promoting a close and trusted relationship with all our partners. Our social business partners include Goodwell III, Mali Biocarburant, ICT4D, Brighter Investments, JIBU and Penda Health. Our grantees continue to be organizations (charities) working in the field of education, income generation and job training.

SOCIAL BUSINESSEN AND FUNDS

Goodwell III Fund

This is a participation in a professionally managed impact investing fund which is investing in companies in Africa. This fund has had excellent track record and management depth. We are looking forward to seeing this fund continues to perform over the long term, thus far their updates have been positive.

ICT4D

A social business providing mobile ICT training to Kenyan youth. The young people or sometimes the government pays for training in basic computer skills for employment. This year our partnership has finalized, to our sincere disappointment, this loan will be written off and moved to consideration as a grant.

Brighter investments

A social business in which SCF has provided a loan to fund scholarships for University students in Ghana. The students receive loans for their education and repay the loan with interest as a percentage of their future income until all is repaid in full. This partner is consolidating its investment model and performing according to expected ROI. We find their model highly promising as a sustainable way of providing access to quality education and jobs for underprivileged youth. After their tested success in Ghana, they are exploring the expansion of their program into Uganda.

Mali Biocarburant

This social business managed to restart their biofuel production in Burkina Fasso. SCF provided an additional loan to support the startup of the production, along with other social investors. They have managed to build their production and sales capacity and secure some of the seed stock they require to utilize their oil presses however they had to face some production challenges and try with alternative seeds. We have an outstanding loan to this social business along with a number of other debt holders, all monitoring the company closely.

Penda Health Clinic

Penda runs and manages a series of health clinic in and around Nairobi, serving the working class people in the city. They encourage prevention, micro insurance and serve basic health care needs. The company has continued to grow and open new clinics. We have continued to monitor our equity investment and encourage their team to continue their promising work.

JIBU water micro franchises

This is a social business which provides a source of income through creating micro franchise water purification points, SCF has an outstanding loan. JIBU has launched more than 300 businesses (more than one per week) across Rwanda, Uganda, Kenya, and Zimbabwe since January 2015. JIBU franchisees have produced more than 105 million liters of drinking water during this time, serving over 300,000 consumers who on average earn less than USD 5/day.

Livelihoods

Provides sales training for youth and women selling life changing products in the slums of Kenya. 2019 Has been a year of consolidation of their activity in other regions of Kenya stretching from the tropical coast, up to Mount Kenya, Nairobi, and all the way across the Great Rift Valley. We are supporting Livelihoods to innovate in their training content and processes, by testing new target and creating courses that respond to the demand. They have introduced work readiness skills and also targeted some courses to people with a real interest on sales, so that they can become successful sales agents in their social business.

Yellow Leaf Hammocks

Social business breaking the cycle of extreme poverty through sustainable job creation. Artisan weavers from Thailand produce unique hammocks that are sold in the US market. SCF has supported this social business with a capacity building grant.

Grassroots Business Fund (GBF)

This is a combined private social investment fund and non-profit entity working to grow viable, sustainable and inclusive businesses that generate earnings or cost savings for people in Africa, Latin America and Asia. SCF has supported them with a capacity building grant, ending this year.

Sunbula

This is a fair trade organization working with 25 producer organizations located in the West Bank and Gaza Strip, and Palestinian communities inside Israel. Sunbula works to ensure the viability and sustainability of producers by supporting them in the product development, capacity-building, accessing materials, and marketing.

SUPPORT FOR NON-GOVERNMENTAL ORGANIZATIONS (NGO)

Negotiation Strategy Institute

This is an NGO which in collaboration with Harvard University is training negotiating skills to the future decision makers within the governments of Israel and Palestine and related influential government officials. Acknowledging that this intractable problem in the Middle East creates vast instability and poverty in the region, it is our hope that by supporting concrete solutions we can make a difference in the outcome. We agreed to provide a three year grant to facilitate this work.

Teach a Man to Fish

This is a long term partner of SCF. The collaboration started this year will introduce a student-led School Business as an educational tool into 54 primary and secondary schools in Rwanda through their proven School Enterprise Challenge program. It will directly nurture young entrepreneurs in each school, build teachers' capacity to inspire learning-by doing, and establish a sustainable initiative that the school could continue. This proposal includes an innovation pilot project proposal for introducing a MIS to improve program management and effectiveness.

Asante Africa Foundation

This is one of our longest term partners, supporting their Girls Advancement Program in Kenya, Tanzania and Uganda, working in remote off the paved roads communities. They promote youth leadership and training on essential skills and help them build a path towards their future either studying further, enterprising or finding

sources of income. The project is supporting the expansion of GAP program in Lushoto District in Tanzania.

Livingstone Tanzania Trust

This organization specialized in participatory development is promoting an integral development model in Babati, Tanzania. SCF has renewed the collaboration concentrating efforts in expanding the impact of the farmers program, supporting over 200 families and extending the Street Business training program amongst youth and women, while enhancing the access to self-help savings and loans groups.

Schooling for Life

This is an educational NGO in Sierra Leone. The organization runs the Skills for a Successful Future program: a unique combination of scholarships for vocational education, practical and social skills training activities and personal mentoring. SCF has supported them with a capacity building grant.

Africa Foundation

The purpose of this NGO is to uplift, up-skill and empower identified rural communities near core conservation areas. This is the last year of support from SCF as the organization has moved on to other sources of funding as our intervention aims are not completely aligned.

CODESPA

This is our first collaboration with this Spanish NGO partner and our first project together is in Guatemala, starting the expansion of SCF's work in Central America. Entretodos100% Joven aims to benefit 160 indigenous youth, 50% women, from rural areas of Chiquimula, located in the eastern dry corridor of Guatemala through financial skills and entrepreneurial training. Youth will participate in solidarity savings and credit groups, training and technical assistance for small business development.

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2019

(After proposal distribution of profit)

	31-12-2019		31-12-2018	
	EUR	EUR	EUR	EUR
ASSETS				
Fixed assets				
<i>Financial assets</i>		470.095		494.959
Current assets				
<i>Receivables</i>		61.016		60.845
<i>Cash and cash equivalents</i>		315.654		252.027
		<u>846.765</u>		<u>807.831</u>
		<u><u>846.765</u></u>		<u><u>807.831</u></u>
LIABILITIES				
Equity				
Reserve for depreciation of loans	84.659		97.091	
Other reserve	705.539		653.250	
		<u>790.198</u>		<u>750.341</u>
Current liabilities, accruals and deferred income				
		56.567		57.490
		<u>846.765</u>		<u>807.831</u>
		<u><u>846.765</u></u>		<u><u>807.831</u></u>

STATEMENT OF ACTIVITIES FOR THE YEAR 2019

	2019	2018
	EUR	EUR
Benefits		
Donations and benefits from fundraising	500.981	382.100
	<u>500.981</u>	<u>382.100</u>
Expenses		
Expenses of employee benefits	62.784	-
Impairment of assets	40.252	-
Grants	340.719	256.412
Other operating expenses	22.015	8.730
	<u>465.770</u>	<u>265.142</u>
Total of sum of expenses	465.770	265.142
Total of operating result	35.211	116.958
Revenues of receivables from fixed assets and securities	2.001	4.245
Value changes of receivables from fixed assets and securities	2.645	64.396
	<u>4.646</u>	<u>68.641</u>
Financial income and expense	4.646	68.641
Total of net result	39.857	185.599

NOTES TO THE FINANCIAL STATEMENTS

ENTITY INFORMATION

Registered address and registration number trade register

The registered and actual address of Social Capital Stichting is Claude Debussylaan 46, 1082 MD in Amsterdam Nederland. Social Capital Stichting is registered at the Chamber of Commerce under number 53170520.

GENERAL NOTES

The most important activities of the entity

The activities of Social Capital Stichting consist mainly of:
creating a non-profit foundation of engaged philanthropists with a shared vision to invest globally through partnerships or as originators of innovative aid projects which include education, healthcare and income generation for maximum sustainability.

GENERAL ACCOUNTING PRINCIPLES

The accounting standards used to prepare the financial statements

The financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

ACCOUNTING PRINCIPLES

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Social Capital Stichting can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Newly acquired participations are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the statement of activities.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognised and charged to the statement of activities.

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

Receivables

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Current assets

Current assets are initially valued at the fair value of the consideration to be received. Trade receivables are subsequently valued at the amortised cost price. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

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

General and administrative expenses

General and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods and services sold.

NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2019

FIXED ASSETS

	31-12-2019	31-12-2018
	EUR	EUR
Financial assets		
Participations	300.777	300.777
Loans	169.318	194.182
	470.095	494.959
	470.095	494.959
 Participations		
Participation Goodwell Microfinance Development Company III B.V.	207.994	207.994
Participation Penda Health Ltd	92.783	92.783
	300.777	300.777
	300.777	300.777

Participation Goodwell Microfinance Development Company III B.V.

Social Capital Stichting entered a deed of adherence with Goodwell Microfinance Development Company III B.V. Amsterdam, stating Social Capital Stichting shall take a participation in Goodwell Microfinance Development Company III B.V. of EUR 250.000 in capital contribution and EUR 14.244 in subscription premium. The remaining capital contribution of EUR 56.250 will be paid upon capital call by the participation. At 31 December 2019 Social Capital Stichting holds 1,00% of the nominal capital.

Participation Penda Health Ltd

In 2018 the loan to Penda Health Ltd. was converted into shares in the capital of Penda Health Ltd. Social Capital Stichting owns 14 shares at the amount of USD 106.180 which represents 0,52% of the total shares.

	31-12-2019	31-12-2018
	EUR	EUR
Loans		
JIBU	17.803	17.477
ICT4D Kenya	-	39.322
Brighter Investment	89.015	87.383
Mali Biocarburant S.A.	62.500	50.000
	169.318	194.182
	169.318	194.182

**Social Capital Stichting
Amsterdam**

	2019	2018
	EUR	EUR
JIBU		
Book value as at 1 January	17.477	24.349
Currency translation differences	326	1.226
Amortization in financial year	-	(8.098)
	17.803	17.477
Book value as at 31 December	17.803	17.477

The initial amount of this loan is USD 20.000. This loan was provided in 2014. The interest rate is 5%.

	2019	2018
	EUR	EUR
ICT4D Kenya		
Book value as at 1 January	39.322	36.524
Currency translation differences	-	2.798
Impairments	(39.322)	-
	-	39.322
Book value as at 31 December	-	39.322

The initial amount of this loan is USD 20.000 on 28 April and USD 25.000 on 18 November 2016. This loan had a duration till 15th of May 2018 respectively 1st of April 2018. The interest rate is 1%. It is not expected that the loan will be repaid and is written off to the result in 2019.

	2019	2018
	EUR	EUR
Brighter Investment		
Book value as at 1 January	87.383	81.164
Currency translation differences	1.632	6.219
	89.015	87.383
Book value as at 31 December	89.015	87.383

The initial amount of this debt obligation is USD 35,000 on the 2nd of August 2016 and USD 30,000 on the 19th of October 2016. On 31 August 2017 USD 35,000 was provided. Repayment after 12 years, expected return on investment is 9%.

**Social Capital Stichting
Amsterdam**

	2019	2018
	EUR	EUR
Mali Biocarburant S.A.		
Book value as at 1 January	50.000	50.000
Additions in financial year	12.500	-
	62.500	50.000
Book value as at 31 December	62.500	50.000

The interest rate is 2%. Type of security: Subordinated Variable Payment Debt Obligation (Demand Dividend).

CURRENT ASSETS

	31-12-2019	31-12-2018
	EUR	EUR
Receivables		
Other amounts receivable	61.016	60.845
	61.016	60.845
Other amounts receivable		
Interest loans receivable	4.766	4.595
Receivable Goodwell Microfinance Development Company III B.V.	56.250	56.250
	61.016	60.845
Interest loans receivable		
JIBU	1.738	1.748
ICT4D Kenya	-	930
Mali Biocarburant S.A.	3.028	1.917
Total	4.766	4.595
Cash and cash equivalents		
Rabobank	242.735	153.241
Triodos Bank	72.919	98.786
	315.654	252.027

Equity

Movements in equity were as follows:

	Reserve for depreciation of loans	Other reserve	Total
	EUR	EUR	EUR
Balance as at 1 January 2019	97.091	653.250	750.341
Appropriation of result	-	39.857	39.857
Movement	(12.432)	12.432	-
Balance as at 31 December 2019	<u>84.659</u>	<u>705.539</u>	<u>790.198</u>

Reserve for depreciation of loans

This reserve is formed for 50% of all outstanding loans.

	<u>31-12-2019</u>	<u>31-12-2018</u>
	EUR	EUR
Current liabilities, accruals and deferred income		
Accounts payable	-	1.240
Other liabilities and accrued expenses	56.567	56.250
	<u>56.567</u>	<u>57.490</u>
Other liabilities and accrued expenses		
Administrative fees payable	317	-
Remaining capital call Goodwell III B.V.	56.250	56.250
	<u>56.567</u>	<u>56.250</u>

NOTES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR 2019

	2019	2018
	EUR	EUR
BENEFITS		
Donations and benefits from fundraising	500.981	382.100
	500.981	382.100
EXPENSES OF EMPLOYEE BENEFITS		
Wages and salaries	45.171	-
Social security charges and pensions cost	9.353	-
Other expenses of employee benefits	8.260	-
	62.784	-
IMPAIRMENT OF ASSETS		
Write off loans (incl. interest)	40.252	-
	40.252	-
GRANTS		
Grants to Social Businesses & Funds and NGO's	340.719	256.412
	340.719	256.412
Grants to NGO's		
Teach a man to fish	68.123	17.337
Assante African Foundation	60.640	50.324
Livingstone Tanzania Trust	22.300	53.171
Livelyhoods	23.534	23.445
Grassroots	22.695	21.683
Shades Inc.	22.492	20.585
Yellow Leaf Hammocks	22.485	20.246
Rutu Capacity building	10.000	10.000
Stategic energy	-	2.000
The African foundation	23.450	22.621
Sunubula Charitable Society	-	15.000
Schooling for life	30.000	-
Fundacion Codespa	35.000	-
Total	340.719	256.412
OTHER OPERATING EXPENSES		
Office expenses	16.677	3.689
General expenses	5.338	5.041
	22.015	8.730

**Social Capital Stichting
Amsterdam**

	31-12-2019	31-12-2018
	EUR	EUR
Office expenses		
Bookkeeping	9.384	3.689
Travel and accommodation	7.293	-
Total	16.677	3.689
General expenses		
Subscriptions	58	4.189
Consultancy expenses	3.057	357
Banking expenses	520	495
Other general expenses	1.703	-
Total	5.338	5.041
 INTEREST OTHER RECEIVABLES		
Interest loans	2.001	4.245
Interest loans		
Penda Health Ltd	-	786
Mali Biocarburants	1.111	1.000
JIBU	890	2.269
Livelyhoods	-	(203)
ICT4D Kenya	-	393
Total	2.001	4.245
 VALUE CHANGES OF RECEIVABLES FROM FIXED ASSETS AND SECURITIES		
Exchange value changes of other receivables	2.645	64.396

Amsterdam, 22 May 2020
Social Capital Stichting



L.O. De Vere
Director, Board member



C.S.P. van Leeuwen
Director, Board Member



T.A. Rodrigues Pereira
Director, Board Member