

Annual report 2019

FairMatch Support Foundation

2 April 2020



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1. Management Board Report

1.1 General introduction

In 2017 FMS developed a 'mid-term strategy 2018-2021' for FMS with clear guidance for the future on a number of subjects. This annual plan report looks back at the third year of this mid-term strategy.

Over the last years a trend was seen in the increased access to funding supply chain development in Western Africa. Reasoning for this is the objective of the EU to try to create jobs in the region to stop the flow of immigrants into Europe. This resulted in a decrease in funds in Southern- and Eastern Africa and Central Asia. As a result most of the FMS activities in 2019 were therefore also concentrated in Western Africa (Burkina Faso, Ivory Coast, Mali, Sierra Leone, Ghana). During 2019 FMS however continued to look for possibilities in the other regions to be able to spread the portfolios over more regions to manage possible risks.

Over all the portfolio stabilised after the difficult year of 2018 but the balance over the regions is still a challenge.

1.2 Mission and Vision

FairMatch Support aims to work on the development of sustainable supply chains together with an increasing number of public and private sector partners. To give a clear direction to its activities FMS has formulated its mission as follows:

'FairMatch Support believes that sustainable production and a fair profit distribution for everyone involved in global, agricultural supply chains is possible.'

FMS develops sustainable agricultural supply chains. We balance concrete market demand with fair and sustainable principles. Co-creation and long-term collaboration are key.

With deep knowledge and extensive experience FMS improves and accelerates sustainable business. Our international organisation of committed people supports companies in finding new sustainable sources, and producers in finding new markets and professionalizing their business.'

FMS is an impact-oriented organisation targeting the improvement of the (income) position of producers and has the vision that their supply chain projects will enhance the transparency within the chain, thereby improving the overall performance and value creation within the chain.

Value creation and growth in a sector will not jeopardise environmental sustainability, nor the health and wellbeing of all people working within the chain.

1.3 Composition of the Management Board (Foundation/Limited)

Since April 2017 the board of the Limited (BV) consists of one member: the Executive Director, Herman uit de Bosch. Senior staff is invited to provide input in the management of the organisation.

Mr H. uit de Bosch (Executive Director)

Herman uit de Bosch graduated at Wageningen University is one of the founders of FairMatch Support. He has over thirty years of working experience in innovative supply chain development, matching companies to (small-scale) producers and vice versa. He has been involved in developing new supply chains with a variety of companies like Ahold, Unilever, Intersnack, OLAM and many others in a range of commodities; nuts, fruits and vegetables, timber, cotton etc. He has also played a major role in the start-up of various initiatives.

To operate according to good governance rules and to avoid a conflict of interest in the shareholders meeting of the Ltd (BV), the supervisory board of the Foundation (Stichting) transferred its authority to the supervisory board in the shareholders meeting and operates as the majority shareholder.

1.4 Organisational structure

FairMatch Support consists of two administrative organisations, *FairMatch Support foundation* (Stichting) and *FairMatch Support Limited (Ltd)*. *FairMatch Support foundation* has a management board that is consisting of the Executive Director of the Limited. Next to the management board there is a supervisory board that is controlling the management board. The report of the supervisory board is presented in chapter 2 of this report.

FairMatch Support Ltd is managed by a management board. The report of the management board can be found in chapter 1.4 of this document. The foundation has a 51% share in FairMatch Support Ltd.

For the foundation and the limited annual reports are presented as well as a consolidated annual report. This report contains the consolidated annual report and the foundation report. A separate report is prepared for the annual report FairMatch Support Ltd.

1.5 Summary of the reporting year

As a result of the 2018 acquisition the portfolio was quite full in 2019. We mainly worked on a number of larger projects in Burkina Faso, Ivory Coast, Sierra Leone and Mozambique. New initiatives were started in Ghana on Cashew and in Nigeria on beeswax.

The franchise with FMS West-Africa is going well and activities are increasing as a result of external funds being available for this region. The development of FMS Central-Asia is going slower than expected. Although there have been quite some activities and several options were pushed, this has not yet resulted in contracts.

The number of activities in Sierra Leone increased during 2019. Therefore we will initiate a trajectory with our designated partner Julia Consulting to see whether this can be developed to a third franchise partner for FMS. This franchise would focus on Sierra Leone and Liberia.

FMS is still running the secretariat for the Sustainable Nut Initiative (SNI). In 2019 SNI was able to secure a large grant, which will allow FMS to continue to play its role within SNI.

In 2019 two of our long-term staff members unfortunately left the organisation. Although we have been able to recruit two new staff members it has not been easy to find the right candidates. An increase in the number of staff members has therefore not yet materialised.

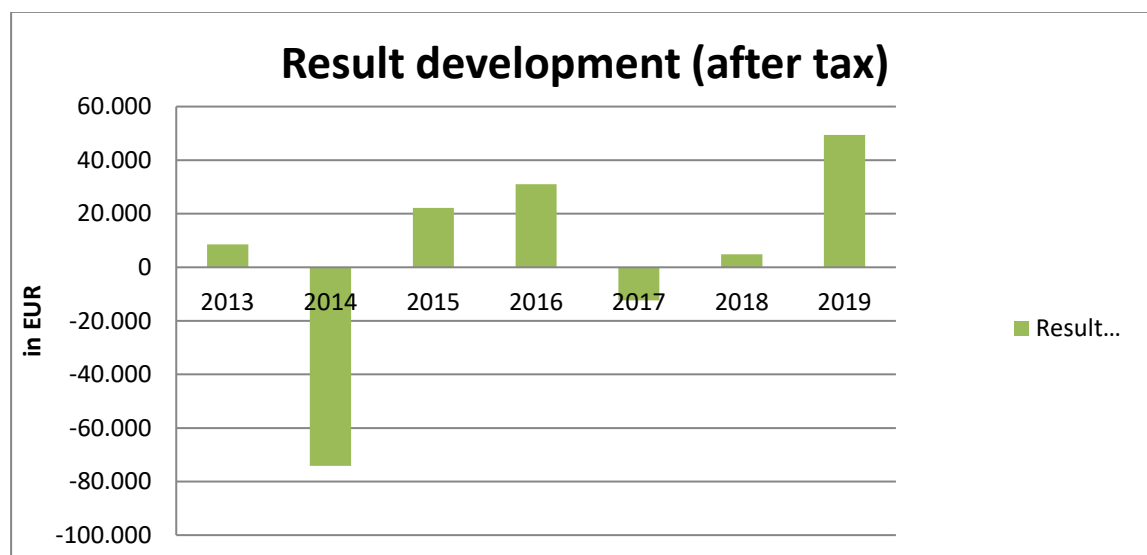
1.6 Consolidated Financials

Result

2019 has been finalised with a positive result of 50K (2018 profit of €4.8k) after taxes. This is a solid result. It is however lower than the budgeted result of 72K. This is mainly caused by the fact that income was lower than budgeted due to the fact that it was difficult to find the right replacement (in time) for staff leaving the organisation. We further had anticipated on increasing the number of staff members, which has not materialised.

Due to departures and the difficulty in hiring the right persons the average number of FTE's decreased.

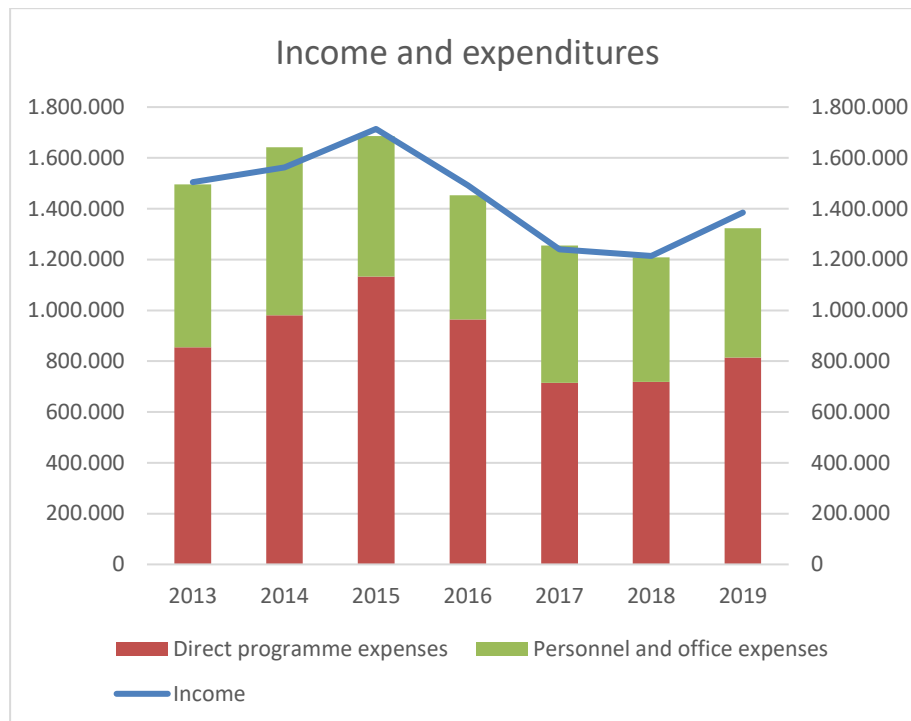
Due to the corona virus and the current situation it has been decided to pay no dividend for this year so the organisation has a better change to deal with the current situation.



Graph 1: Result development

Income and expenditure

Overall income in 2019 was € 1,385k which was higher than in 2018 (1,214k) as a result of increased activities in West Africa. This is income received from both private as well as public organisations. The income derives for a large part from multi-year contacts. It further includes an adjustment to the accrual expenses, which has been adjusted to the appropriate level.



Graph 2: Income & expenditures

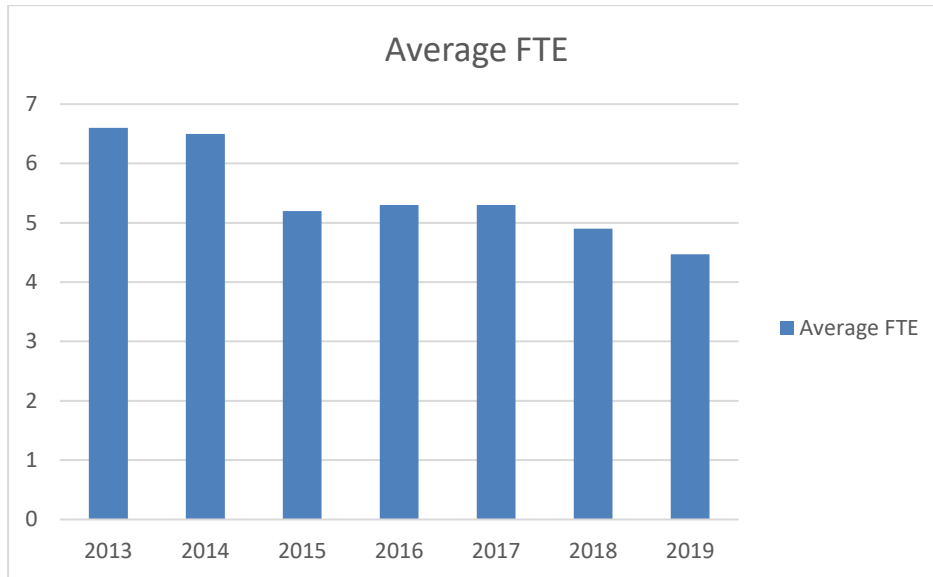
Direct programme expenses have increased from 719K in 2018 to 814K in 2019 as a result of the larger volume of the portfolio. Our designated partners in the different countries carry out a greater portion of the project activities. This has been captured under direct programme expenses. Personnel and office expenses have increased slightly in comparison to 2018, from 489K in 2018 to 509K in 2019. This is mainly caused by higher personnel costs. After a small positive result in 2018 this year has ended with a considerable positive result of 50K (after tax).

Looking back over the period 2013 – 2019 total Income has been 10,164K and while expenditures were 10,117K. This led to an overall result of 47K or 0.005% over a 7-year period.

This is the result of working in a niche market. What FMS aims to achieve is innovation in the supply chain, which requires for both the field as the companies to work in a different / innovative manner. The trajectories followed are innovative and the might not always be fully covered in the proposals. We further see a tendency of increasing administrative requirements with projects financed by public funds. For example the project audit requirements on top of the FMS organisational audit which is annually carried out. The requirements from every public funder are different and not uniform and often not shared at the moment of preparing proposals and budgets. Therefore a greater portion of the time allocated in a project needs to be spend on administrative and financial reporting. As a result FMS works with a very small margin in relatively high risk projects. Although our hourly fees have slightly increased from € 93.75 in 2017 to € 110 this is still a fragile margin and allows us to only just cover our costs.

Staffing

During 2019 the average FTE level reduced to an average 4.47 FTE in comparison to 4.9 average FTE in 2018.



Graph 3: average FTE per year

During 2019 two staff members left the organisation and two new staff members joined the organisation. The difference is therefore mainly related to the timing of the recruitment of new staff.

On 31 December 2019 FairMatch Support had five staff members, who worked mostly part-time, totalling 4 FTE (snapshot).

Reserve development



Graph 4: reserve development

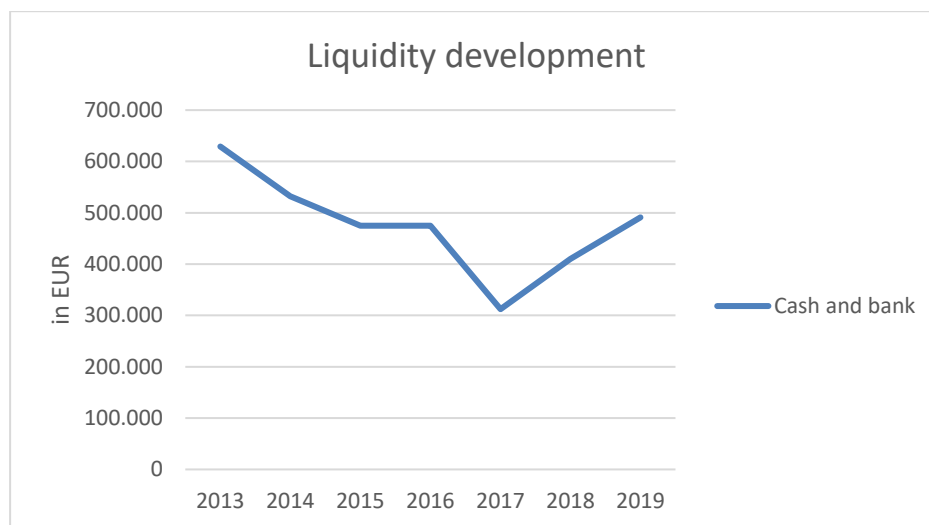
The reserves consist of the *continuation reserve*, a *reserve fixed assets*, and a *designated fund farmers segmentation*. Together they total € 315k.

The *continuation reserve* is 293k. In 2019 20K from the continuation reserve was allocated to a *designated fund farmers segmentation*. This is an FMS initiated, conducted and partly financed research looking into the possibilities of farmers segmentation in Western Africa.

The remainder of the continuation reserve is used as reserve in case of financial difficulties. The aim set by the supervisory board is to have a continuation reserve of between 6 and 9 months of the organisational expenditures. The organisational expenditures are €510k in 2019, which amounts to 6.9 months and is therefore well within the boundaries set by the supervisory board.

The *reserve fixed assets* reflects the book value of the tangible and intangible assets and has a value of € 2,406.

Liquidity development



Graph 5: liquidity development

The means of liquidity increased with € 81k compared to the end of 2018, which is mainly caused by the higher level of activities and invoicing to customers in 2019.

1.7 Outlook for 2020

It is expected that early 2020 the staffing will be complete again with two new staff. One replacement of a staff member that left the organisation in 2019 and a new staff member. The portfolio is increasing and looks good but still quite some attention needs to be paid to have a full portfolio for the whole year and be able for the next steps to grow.

The main activities will take place in West Africa but building the portfolio in Central Asia and East and Southern Africa will remain focus points. In 2020 initial steps will be taken to see whether our dedicated partner in Sierra Leone can become a franchise partner. It is expected this trajectory will take a period of approximately two years.

In 2020 a next step will be made towards moving 'from subsistence to professional farming'. The 'internal' project started in 2019 to develop tools to reach the 'future professional farmers' in the current pool and to get the right setting for the inventory of their needs to make a next step in their performance as a farmer. The internal project is making use of 2-3 existing projects in which the new tools are developed. The project will be finalised in the course of 2020.

The current Corona situation is creating a serious challenge for FMS like for most organisations both in Europe as well as abroad. No one can exactly know what will be the outcome for their organisation/company at this stage. In our case it is not only depending on what happens in Europe but as well what will in Africa. For the moment FMS has a good 'buffer' so should be able to survive if the crisis during the coming 12 months. The major risk is in the mid-term as we probably have been using part our reserves to survive. In the current setting in which payments are done every time at a later stage; the liquidity might become an issue in the mid-term. The level of this risk will all depend on the time this crisis will take for both FMS in The Netherlands as well as in Africa and Central Asia.

At this stage we use the time frame to prepare new proposals in order to prepare ourselves best to get into business when the crisis is over.

Budget 2020

		2020
Total Revenue (including project partners)	1,401,378	
Total direct costs FMS & project partners	<u>-762,906</u>	
FMS revenue		638,472
Franchise income		<u>44,000</u>
Total net revenue		682,472
Personnel costs	546,673	
Office rent and housing	27,960	
Office costs	21,620	
Overhead	34,150	
Transport & travel	500	
Taxes (non-refundable VAT)	<u>11,727</u>	
Total expenses		642,630
Depreciation material fixed assets	1,700	
Depreciation immaterial fixed assets	<u>2,000</u>	
		<u>3,700</u>
<i>Net result before taxes</i>		36,142
Taxes on income		-7,228
Net result after taxes		<u>28,914</u>

1.8 Risks

The main risks for the organisation, which have been identified and experienced during 2019 are the following:

- Decreasing size of the volume of the projects: smaller projects demand relatively more acquisition and attention and therefore the margins are getting under further pressure. Therefore we continue to work on a number of larger projects to minimise this risk.
- Increasing administrative and financial requirements with financial consequences from funding agencies which become only apparent after proposals and budgets have been approved. Active discussions with funding agency during the proposal phase of projects will allow for this to be clear from the start of developing the project.
- Good staffing: the number of specialists in this field is limited which is creating a higher risk in recruitment and a quality and continuity risk for the organization. Internal training of young professionals and a broader team is seen as a good answer to this risk.
- Withdrawing governments in the field of development support is creating fewer options for this kind of work in the future; a good balance between private and public funds is therefore needed.

1.9 Governance measures

Organisational structure

The organisation has:

- An (unpaid) Board for the Foundation,
- A management board for the Limited and
- An overall Supervisory Board.

The board of the Foundation does not receive any remuneration.

The Executive Director of the Limited is acting as the official board of the foundation. In order to avoid a conflict of interest and to promote good governance, the board of the foundation has transferred its position in the shareholders meeting to the Supervisory Board in the setting of a privative statement.

The roles of the Supervisory Board are:

- to monitor whether the organisation is working according to its set principles in its vision and mission,
- to monitor the progress of the goals of the organisation as set in the annual work plan; ask the board of directors (critical) questions and provide guidance if required; and obtain third party advice or information if necessary;
- to operate as the major shareholder representation in the shareholders meeting of the Limited.

General organisation-level controls

Ethics: the board of directors sets out three principles of proper practice: reliability, traceability, and independency.

Systems: FMS operates with an on-line 'in the cloud' project management- and financial system. The system consists of a detailed budget- and planning tool. An integrated workflow tool covers approval procedures of project costs. User access and data security is managed by a professional external hosting service provider.

Internal controls

Cash management: a 'two pair of eyes'- principle applies for all transfers of liquid funds.

The payroll is outsourced to an external service provider.

Amersfoort, 2 April 2020

H. uit de Bosch
Executive Director

2. Report of the Supervisory Board:

2.1 Composition

During 2019 the supervisory board consisted of the following persons:

Mrs D. Pit, member since September 2015, chairperson since December 2018

Daphne Pit is owner of the consultancy Pit Pure Power. She has experience in sustainable energy and supply chains in both corporate and mission driven (NGO) organizations. Daphne became chairperson in December 2018.

Mr A.J. van den Bos, member since September 2015

Aart van den Bos is an entrepreneur with a wide range of experience in many continents. He has set up various agribusiness companies in different emerging countries over the years. It gives him energy when he gets the chance to combine social, ecological and financial success.

Mrs J.P. van der Ven, member since September 2015

Joke van der Ven is working as senior investment officer for the Triodos Sustainable Trade Fund, providing finance for the development of sustainable value chains covering emerging markets. She has been active in different positions in the area of enterprise development and agribusiness in Africa and Latin America over the past 20 years.

FairMatch Support has the objective to have people with different backgrounds and in related work fields in its supervisory board, worked out well.

2.2 Supervisory role

The responsibility for day-to-day management of the organization lies with the Board of Management. The role of the Supervisory Board is to supervise the Board of Management and to take decisions as required by the articles of association and the regulations. The Supervisory Board also plays the role of sounding board to the Management Board.

The Supervisory Board met three times in 2019, in April, September and December. During the April meeting the annual report and annual accounts were discussed. The September meeting focused on a general update on the results through August, while during the December meeting the annual plan 2020 was discussed and approved.

The main areas of discussions and decision in the Supervisory Board were:

- Approval of the annual report of 2018 and discharge of the Board of Directors;
- Narrative and financial reports;
- Discussion on the budget for 2020;
- Internal organisation.

Amersfoort, 2 April 2020

A.J. van den Bos
Member

J.P. van der Ven
Member

D. Pit
Chairperson



3. Consolidated financial statements 2019

3.1 Balance Sheet as per 31 December (in €)

After appropriation of result

(The numbers in parentheses refer to the Explanatory Notes)

	31/12/2019	31/12/2018
Tangible Fixed Assets (1)	2,405	2,736
Long-term receivables public projects (2)	371,564	557,405
Long-term receivables private projects (2)	20,310	119,745
Sub-total long-term receivables	391,874	677,150
	394,279	679,886
Receivables public projects (2)	625,306	574,920
Receivables private projects (2)	207,172	393,050
Accounts receivables (3)	230,877	140,693
Advance payments (4)	66,347	103,087
Sub-total receivables	1,129,702	1,211,750
Liquidities (5)	490,746	410,101
Total Assets	2,014,727	2,301,736
Liabilities		
Reserves (6)		
Continuation reserve	292,842	312,511
Reserve fixed assets	2,406	2,737
Reserve participation foundation (A)	48,930	23,245
Sub-total reserves	344,178	338,493
Shares capital foundation in FMS Ltd(A)	51	51
Minority shareholding FMS Ltd	41,638	16,961
Designated reserve (7)		
Designated reserve farmers segmentation	20,000	0
Long-term liabilities (8)		
Long-term liabilities for public projects	355,875	592,676
Long-term liabilities for private projects	21,323	116,740
Sub-total long-term liabilities	377,198	709,416
Short-term liabilities (9 + 10)		
Short-term liabilities for public projects (9)	763,330	612,668
Short-term liabilities for private projects (9)	240,671	372,080
Accounts payable (10)	147,465	153,336
Salaries and taxes (10)	31,720	30,115
Company tax & Value Added Tax (10)	26,294	13,184
Received in advance (10)	0	50,000
Other liabilities and accrued expenses (10)	22,182	5,432
Sub-total short-term liabilities	1,231,662	1,236,815
Total Liabilities	2,014,727	2,301,736



3.2 Consolidate income and expenditure statement 2019 (in €)

(The numbers in parentheses refer to the Explanatory Notes)

	Actuals 2019	Budget 2019	Actuals 2018
Income (11)			
Committed public projects	823,364	738,776	1,170,376
Committed private projects	254,554	517,204	532,246
Total income	1,077,918	1,255,980	1,702,622
Movement in public and private projects (11)	254,924	0	-553,661
Available income for the year	1,332,842	1,255,980	1,148,961
Franchise income (12)	51,555	46,667	65,153
Other benefits	959		13
Total income	1,385,356	1,302,647	1,214,127
Expenditures			
Programme expenditures (13)			
Programme costs public projects	630,087	476,568	584,992
Programme cost private projects	156,219	161,683	149,639
Programme efficiencies	27,919	0	-15,565
Direct programme expenditures	814,225	638,251	719,066
Organisational expenditures (14)			
Personnel	421,795	485,133	401,125
Office accommodation	26,607	26,700	26,271
Office expenditures	58,859	60,407	55,001
Depreciation	1,694	1,866	1,828
Other costs	0	0	4,786
Sub-total organisational expenditures	508,955	574,106	489,011
Total expenditures	1,323,180	1,212,357	1,208,077
Results before tax	62,176	90,290	6,050
Company tax	11,813	18,058	1,210
Result after tax	50,363	72,232	4,840
Minority interest	24,679	35,394	2,372
Net result foundation	25,685	36,838	2,468
Result allocation			
Continuity reserve	-19,669	-20,000	0
Reserve fixed assets	-331	0	0
Reserve participation foundation (A)	25,685	36,838	2,468
Designated reserve farmers segmentation	20,000	20,000	0
Total net result foundation	25,685	36,838	2,468



3.3 Consolidated Cash flow statement (in €)

	2019	2018
Cash flow from operating activities		
Reserves	25,685	2,468
Minority shareholding FMS BV	<u>24,678</u>	<u>2,372</u>
	50,363	4,840
Adjustments for:		
- Depreciation of fixed assets	1,694	1,826
Changes in working capital		
- Receivables	82,048	-791,280
- Short-term liabilities	<u>-5,153</u>	<u>975,671</u>
	76,895	184,391
Cash flow from operational activities	128,951	191,058
Cash flow from investment activities		
- Investments in fixed assets	-1,363	0
- Adjustments in long-term assets	<u>285,275</u>	<u>283,054</u>
	283,912	283,054
Cash flow from financing activities		
- Long-term liabilities	-332,218	376,226
Increases / decreases in liquidities	80,645	97,886
Liquidity movements		
Cash and cash equivalents as of 1 January	410,101	312,214
Increase / decrease in cash and cash equivalents	<u>80,645</u>	<u>97,886</u>
Cash and cash equivalents as of 31 December	490,746	410,101

3.4 Explanatory notes for the annual accounts

FairMatch Support Foundation

FairMatch Support Foundation is located at Grote Koppel 8 in Amersfoort. The FairMatch Support Foundation was established in 2007. It is registered with the Chamber of Commerce in Amersfoort under number 817692319.

The Dutch Tax and Customs Administration has designated FairMatch Support Foundation as an 'Institution of General Interest' (Algemeen Nut Beoogende Instelling, ANBI).

FairMatch Support Limited

FairMatch Support Limited is located at Grote Koppel 8 in Amersfoort. The FairMatch Support Limited was established in 2014. It is registered with the Chamber of Commerce in Amersfoort under number 854673015.

The relationship between FairMatch Support Foundation and FairMatch Support Limited has been described in point 1.5

Guiding principles

The annual accounts are prepared in accordance with the accounting guideline for not for profit organisations ('Directive 640) of the Dutch Accounting Standards Board (DASB).

Accounting principles

General

The accounts concept applied to the value of assets and liabilities are based on historical costs. Revenue and expenses are allocated to the period to which they are related.

The comparative figures for the previous year are modified as appropriate in terms of classification only for comparison purposes.

The consolidated annual accounts include the following entities:

- FairMatch Support Foundation (Stichting)
- FairMatch Support Ltd (B.V.)

Foreign currency

The currency of reporting is the Euro. Transactions in foreign currencies are recalculated at the exchange rate on the transaction date. Exchange rate differences are stated under 'office costs' and have been applied to the credit or debit of the profit and loss account.

Transactions during the year and amounts receivable and payable at year-end denominated in foreign currencies are translated at the rates applicable at the time of transaction and the year-end respectively. Resulting exchange differences are charged or credited directly to results.

Fixed assets

The fixed assets are valued at their acquisition value and are subject to the deduction of linear depreciation based on their estimated economic lifetime.

The following percentages are used:

Office furniture and equipment: 20%

Computer equipment: 33%

Software: 33%

Short-term receivables are stated net of any provision required for doubtful amounts.

Reserves and participation

FairMatch Support makes a distinction between funds and reserves.

The continuation reserve consists of freely disposable capital, which provides security for the continuity of the organisation.

In 2012 FairMatch Support supervisory board has discussed the level of the reserve with the external auditor in line with practices in the industry. Therefore FairMatch aims at maintaining a continuity reserve that is sufficient to cover a minimum of six months and a maximum of nine months of the anticipated organisational expenditures (50% to 75% of the annual expenses).

Reserve participation consists of the participation of FairMatch Support Foundation in FairMatch Support Ltd. Minority shareholding is the minority share in FairMatch Support Ltd.

Annual profits or losses are charged to these participations in accordance with their share (51% and 49% respectively).

Reservation project inefficiencies is a reservation for anticipated project inefficiencies observed during the implementation period of the project.

Designated fund farmers segmentation is a fund created out of the continuation reserve to finance the by FMS conducted research to the possibilities for farmer segmentation in West Africa.

Funds

Funds are project funds with a specific destination as stipulated in a contract. The balances of funds are designated to the continuation of the specific projects, in line with the objectives indicated in the contract.

Income and expenditures

Income and expenditures are accounted for at a historical costs basis in the year to which they relate.

Donations are taken into the income when committed based on the budget period. Movements in funds (being the unspent or overspent committed donations) are deducted from the committed donations in order to show the available donations for the current year.

Pension

Since 1 September 2017 FairMatch Support has a defined contribution pension scheme. In this pension scheme there is no own/additional contribution for employees. The premiums payable are accounted for as a charge in the profit and loss account. Insofar as the premiums payable have not yet been paid, they are included in the balance sheet as an obligation.

Cash flow statement

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the balance sheet items cash at bank. Cash flows in foreign currencies have been translated at estimated average exchange rates.

3.5 Explanatory notes for the balance sheet

1. Intangible- and fixed assets

The movement in intangible- and fixed assets can be specified as follows:

	Office furniture & equipment	Computers	Software	Total 2019	Total 2018
Acquisition value					
Balance as of 1 January	24,327	39,868	35,443	99,638	99,638
Additions	0	1,363	0	1,363	0
Balance as of 31 December	24,327	41,231	35,443	101,001	99,638
Depreciation					
Balance as of 1 January	21,630	39,829	35,443	96,902	95,074
Depreciation	1,541	153	0	1,694	1,828
Balance as of 31 December	23,171	39,982	35,443	98,596	96,902
Book value as of 31 December	1,156	1,249	0	2,405	2,736
Annual depreciation	20%	33%	33%		

One computer was bought in 2019. No other investments were made.

2. Receivable funds

Receivable funds provide an overview of running contracts with public and private partners at the beginning and at the end of 2019. In total a decrease in contract value took place of € 421k, as a result of the finalisation of some multi-annual contracts. New long-term project proposals are being developed and discussed with partners and funders at this moment.

Receivable project funds

Project receivables	2019	2018	
Balance as of 1 January public projects	1,132,325	750,200	
Balance as of 1 January private projects	512,795	353,318	
Balance receivable funds as of 1 January	1,645,120		1,103,518
Changes in public projects	-135,455	382,125	
Changes in private projects	-285,313	159,477	
Changes in public and private projects	-420,768		541,602
Balance as of 31 December public projects	996,870	1,132,325	
Balance as of 31 December private projects	227,482	512,795	
Balance project receivable as of 31 December	1,224,352		1,645,120

The receivable funds relate to the full period of the contract. The payment terms are an integral part of the contract. In accordance with the contracts the funds have been divided into short-term receivables, these funds are expected within the next year. Long-term receivables are expected over a period longer than one year.

Short-term and long-term receivables	<= 1 year	> 1 year	Total
Receivable public projects	625,306	371,564	996,870
Receivable private projects	207,172	20,310	227,482
Total short-term and long-term receivables	832,478	391,874	1,224,352

3. Accounts receivable

The receivables are short-term assets. These include invoices to customers, which were not yet been paid by 31 December 2019. 30% Of these invoices have been received by the end of February 2020. A provision of €5K has been created to cover a future liability of public partners not refunding the total amount of costs spend and claimed on a project. The loan, which was provided to a sub-contracting party, has been repaid to FMS in 2019.

Receivables	2019	2018
Account receivables	230,875	138,181
Other receivables	2	12
Outstanding loan	0	2,500
Balance as of 31 December	230,877	140,693

4. Advance payments

At the end of 2019 advance payments consists pre-payments provided to designated sub-contractors of FairMatch Support, office rent and pre-payments for some insurances.

Advance payment	2019	2018
Pre-payments subcontractors	60,000	96,843
Pre-payments rent & services	6,094	5,968
Other pre-payments	253	276
Balance as of 31 December	66,347	103,087

5. Liquidities

The cash and bank balances are free disposable liquidities except for the guarantee account. This account with a balance of € 7k is a three month guarantee for the lease of the office accommodation. Liquidities increased as a result of the timely settlement of invoices by our debtors at the end of the year.

Liquidities	2019	2018
Cash	199	151
Current and savings accounts	490,548	409,950
Balance as of 31 December	490,747	410,101

6. Reserves

The purpose of the continuation reserve is to cover the risks in the short-term and to ensure that FairMatch Support can also meet its obligations in the future. In 2019 part of the continuation reserve (20K) has been allocated to a designated funds to finance the FMS conducted research in the possibilities to farmers segmentation.

Continuation reserve	2019	2018
Balance as of 1 January	312,511	310,685
Additions / deductions	-19,669	1,826
Balance as of 31 December	292,842	312,511

Actual organisational cost are € 510k in 2019 while the actual continuity reserve is € 293k. This is 57% or 6.9 months and well within the aimed bandwidth set by the supervisory board.

Reserve fixed assets	2019	2018
Balance as of 1 January	2,737	4,563
Withdrawals	-331	-1,826
Balance as of 31 December	2,406	2,737

The reserve fixed assets reflects the book value of the intangible and fixed assets.

The reserve participations has developed as follows:

Reserve participation (A)	2019	2018
Balance as of 1 January	23,245	20,777
Additions/deduction	25,685	2,468
Balance as of 31 December	48,930	23,245

Shares capital foundation in FMS ltd (A)	51	51
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Reserve participation reflects the value of the share in profit and losses of FairMatch Support Foundation in FairMatch Support Ltd.

The shares and reserve of the minority shareholder has developed as follows:

Balance as of 1 January	16,912	14,540
Appropriation of result	24,678	2,372
Balance as of 31 December	41,589	16,912
Shares minority shareholder (Shares B)	49	49
Shares and reserve minority shareholder (B)	41,638	16,961

Due to the corona virus and the current situation it has been decided to pay no dividend for this year so the organisation has a better chance to deal with the current situation.

7. Designated reserve

As mentioned before a designated reserve was created to fund an FMS initiated research on farmers segmentation. This reserve is to cover the costs of staff working on this activity. The reserve will be used in the coming two years.

Designated reserve farmers segmentation	2019	2018
Balance as of 1 January	0	0
Addition/deduction	20,000	0
Balance as of 31 December	20,000	0

8. Fund development

Fund development provides an overview of the contractual commitments with public and private partners and the expenses already made against these contracts. The balance of project funds indicates the level of expenditures, which are budgeted for in the coming years.

Long-term liabilities	Balance project fund 1/1/2019	Commitments 2019	Depletion 2019	Project efficiencies	Balance project fund 31/12/2019
Public projects	1,205,345	823,364	908,664	-840	1,119,205
Private projects	488,818	254,554	434,868	-46,510	261,994
Total long-term liabilities	1,694,163	1,077,918	1,343,532	-47,350	1,381,199

The commitments of the funds relate to the full period of the contract.

In accordance with the contracts the funds have been divided in short-term and long-term liabilities.

Short-term and long-term liabilities	<= 1 year	> 1 year	Total
Liabilities public projects	763,330	355,875	1,119,205
Liabilities private projects	240,671	21,323	261,995
Total short-term and long-term liabilities	1,004,001	377,198	1,381,199

9. Short-term liabilities

Accounts payable include outstanding amounts to service providers and are all to be settled in early 2020. Salaries and taxes include reservations for holiday allowance and social security payments. It further includes a reservation for outstanding leave days. Other liabilities and accrued expenses include, amongst others, the reservation for the auditor's fee and amount for project inefficiencies which took place in 2019 and will be settled at the end of the project.

Short-time liabilities	2019	2018
Accounts payable	147,465	153,336
Salaries and taxes	31,720	30,115
Company tax and VAT	26,294	13,184
Received in advance	0	50,000
Other liabilities and accrued expenses	22,182	5,432
Balance as of 31 December	227,661	252,067

10. Obligations not included in the balance sheet

FairMatch Support has a tenancy agreement for the premises at Grote Koppel 8, Amersfoort. This agreement will end 30 September 2020. The rental commitment through the end of the contract is valued at € 18,282 (price value 2019). A bank guarantee of € 7k has been issued as a security in favour of the landlord.

3.6 Explanatory notes for the income and expenditures statement

11. Income

Income was obtained by regular activities of FairMatch Support. Each project fund has its own contract with its own terms of conditions. The funds are divided in public or private projects based on the type of organisation and external advice provided by a VAT expert. Contracts with public entities are categories as public funds. Contracts with companies are mainly categorised as private funds. Regular narrative and financial reports are prepared. Invoices are submitted to customers based on targets stated in the specific contracts or disbursement schedules stated in the contract. No large one-off benefits were received in 2019.

Income was lower than anticipated in the budget. This was due to the difficulties in replacing staff with personnel with the right qualifications.

Income	Actuals 2019	Budget 2019	Actuals 2018
Committed public projects	855,084	738,776	1,170,376
Committed private projects	<u>254,554</u>	<u>517,204</u>	<u>532,246</u>
Total commitment	1,109,638	1,255,980	1,702,622
Movement in public and private projects	<u>223,204</u>	<u>0</u>	<u>-553,661</u>
Project income for the year	1,332,842	1,255,980	1,148,961

12. Other income

FairMatch Support has franchise agreements with her partner organisations in West Africa and Central Asia. Income derived under these agreements is reflected here. In 2019 'Miscellaneous revenue' consisted of a correction on the company tax 2018.

Other income	Actuals 2019	Budget 2019	Actuals 2018
Franchise income	51,555	46,667	65,153
Miscellaneous revenue	946	0	0
Interest received	<u>13</u>	<u>0</u>	<u>13</u>
Total other income	52,514	46,667	65,166

13. Programme expenditures

Direct programme expenditure on the statement of Income and Expenditures represent the direct expenses on projects carried out by FairMatch Support and network partners.

Programme expenditures	Actuals 2019	Budget 2019	Actuals 2018
Expenditures public programmes	630,087	476,568	584,992
Expenditures private programmes	156,219	161,683	149,639
Programme efficiencies / non efficiencies	<u>27,919</u>	<u>0</u>	<u>-15,565</u>
Total expenditures	814,225	638,251	719,066

Next to these direct programme expenditures FairMatch Support charges productive hours and administrative cost to the programmes.

14. Organisational expenditures

Organisational expenditures consist of personnel expenditures, accommodation costs, office costs and depreciation.

Personnel expenditures were lower than budgeted because of difficulties finding the qualified staff members.

Personnel costs	Actuals 2019	Budget 2019	Actuals 2018
Salaries	295,599		288,371
Social security	53,451		54,484
Pension	52,465		44,650
Other expenses	20,280		13,620
Total personnel costs	421,795	485,133	401,125

The personnel costs have increased with 5% in comparison to 2018. This is at the level of the salary increase in 2019. The number of FTE's has slightly decreased in comparison to 2019 from 4.9 FTE to 4.47 FTE on average during the year. The number of staff members at the end of 2019 was 5.

Organisation expenditures	Actuals 2019	Budget 2019	Actuals 2018
Office accommodation	26,607	26,700	26,271
Office costs	58,859	60,407	55,001
Depreciation	1,694	1,866	1,828
Other costs	0	0	4,786
Total Organisational expenditures	87,160	88,973	87,886

Total organisational expenditures are at the same level as in 2018 and slightly lower than budgeted. Office costs have slightly increased while no 'other costs' have been registered in 2019. In 2018 'Other costs' were related to a correction related to VAT.

15. After balance sheets events

The Corona situation which started during the first quarter of 2020 is creating a serious challenge for FMS. This is, for FMS not only depending on what is happening in Europe but also very much on what will happen in West Africa and Central Asia. Through April it is expected that the organisation can more or less work as usual. This is also applicable for our partners. After that field work might become more difficult. We therefore focus on the development of new proposals, which could commence after the Corona period. For the current period FMS has a sufficient buffer to cover the next 12 months.



4. Foundation financial statements 2019

4.1 Balance Sheet Foundation as of 31 December (in €)

After appropriation of result

(The numbers in parentheses refer to the Explanatory Notes)

	31/12/2019	31/12/2018
Assets		
Financial assets (16)		
Financial assets	48,981	23,296
Long-term receivables public funds (3)	371,564	557,405
Assets	<u>420,546</u>	<u>580,702</u>
Receivables		
Receivable public funds (3)	625,306	574,920
Current Account FMS BV	<u>-6,820</u>	<u>9,227</u>
Current Assets	618,486	584,147
Cash and Bank (5)	444,402	379,040
Total Assets	<u>1,483,434</u>	<u>1,543,888</u>
Liabilities		
Reserves		
Continuation reserve (17)	292,842	312,511
Reserve fixed assets (17)	2,406	2,737
Shares and reserve participation (18)	<u>48,981</u>	<u>23,296</u>
Reserves total	344,229	338,544
Designated reserve (19)		
Designated fund project farmers segmentation	<u>20,000</u>	<u>0</u>
Designated reserve total	20,000	0
Long-Term liabilities (8)		
Public projects	355,875	592,676
Short-term liabilities (9)		
Short-term liabilities public funds	763,330	612,668
Total Liabilities	<u>1,483,434</u>	<u>1,543,888</u>

4.2 Income and Expenditure statement Foundation 2019 (in €)

(Then numbers in parentheses refer to the Explanatory Notes)

	Actuals 2019	Budget 2019	Actuals 2018
Income (11)			
Committed public projects	823,364	738,776	1,170,376
Total income	823,364	738,776	1,170,376
Movement in public projects	86,140	0	-410,859
Available income for the year	909,504	738,776	759,517
Other benefits (12)	959	0	13
Result participation 51% FMS BV	25,685	0	2,468
Total income	936,148	738,776	761,998
Expenditures			
Programme expenditures (14)	630,087	476,568	584,992
Programme efficiencies	21,539	0	-15,877
Total programme expenditures	651,626	476,568	569,115
Organisational expenditures allocated from limited	258,837	250,000	190,415
Total expenditures	910,463	726,568	759,530
Net result after tax	25,685	12,208	2,468
Result allocation			
Continuity reserve	-20,000	-20,000	0
Reserve participation foundation (A)	25,685	12,208	2,468
Designated fund farmers segmentation	20,000	20,000	0
Total net result	25,685	12,208	2,468

4.3 Explanatory notes for the balance sheet of the foundation

16. Financial assets

Financial assets reflect the participation of FairMatch Support Foundation in FairMatch Support Ltd. The foundation shares in the profit and losses of the limited at 51%. The movement in financial assets can be specified as follows:

Reserve participation	2019	2018
Balance as of 1 January	23,245	20,776
Additions / deductions	25,685	2,468
Balance as of 31 December	48,929	23,245
 Shares A	 2019	 2018
Balance as of 1 January	51	51
Additions	0	0
Balance as of 31 December	51	51
 Total reserve and participation	 48,980	 23,296

17. Reserves

The value of the continuation reserve and reserve fixed assets were created before FairMatch Support Ltd was established in 2015 in which FairMatch Support foundation has a share. Results (negative and positive) are allocated towards the participation. In 2019 part of the Continuation reserve was allocated to a designated fund for an internal project on the segmentation of farmers.

Continuation reserve	2019	2018
Balance as of 1 January	312,511	310,685
Additions / deductions	-20,331	1,826
Balance as of 31 December	292,180	312,511
 Reserve fixed assets	 2019	 2018
Balance as of 1 January	2,737	4,563
Withdrawals	-331	-1,826
Balance as of 31 December	2,406	2,737

18. Reserve participation FMS Ltd

Reserve participation reflects the value of the share in profit and losses of FairMatch Support Foundation in FairMatch Support Ltd.

The shares and reserve of the minority shareholder has developed as follows:

Minority Shareholding FMS BV	2019	2018
Balance as of 1 January	16,961	14,589
Additions / deductions	24,678	2,372
Balance as of 31 December	41,638	16,961

19. Designated reserve

A designated reserve was created to fund an FMS initiated research on farmers segmentation. This reserve is to cover the costs of staff working on this activity. The reserve will be used in the coming two years.

Designated reserve	2019	2018
Balance as of 1 January	0	0
Additions		
Designated reserve farmers segmentation	20,000	0
Balance as of 31 December	20,000	0

4.4 Explanatory notes for the statement of income and expenditures of the foundation

The income of the Foundation is based on its share in FairMatch Support BV.

Parties have agreed to formally lay down the main obligations towards each other in accordance with their respective objects, i.e. for FairMatch Support Ltd to execute the programmes and to distribute its main share of profits to FairMatch Support Foundation and for FairMatch Support Foundation to allocate those contributions for the further implementations of its objectives.

Parties realise that with the establishment of FairMatch Support Ltd, a division of responsibilities and activities will need to take place, in accordance with the respective objects of the parties.

FairMatch Support Foundation will remain responsible for the overall mission and vision and activities related to the development and funding of programmes that adds value to the community.

FairMatch Support Ltd is responsible for activities related to the fulfilment of the mission and vision of the Foundation and the implementation of other related programmes.

Parties have the intention to do all what is necessary to enable FairMatch Support Foundation and FairMatch Support Ltd to carry out their respective activities, to make any transition of activities as smooth as possible as to safeguard the overall continuity and quality of the sustainable programs.

Direct programme costs have been charged to the Foundation in line with the type of the clients, being public or private.

Personnel-, accommodation-, office- and other costs have been charged in proportion to the share of public funds in the total funds.

Amersfoort, 2 April 2020

H. uit de Bosch
Executive Director

Stichting Fairmatch Support
Grote Koppel 8
3813 AA AMERSFOORT

INDEPENDENT AUDITOR'S REPORT

To: the management and Supervisory Board of Stichting FairMatch Support

Report on the audit of the consolidated financial statements 2019 included in the annual report

Our opinion

We have audited the consolidated financial statements 2019 of Stichting FairMatch Support, based in Amersfoort.

In our opinion the accompanying consolidated financial statements give a true and fair view of the financial position of Stichting FairMatch Support as at 31 December 2019 (with a balance sheet total of € 2,014,727 and of its result for 2019 (a total positive result of € 25,685) in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

The consolidated financial statements comprise:

1. the consolidated balance sheet as at 31 December 2019;
2. the consolidated statement of income and expenditure for 2019; 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 consolidated financial statements' section of our report.

We are independent of Stichting FairMatch Support in accordance with the Verordening inzake 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.

Report on the other information included in the annual report

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

- the management board report;
- the report of the supervisory board.

Based on the following procedures performed, we conclude that the other information is consistent with the consolidated financial statements, does not contain material misstatements and contains the information of the Guideline for annual reporting 640 'Not-for-profit organisations'. 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 the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the consolidated financial statements.

Management is responsible for the preparation of the other information in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

Description of responsibilities regarding the consolidated financial statements

Responsibilities of management and Supervisory Board for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the consolidated 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 consolidated 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 consolidated financial statements.

The Supervisory Board is responsible for the supervision regarding the process of the financial statements of Stichting FairMatch Support.

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Our responsibilities for the audit of the consolidated 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 consolidated 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.

Was signed, Amersfoort, 16 April 2020.

WITh accountants B.V.
Drs. J. Snoei RA

Enclosures.

Enclosure to the auditor's opinion 2019 Stichting Fairmatch Support

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. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures; and
- evaluating whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information of specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.