

Annual Report 2019

including financial statements



BoP Innovation Center

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INTRODUCTION BY MANAGING DIRECTOR

I'm happy to present our results of 2019 to you.

A year in which BoP Innovation Center ("Bopinc") experienced accelerated growth in our key markets. A year in which we actively continued to work with multinationals, local inclusive businesses and public stakeholders to design and deliver inclusive business models. We've supported businesses to develop new innovative propositions, like ultra low-cost water filters, nutritious foods and digital services, and ensured these services found their way to the (rural) Base of the Pyramid (BoP) consumers through innovative and effective marketing & distribution models. Our valuable experience and insights have become the foundation of our approach and tools. Helping us to inspire and capacitate key stakeholders, public and private, on the potential of inclusive business.

Personally 2019 was a special year for me. Alongside my family, I started the year in Myanmar. A market with incredible potential, where we have now further established our role and presence. On top of our success via our new Yangon representation, our global team has delivered projects, and in turn significant impact, across 24 different markets in Africa and Asia. Read through some of the stories and insights here in our Highlights Report.

Over the past six years that I've been part of the Bopinc team, I've witnessed a growing demand for our Bopinc approach. This has strengthened my belief in the relevance of our expertise, skills and methodology. In making inclusive business work for low-income populations. In making the connection between social impact and profit - this has become a central and important objective for us. And seeing it come to life, in our work, every day for many years, is the reason why I took on the role of Managing Director per January 2020..

As we see now in the new year 2020, with the volatility of a global pandemic, we are facing many new challenges. However the resilience and creativity of the Bopinc team, will ensure we keep on doing good, while doing well. It's a true honour to lead a team of highly motivated, entrepreneurial and creative professionals. While also continuing to collaborate with many leaders and experts in sustainability and development. As any entrepreneur working in this market would know – the road can get quite bumpy! But let's stay focused on the final destination. Our end goal: to deliver life-changing, sustainable impact for low-income consumers. We invite you to join us, to share our focus.

STRATEGIC FOCUS ON LOW-INCOME CONSUMERS AND ENTREPRENEURS

BoP Innovation Center ("Bopinc") is an independent foundation founded in the Netherlands with operations in 24 countries and staff in 12 countries. We support entrepreneurs and companies to create commercially viable, inclusive business models that benefit Base of the Pyramid (BoP) consumers, producers and entrepreneurs.

While experiencing another year of accelerated growth, we co-created our 5 year strategy. The full team has been actively engaged in designing the strategy bottom-up. We use a metaphor of a rocket that is taking us to our end goal, planet 2024. The planet signifies that we improved the lives of more than 5 million people at the BoP by 2024. The rocket signifies our organisation, our tools, our partners and most importantly our fantastic team.

Key elements of the 2024 strategy include:

- Specific focus on five strategic countries that are hotbeds of innovation for low-income products and services. This will allow us to build regional pools of expertise to bring more hands-on support to our partnerships. The following countries have been selected: Kenya, Ethiopia, Nigeria, Bangladesh & Myanmar.
- We keep a clear focus on our three areas of expertise: Inclusive Innovation, Marketing & Distribution and Inclusive Business Empowerment. They have driven the growth of Bopinc over the past decade and there is an increasing demand for global expertise in these areas.
- There will be a deeper focus on large partnerships with businesses at the heart e.g. Management of CEO-Partnership for Economic Inclusion (12 large business partners), Unilever partnership and associated PPPs (Public Private Partnerships), 2SCALE, Global Distributors Collective, TRANSFORM and Innovations Against Poverty. These partnerships allow us to reach scale and increase our impact.
- Embracement of our 5 rules of working:
 - #1 Put consumer first
 - #2 Be innovative & agile
 - #3 Be local & action-oriented
 - #4 Create snowball effects through business cases
 - #5 Make partners dance together
- Develop deeper expertise and track record on four 'Hot topics' which will ensure we keep innovating and increase impact at the BoP. Within the organisation leads have been identified to expand the portfolio of work in the following areas:
 - Women Entrepreneurship
 - Circular Business Models
 - Financial Inclusion
 - Digital Economies

This strategy will be underpinned by

- Operational rigour with standardized procedures on resource planning, human resources, project management and impact measurement to ensure an efficient and effective organisation. This will be supported by the extension of the Management Team with an Operations Director.
- A financially robust organisation with a strong portfolio of multi-year program commitments and a growing list of business development opportunities. 2019 showed a growth of 37% in turnover (hours, out of pockets costs, ICR (cost recovery) and other income): Euro 3.77 M in 2019 against Euro 2.75 M in 2018.

POLICY REGARDING SIZE AND FUNCTION OF RESERVES

The BoP Innovation Center Supervisory Board decided in 2020 that the Bopinc continuity reserve should suffice to cater for a 6-months period in case the financial means are not sufficient enough to cover the ongoing costs. With the growth of the organisation and the possible financial risk in 2020 of COVID-19, the Supervisory Board decided the total result of 2019 will be added to the continuity reserve.

As of 2015 an appropriated reserve has been created out of the financial result. The appropriated reserve will be used for activities relating to the objectives of the organisation for which no other funds are available or in case co-funding for specific projects is required. In 2019 the appropriated reserve was allocated to own contribution in three projects and the starting up of activities in Myanmar including project acquisition.

ACTIVITIES & IMPACT DATA INCLUDING 2019

In 2019 we managed to further grow the organisation, expand our teams in key markets and above all, reach more people at the BoP with opportunities. We've further built out partnerships with larger companies, but also with local businesses and development actors to both drive stronger financial sustainability and deepen the impact at the BoP.

We assist local small and medium-sized enterprises (SMEs) and multinationals in the development, marketing, and distribution of their products or services to the base of the pyramid. We support entrepreneurs in product and service innovations, share learnings, and improve the enabling business environment for BoP entrepreneurs. Together with leading companies, civil society organizations, and knowledge institutions, we explore the potential of low-income markets, gain local consumer insights, and create new business propositions.

Our services are based on three areas of expertise:

- *Inclusive innovation:* We support entrepreneurs and organizations through the innovation process, reducing complexity and risks. We help develop solutions for BoP markets through our design thinking, market insights and entrepreneurial guidance. We focus on increasing the BoP's access to quality products, services and income-generating opportunities.
- *Marketing and distribution:* We provide solutions to startups, small and medium-sized enterprises (SMEs) and corporations to ensure that their impactful products and services reach the BoP successfully. We include people in the BoP not only as consumers, but also as entrepreneurs, in the business operations of our clients. We have built up specific knowledge and experience (including learning from failures) to provide our clients with meaningful insights and best practices to develop and implement strategies to market and distribute products and services to the BoP.
- *Inclusive business empowerment:* To foster a thriving environment for inclusive business, you need a set of non-traditional business skills to understand consumer demand and behavior in BoP markets. We utilize our knowledge and experience, and that of our trusted partners, to foster inclusive business empowerment. We develop and implement state-of-the-art advisory tools and training for business development professionals, creating strategic alliances, conducting research and sharing knowledge.

The cumulative impact data (from the start in 2010-2019) of BoP Innovation Center are presented below:

- More than 1,4 million BoP consumers reached with improved products and services
- More than 91 thousand BoP entrepreneurs who generate more income
- 4,700 people trained in mostly entrepreneurship skills
- 530 companies supported to serve the BoP
- Appr. 100 products and services launched in BoP markets

At BoPInc, each project has its own Monitoring & Evaluation framework. On an organizational level, we are collecting data from projects on these cross-cutting indicators and we are aggregating across projects. We always work in partnerships and our impact is a result of a joint effort with our partners.

We've highlighted three of our projects below to show the stories behind these numbers.

Financial Inclusion: Driving Digital Payments' Adoption for Hindustan Unilever's (HUL) Shakti Entrepreneurs in India

In an expansion of our partnership with Unilever globally, this project aims to support Hindustan Unilever in enabling their Shakti entrepreneurs (rural sales women) to make and receive digital payments at their distributors across rural India. The aim is to develop a scalable solution to increase the awareness of digital

payments and initial adoption of digital payments in the villages where the Shakti entrepreneurs work. The project targets 10.000 Shakti Entrepreneurs, with the ambition to eventually drive adoption of digital payments among the remaining 90,000 Shakti entrepreneurs. The project, funded by the Better Than Cash Alliance, commenced in mid 2019 till mid 2021. We execute the project in collaboration with Re-emerging World, our long-standing partner in India.

Digital economies: 2SCALE digital innovation challenge

We play a core implementation role for 2SCALE, one of the largest inclusive agribusiness incubators in Africa. 2SCALE strengthens the capacity of smallholder farmers and SMEs to accelerate value-chain and private sector development - through innovation and coordinated action. With the objective of promoting, facilitating and increasing the adoption of sustainable innovations among agrifood value chain actors in 2SCALE partnerships. We worked in the program to create the first digital innovation challenge in 2019. The challenge invited entrepreneurs, startups and SMEs that developed digital innovations (such as hyperlocal weather forecasting, mobile finance and traceability solutions) and are interested in scaling them. This was a unique opportunity for these entrepreneurs to reach the 750.000 farmers part of the 2SCALE program. A total of 173 applicants were received, a testimony to the innovation happening across the working area of 2SCALE. In 2020, the selected climate smart innovations will be matched with relevant 2SCALE partnerships in order to start implementation.

Women entrepreneurship: Pushti Ambassadors Partnership

The project "Pushti Ambassadors Partnership – Creating jobs for female entrepreneurs in Bangladesh" is a new exciting project which will contribute to women' economic empowerment and improved nutrition in rural Bangladesh. The project is a partnership between Arla Foods who will provide affordable dairy products to help grow the income of rural female micro-entrepreneurs, two micro-entrepreneur network partners (iSocial and BRAC) which run networks of rural female micro-entrepreneurs, BoPInc as an expert on BoP marketing and distribution, and Dnet who will implement the recruitment and training program of iSocial. The development objective of the project is to create decent jobs and income opportunities for 5,000 female micro-entrepreneurs in rural areas over the life of the project. The project will extend rural distribution networks using innovative tools with the ambition to scale up to around 22,000 women by 2030, and serve as a model for economic empowerment through increased income opportunities in Bangladesh and beyond.

COMPOSITION MANAGEMENT TEAM

Till March 1, the Board of Directors consisted of Mr. Henk van Duijn; with much appreciation for his role as CEO during 4 years, he left BoP Innovation Center and handed over to Mr. Luuk-Jan Boon, appointed as Managing Director. Per September 23, he handed over to Mr. Emile Schmitz (Marketing and Innovation Director) and Mrs. Mariska Kools (Finance and Operations Director), who ad interim formed the Board of Directors. Per January 1, 2020, Mr. Emile Schmitz was formally appointed as Managing Director.

The Management team was chaired by respectively Mr. Henk van Duijn/Mr. Luuk-Jan Boon/Mr. Emile Schmitz, with members Mrs. Mariska Kools (Finance & Operations Director) and Mr. Gijs Herpers (Regional Director).

SUBSEQUENT EVENTS: RISK CORONAVIRUS COVID-19

In the fiscal year 2020, the Foundation has to deal with the consequences of the coronavirus COVID-19. A drop in turnover is expected for 2020; the amount cannot yet be estimated properly and depends on the duration of the global measures to prevent and slow down the spread of COVID19. International and national

travel cannot take place due to partial or complete lockdowns and closing of borders. As a result, some of the activities originally scheduled cannot take place in their original design. This creates a material uncertainty that might raise questions on the continuity of the Foundation.

The management has recognized this situation and has taken measures. In consultation with partners and customers, activities have been converted into digital and online formats and part of the activities have been revised into so-called COVID-19 response activities. In addition, expenditures that are not immediately necessary have been put on hold (including vacancies) and there is a strong focus on the liquidity position. Where necessary, government support measures are used (for example the "NOW regeling"- in Dutch: Noodmaatregel Overbrugging voor Werkgelegenheid - per May 1, 2020, for 3 months). Finally, a continuity reserve has been built up in the past years.

These measures are reasons to believe a sustainable continuation of business activities is very likely. The principles of valuation and determination of results used in these financial statements are therefore based on the assumption of continuity of the Foundation.

Emile Schmitz, Managing Director

MESSAGE FROM THE SUPERVISORY BOARD

2019 has been marked by sound results, in terms of the impact we have been able to achieve at the Base of the Pyramid as well with respect to the development and growth of our organization. With our partners we executed a growing number of projects in 24 countries. The success of our operations is also reflected in a healthy financial result.

In the course of the year, the Board had to decide not to prolong the contract with the managing director. While this was a painful decision, we were happy to appoint Emile Schmitz, the most senior team member, as our new managing director. Over the last years, Emile has shown inspiring leadership, innovative business skills and strong relationship capabilities at all levels. His appointment was very positively received by the team and our main external stakeholders. In consultation with the Supervisory Board he formed a management team in which Mariska Kools and Gijs Herpers were appointed.

Under Emile's leadership the BoPInc team made already significant progress with the first steps in the implementation of the strategy 2020-2024 and the organizational adaptations that are essential in realizing a successful execution of this 5 year strategy. The Supervisory Board acted as sparring partner and challenger in this process. Several additional sessions, next to the five regular meetings, were dedicated to this topic.

The Supervisory Board initiated a process to assess how the organization is currently doing on a number of different fronts including company culture and leadership, staff competences, execution power and partnerships. We engaged an external expert to make this analysis, based on an inclusive approach of interviews with a significant number of senior and more junior team members.

This bottom up process has been very much appreciated and the results are acknowledged by the management and the team at large. The management team has drawn a specific change agenda with priorities from this process. In the regular meetings the Board focused on the implementation of this change agenda, the progress in implementing the strategy, financial reports and the human resources agenda.

A new accountant has been appointed and the Board had a meeting with the proposed team.

Supervisory Board composition

In June 2019 Pierre Hupperts stepped down, as planned, as chairman of the Supervisory Board. He was succeeded by Eric Bouwmeester.

Pierre has had a pivotal role from the preparations and the very start of Bopinc, now more than ten years ago. As a quartermaster he paved the way for the start of Bopinc, bringing together a diverse group of stakeholders from the Dutch government, NGOs and multinational corporations, sharing the ambition to contribute to the improvement of the lives of the people at the Base of the Pyramid.

In 2015 he was asked to take up the role of chairman of the Supervisory Board. In this role he made an important contribution to the growth and success of BoPInc. We owe Pierre our deep respect and gratitude, without him our existence let alone our success, would not have been possible.

Jan Gijsbert Bakker has been appointed in the Supervisory Board as per 1 January 2020, to succeed Jan Wietsma whose term will end in June 2020. Jan Gijsbert will by then also chair the audit committee.

As from January 1 2020 the Supervisory Board consists of the following members:

- Jan Gijsbert Bakker (per 01-01-2020), member and member of the audit committee
- Eric Bouwmeester, chairman and chairman of the remuneration committee
- Chantal Heutink, member and member of the remuneration committee
- Marianne Schoemaker, member and member of the audit committee
- Sigrid Wertheim-Heck, member
- Jan Wietsma, member and chairman of the audit committee

Early 2020 the COVID-19 pandemic caused a dramatic crisis across the globe. The management has taken various measures to support the sustainable continuation of business activities for which close alignment with the Supervisory Board is in place. It is encouraging to see how the organization responds to the challenges of COVID-19 and the opportunities that can be developed to support the people that will suffer the most: those at the base of the pyramid.

It is here and now BoPInc shows its unique innovative and creative character to work through this difficult period and to remain committed to its mission.

We want to compliment the management and all staff members with the results and thank them for their relentless efforts, optimism and creativity in their day to day work and their unparalleled commitment to the people at the Base of the Pyramid.

On behalf of the Supervisory Board,
Eric Bouwmeester - chairman

Financial statements 2019

BoP Innovation Center

BALANCE

	<u>31 December 2019</u>		<u>31 December 2018</u>	
	€	€	€	€
ASSETS				
FIXED ASSETS				
1. Tangible fixed assets	20.010		21.416	
2. Financial fixed assets	<u>168.144</u>		<u>155.002</u>	
		188.154		176.418
CURRENT ASSETS				
3. Short term assets	2.037.511		698.906	
4. Work in progress projects	346.448			
5. Liquid assets	<u>977.357</u>		<u>1.611.450</u>	
		3.361.317		2.310.356
		<u>3.549.471</u>		<u>2.486.774</u>
LIABILITIES				
CAPITAL				
6. Continuity reserve	874.989		700.000	
7. Appropriated reserve	<u>41.846</u>		<u>85.961</u>	
		916.835		785.961
PROVISIONS				
8. Provisions projects	<u>30.005</u>		<u>31.098</u>	
		30.005		31.098
SHORT TERM LIABILITIES				
9. Taxes and social security	62.835		45.320	
10. Work in progress projects	1.714.142		959.039	
11. Other short term liabilities	<u>825.654</u>		<u>665.356</u>	
		2.602.631		1.669.715
		<u>3.549.471</u>		<u>2.486.774</u>

STATEMENT OF INCOME AND EXPENDITURE

	Realisation 2019		Budget 2019		Realisation 2018	
	€	€	€	€	€	€
INCOME						
12. Projects and other	3.770.951		3.035.000		2.783.726	
Direct costs projects and other	<u>1.090.424</u>		<u>500.000</u>		<u>805.430</u>	
		2.680.526		2.535.000		1.978.296
Net turnover		<u>2.680.526</u>		<u>2.535.000</u>		<u>1.978.296</u>
EXPENDITURE						
13. Staff		2.283.894		2.151.119		1.721.542
14. Office		81.766		81.000		66.356
15. ICT & Telecom		35.517		25.000		24.413
16. Traveling		12.895		20.500		25.482
17. External experts		87.338		80.000		56.144
18. Corporate communications		12.503		30.000		13.355
19. General costs		<u>38.779</u>		<u>69.881</u>		<u>59.009</u>
		<u>2.552.692</u>		<u>2.457.500</u>		<u>1.966.301</u>
Financial income and expenditure						
Interest income		18.627		-		17.415
RESULT (before Corporation tax)		<u>146.461</u>		<u>77.500</u>		<u>29.411</u>
Corporation tax		-28.729				0
Result participation BoP Innovation Services B.V.		<u>13.142</u>				<u>0</u>
Financial result		<u>130.874</u>				<u>29.411</u>
Destination of the result						
Continuity reserve		174.989		50.000		11.947
Appropriated reserve		<u>-44.115</u>		<u>27.500</u>		<u>17.463</u>
		<u>130.874</u>		<u>77.500</u>		<u>29.410</u>

ACCOUNTING PRINCIPLES

General

Stichting BoP Innovation Center was officially established August 31, 2010.

The annual accounts until year 2018 are reported according to the comprehensive Annual Reporting Guideline 640 (RJ640 for non-profit organisations); following guidelines in the Netherlands per 2019 this has been changed into Annual Reporting guidelines C1 (RJK C1 for small non-profit organisations).

Reporting period

The financial statements contained in this report are based on the reporting period of one year, where the financial year equals the calendar year.

Principles of valuation and determining the result

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred.

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.

Tangible fixed assets

Fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is calculated as a fixed percentage of cost, specified as follows: computer equipment 50%, inventory 20%.

Financial fixed assets

On June 30, 2017, two Dutch B.V.'s (B.V. meaning Private Limited in English) have been started up: BoP Innovation Services B.V. and BoP Ventures B.V.. Stichting BoP Innovation Center is 100% shareholder of both B.V.'s. Stichting BoP Innovation Center and the two B.V.'s, together with the also in 2017 started entities BoP Innovation Services Limited (registered in Nairobi, Kenya; BoP Innovation Services B.V. 100% shareholder) and BoP Innovation Services Bangladesh Pvt. Ltd. (registered in Dhaka, Bangladesh; BoP Innovation Services B.V. 89,99 % shareholder and BoP Ventures B.V. 10 % shareholder), form a so-called "Social Enterprise". This means it is a group of not-for-profit organisations with the purpose of creating social impact.

Based on the 100% shareholding that Stichting BoP Innovation Center holds in BoP Innovation Services B.V. and BoP Ventures B.V., it can be concluded that Stichting BoP Innovation Center has actual policy-determining influence on both BVs and that Stichting BoP Innovation Center therefore qualifies as so-called group head. In principle, as a group head, Stichting BoP Innovation Center should consolidate the annual figures of BoP Innovation Services BV and BoP Ventures BV. However, on the basis of RJK C1 no consolidation is required.

Participations

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 Stichting BoP Innovation Center 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 income and expenses.

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 income and expenses.

Receivables

Receivables are included at face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

Provisions

Provisions are stated at face value.

Grants

The project income is included in the statement of income and expenditure in the year to which the expenses are charged / in which the loss is incurred / in which the operating loss has occurred.

BoP Innovation Center defines the net turnover as a result of realised productive hours against the tariff agreed with the clients.

Direct project costs

The costs that apply directly to project activities, such as travel, external consultants and out of pocket costs.

Work in progress projects

The work in progress projects are presented per project (annex 1) and comprise the balance of the costs of contribution staff, out of pocket costs, if applicable obligatory own contribution of staff hours, ICR (cost recovery) and incoming amounts.

NOTES TO THE SPECIFIC ITEMS OF THE BALANCE SHEET

1. Tangible fixed assets

	<u>Computers</u>	<u>Inventory</u>	<u>Total</u>
Position 1 January 2019			
Investments	28.227	21.176	49.403
Depreciations	(19.517)	(8.470)	(27.987)
	<u>8.710</u>	<u>12.706</u>	<u>21.416</u>
Movements			
Investments	12.545	-	12.545
Corrections previous years	(170)	-	(170)
Depreciations	(9.545)	(4.235)	(13.780)
	<u>2.830</u>	<u>(4.235)</u>	<u>(1.405)</u>
Position 31 December 2019			
Investments	28.673	21.176	49.849
Depreciations	(17.133)	(12.706)	(29.838)
	<u>11.540</u>	<u>8.470</u>	<u>20.010</u>

2. Financial fixed assets

	<u>31 December 2019</u>	<u>31 December 2018</u>
Participation in BoP Innovation Services B.V.	13.143	1
Participation in BoP Ventures B.V.	1	1
Loan to BoP Innovation Services B.V.	100.000	100.000
Loan to BoP Ventures B.V.	55.000	55.000
	<u>168.144</u>	<u>155.002</u>

Explanation Participation in BoP Innovation Services B.V.:

<i>Position 1 January 2019</i>	<i>1</i>
<i>Result participation</i>	<i>13.142</i>
<i>Position 31 December 2019</i>	<i>13.143</i>

3. Short term assets

Debtors	150	-
Other receivables	58.639	1.131
Receivables projects	1.585.502	505.617
Amounts to be received BoP Innovation Services BV	224.069	85.697
Amounts to be received BoP Ventures BV	6.600	25.646
Amounts to be received loans individuals	-	2.295
Loan to Consortium IBA	4.000	4.000
Deposit office rent	15.925	15.925
VAT	55.441	38.444
Accruals	4.605	1.503
Advance payments travel staff	18.332	16.054
Net wages	(47)	(874)
Prepayments of costs	64.295	3.467
	<u>2.037.511</u>	<u>698.906</u>

5. Liquid assets

Kas	206	156
Triodos Bank current account	264.787	94.056
Triodos Bank savings account	480	480
Rabobank current account	510.710	1.047.652
Rabobank current account USD	89.594	144.456
Rabobank current account GBP	8.742	221.868
ASN Bank savings account	102.838	102.782
	<u>977.357</u>	<u>1.611.450</u>

The liquid assets are available on demand.

BoP Innovation Center as leading partner in the Consortia "Empowering Pakistani Women through Financial Inclusion and Economic Growth" (hereafter Consortium EPW) and "Pushi Ambassadors Partnership - Creating income opportunities for female micro-entrepreneurs in Bangladesh" (hereafter Consortium PAP) is also administrator of 2 additional bank accounts in 2 separate administrations:

Consortium EPW: Rabobank current account .149 (31-12-2019 € 69.608); Consortium PAP Rabobank current account .343 (31-12-2019 € -5).

BoP Innovation Center was also leading partner in the Consortium "Inclusive Business Accelerator" (hereafter Consortium IBA) - the final report to the Ministry of Foreign Affairs has been approved but pending one final reimbursement from the tax office and payment of the remaining outstanding loan to Stichting BoP Innovation Center, the bank accounts are still active in a separate administration: Triodos Bank current account (31-12-2019: €507), Triodos Bank savings account (31-12-2019: €0) and ASN Bank savings account (31-12-2019: € 1).

	<u>31 December 2019</u>	<u>31 December 2018</u>
	€	€
6. Continuity reserve		
Balance per 1 January	700.000	688.053
Addition	<u>174.989</u>	<u>11.947</u>
Balance per 31 December	<u><u>874.989</u></u>	<u><u>700.000</u></u>

The BoP Innovation Center Supervisory Board decided in 2012 that the BoPInc continuity reserve should suffice to cater for a 6-months period in case the financial means are not sufficient enough to cover the ongoing costs. With the growth of the organisation and the possible financial risk in 2020 because of COVID19, the Supervisory Board decided the total result of 2019 will be added to the continuity reserve.

7. Appropriated reserve

Balance per 1 January	85.961	68.498
Addition	-	27.363
Withdrawal	<u>(44.115)</u>	<u>(9.900)</u>
Balance per 31 December	<u><u>41.846</u></u>	<u><u>85.961</u></u>

In 2015 an appropriated reserve has been created out of the financial result. The appropriated reserve will be used for activities relating to the objectives of the organisation for which no other funds are available or in case cofunding for specific projects is required.

In 2019 the appropriated reserve was allocated to own contribution in three projects and the starting up of activities in Myanmar including acquisition. At project closure the projects concerned show a loss (see annex 1), but this loss is covered via the appropriated reserve.

8. Provisions projects

Provision for outstanding payments projects		
Balance per 1 January	31.098	27.830
Addition	8.907	31.098
Withdrawal	-10.000	-
Unused amount reversed		<u>(27.830)</u>
Balance per 31 December	<u><u>30.005</u></u>	<u><u>31.098</u></u>

A risk on coverage of hours and costs in two projects is foreseen.

9. Taxes and social security

Tax on salaries and social security	<u><u>62.835</u></u>	<u><u>45.320</u></u>
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4/10. Work in progress projects

Work in progress - to be received on projects	346.448	
Work in progress - received in advance on projects	<u>-1.714.143</u>	
Work in progress projects (see annex 1)	<u><u>-1.367.694</u></u>	<u><u>(959.039)</u></u>

Work in progress projects is presented per project in annex 1. The costs of contribution staff, out of pocket costs, ICR (Cost recovery) and incoming amounts are presented, as well as contractual own contribution.

11. Other short term liabilities

Accounts payable	219.053	80.218
Current account Consortium Danida Pakistan	-	332.967
Other short term liabilities	212.686	59.473
Other short term liabilities projects	22.922	5.000
To be paid from BoPInc to BoP Innovation Services BV	218.261	69.247
To be paid from BoPInc to BoP Ventures BV	-	10.000
Corporation tax	28.729	-
Reservation holiday allowance	56.065	35.732
Reservation holiday hours	<u>67.938</u>	<u>72.719</u>
	<u><u>825.654</u></u>	<u><u>665.356</u></u>

In December 2018 the Ministry of Foreign Affairs Denmark (Danida) approved the project "Empowering Pakistani Women through Financial Inclusion and Economic Growth", to be implemented by a Consortium, in which BoP Innovation Center will be lead partner. For this project a separate administration and a separate bank account has been opened in 2019.

Off Balance Rights and Obligations

Per 01-01-2017 BoP Innovation Center relocated to new premises and signed a contract with MVO Nederland as subtenant for 5 years (2017-2021), with a breach option of 1 year notice. The net yearly rent is the sum of an equivalent share in total cost renting office space and a fee charge for the use of office and general facilities (e.g. security, reception, cleaning).

Subsequent events

In the fiscal year 2020, the Foundation has to deal with the consequences of the coronavirus COVID-19. A drop in turnover is expected for 2020; the amount cannot yet be estimated properly and depends on the duration of the global measures to prevent and slow down the spread of COVID-19.

International and national travel cannot take place due to partial or complete lockdowns and closing of borders. As a result, some of the activities originally scheduled cannot take place in their original design. This creates a material uncertainty that might raise questions on the continuity of the Foundation.

The management has recognized this situation and has taken measures. In consultation with partners and customers, activities have been converted into digital and online formats and part of the activities have been revised into so-called COVID19 response activities. In addition, expenditures that are not immediately necessary have been put on hold and there is a strong focus on the liquidity position. Where necessary, government support measures are used. Finally, a continuity reserve has been built up in the past.

These measures are reasons to believe a sustainable continuation of business activities is likely. The principles of valuation and determination of results used in these financial statements are therefore based on the assumption of continuity of the Foundation.

NOTES TO THE SPECIFIC ITEMS OF THE STATEMENT OF INCOME AND EXPENDITURE

	Realisation 2019	Realisation 2018
	€	€
11. Income projects and other		
Income projects regarding costs and staff (2019 see annex 1)	3.705.803	2.800.617
Income projects regarding ICR grant projects (Cost recovery) (2019 see Annex 1)	94.591	-
Endowment risk projects	(8.907)	(31.098)
Reversed provision projects previous year	-	27.830
Result closing projects (2019 see annex 1)	(27.375)	(13.667)
Income trainings and non project related income	6.839	43
	<u>3.770.951</u>	<u>2.783.726</u>
<i>Specification Income projects regarding costs and staff 2019 (see annex 1):</i>		
<i>Income projects - grants and consortia - directly received from NL governments</i>	<i>216.627</i>	
<i>Income projects - grants and consortia - foreign governments</i>	<i>644.841</i>	
<i>Income projects - services to other clients</i>	<i>2.844.335</i>	
<i>Total</i>	<u><i>3.705.803</i></u>	
Direct costs projects and other		
Contractual own contribution projects (2019 see annex 1)	37.066	46.689
Preparation Danida projects - out of pocket costs	4.962	-
Direct costs projects (2019 see annex 1)	<u>1.048.396</u>	<u>758.741</u>
	<u>1.090.424</u>	<u>805.430</u>
13. Staff		
Salaries	1.137.374	815.089
Social security charges	178.312	122.800
Pension premiums	70.078	52.126
Commuting costs and mobile phone allowance	43.519	27.573
Mutation reservation holiday allowance	(4.781)	20.810
Absenteeism insurance and advice	42.337	30.845
Received from absenteeism insurance and maternity leave	(14.166)	-
Other staff costs and training	27.820	75.083
Secondment staff to third parties	(52.739)	(89.630)
Consultants projects and acquisition NL and abroad	266.145	267.555
Services of BoP Innovation Services BV	551.372	332.132
International staff meetings	38.625	67.160
	<u>2.283.894</u>	<u>1.721.542</u>
<p>Per 31-12-2019 staff in the Netherlands based on salaries consists of 20,4 FTE (31-12-2018 14,2 FTE) and 1 intern (31-12-2018 1). Per 31-12-2019 5 (31-12-2018 6) consultants were involved in specific project activities as well as in acquisition and other activities. Consultants projects and acquisition NL and abroad included per 31-12-2019 1 FTE in Pakistan.</p> <p>Services of BoP Innovation Services BV were provided by BoPInc group staff in the following countries (including FTE per 31-12-2019): Kenia (3 FTE and 1 associate), Ethiopia (1,6 FTE), Nigeria (3 FTE), Bangladesh (5 FTE), Myanmar (1,4 FTE).</p> <p>No loans, prepayments or guarantees are given to management.</p>		
14. Office		
Office rent	77.783	91.651
Office rent previous year	3.821	3.217
Office supplies and inventory	162	(461)
Use of work space other organisations	-	(28.050)
	<u>81.766</u>	<u>66.356</u>

	Realisation 2019	Realisation 2018
	<u>€</u>	<u>€</u>
15. ICT & Telecom		
Telecom	1.159	1.398
ICT	34.358	23.016
	<u>35.517</u>	<u>24.413</u>
16. Traveling	<u>12.895</u>	<u>25.482</u>
17. External experts	<u>87.338</u>	<u>56.144</u>
18. Corporate communications	<u>12.503</u>	<u>13.355</u>
19. General costs		
Bank costs	3.029	2.873
Exchange rate differences	(5.909)	2.239
Insurances	7.069	5.959
Costs related to the supervisory board	11.163	9.353
Public relations costs	8.165	11.470
Depreciation computers	9.545	7.994
Depreciation inventory	4.235	4.235
Other organisation costs	19.755	20.958
VAT revision	(18.273)	(6.071)
	<u>38.779</u>	<u>59.009</u>

Difference budget and realisation 2019

Due to additional growth in turnover, additional staff costs (133K) and ICT/telecom costs (10K) have been made. Corporate communications has been lower than budgetted (17K) as some planned activities were delayed. General costs shows less spent than budgetted (30K), mainly due to exchange rate differences and VAT revision.

Direct costs project and other shows twice as much spent as budgetted (1M versus 500K), due to several new projects and additional funding on existing projects with relatively large budgets for third parties and/or out of pocket costs.



ACCOUNTANTS
IN NON-PROFIT

Stichting BoP Innovation Center
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INDEPENDENT AUDITOR'S REPORT

To: the management and the supervisory board of Stichting BoP Innovation Center

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

Our opinion

We have audited the financial statements 2019 (page 9-17) of Stichting BoP Innovation Center, based in Utrecht.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting BoP Innovation Center as at 31 December 2019 and of its result for 2019 in accordance with the Rjk-Richtlijn C1 "Kleine organisaties-zonder-winststreven" (guideline for annual reporting for small not-for-profit organisations) of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the balance sheet as at 31 December 2019 (with a balance sheet total of € 3.549.471);
2. the statement of income and expenditure for the year 2019 (with a total result of € 130.874); 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 accompanying financial statements' section of our report.

We are independent of Stichting BoP Innovation Center in accordance with the 'Verordering 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.

Report on the other information included in the annual report 2019

In addition to the financial statements and our auditor's report thereon, the annual report 2019 contains other information that consists of:

- an introduction by management director;
- a message of the supervisory board;
- an overview remuneration directors (following registration as Director in Chamber of Commerce);
- the budget 2020; and
- a financial overview projects 2019.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements, does not contain material misstatements and that all information is included which is requested by the Rjk-Richtlijn C1 "Kleine organisaties-zonder-winststreven" (guideline for annual reporting for small not-for-profit organisations) of the Dutch Accounting Standards Board.

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.

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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 financial statements.

Management is responsible for the preparation of the director's report and other information in accordance with the RJK-Richtlijn C1 "Kleine organisaties-zonder-winststreven" (guideline for annual reporting for small not-for-profit organisations) of the Dutch Accounting Standards Board.

Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the RJK-Richtlijn C1 "Kleine organisaties-zonder-winststreven" (guideline for annual reporting for small 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 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 company financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

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.

For a more detailed description of our responsibilities, we refer to the appendix of this auditor's report.

Was signed, Sliedrecht, 24 June 2020.

WITH accountants B.V.
P. Alblas RA

Enclosure.

Enclosure to our auditor's report by the accompanying financial statements 2019 of Stichting BoP Innovation Center, based in Utrecht

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 company 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 company 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 company financial statements, including the disclosures; and
- evaluating whether the company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and the supervisory board 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.

As mentioned in the Independent Auditor's report by With Accountants, the annual report 2019 contains other information (which is included in the original report after the Independent Auditor's report), among others:

- An overview remunerations directors (following registration as Director in Chamber of Commerce)
- The budget 2020
- A financial overview projects 2019

As this information is subject to General Data Protection Regulations (GDPR) or Non Disclosure Agreements (NDA), we don't publish this information on our website.