



Stichting SDG ACE
Cornelis Vermuydenstraat 57
1018 RN AMSTERDAM

Annual report 2021

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1. FINANCIAL REPORT

Stichting SDG ACE
De directie
Cornelis Vermuydenstraat 57
1018 RN AMSTERDAM

Subject: Annual report 2021

Dear board of directors,

Herewith we submit you a report of our activities regarding the annual report 2021 of Stichting SDG ACE.

The balance sheet as per 31 December 2021, the profit and loss account 2021 and the notes, together forming part of the financial statements 2021 and the other information are components of this report.

1.1 Compilation report

The financial statements of Stichting SDG ACE have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as per 31 December 2021 and the profit and loss account for the year 2021 with the accompanying explanatory notes.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility.

The financial statements are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

On the basis of the above we are required to prepare the financial statements in accordance to generally accepted standards for financial reporting. To this end we have applied our professional expertise in accounting and financial reporting.

Within this context the scope of our work primarily included the gathering, processing, classifying, comparing, interconnecting and summarizing of financial information for the sake of the financial statements and / or credit report. We did not conduct review or audit procedures which would enable us to express any assurance on the true and fair view of the financial statements.

We trust to have been of service. We are available to provide further explanation.

Yours sincerely,
HES.tax



drs. G. (Greg) Sheldon

Annual Report of the Board of Directors 2021

In 2021, the SDG ACE foundation continued finding donors to support its program and funding loans to underserved borrowers wanting to invest in their energy access.

Donations

In 2021, three donors contributed to the revolving fund (see financial report). These were considerable amounts of money, which caused us to discuss proper ways to investigate the origin of the funds, to design best practices plans for due diligence. It was decided by the board that donations under € 10.000 should be accepted without investigation, and that donations higher than that amount should be investigated. The larger two donations were investigated and subsequently approved gratefully. The third donation was accepted gratefully without the need for investigation.

Loans

In 2021, 1,139 loans totalling €110k were extended to ACE customers through our SDG ACE Foundation revolving fund.

In cooperation with CARE International, CARE Uganda and the Kabarole Research Centre 700 ACE customers were given a loan for the ACE Connect package in Kyangwali Refugee Settlement. The majority of these loans, which were primarily for refugee households, were funded by SDG ACE. Through this project, in which the User Referral Bonus program was set up, any customer who acquires another customer is rewarded in the form of repayment reduction for their product. This incentive worked extremely well, resulting in the high number of households being reached in this settlement in a very short time. These payments were of course duly paid back to SDG ACE over time by the customers and for referrals with funding from the Dutch Relief Alliance.

Loans were also extended in Lesotho, for the Rosa Canina project, in cooperation with Martin Bauer from Germany, whereby the total cost of the ACE Connect package was partially borne by Martin Bauer, and the remaining loan was funded through SDG ACE. This was in an effort to support the rose hip farming community in rural Lesotho.

There were no defaulted or written off loans in 2021, but some arrears have accrued and our write-off policy will be assessed and implemented in 2022 on any loans that are deemed unrecoverable.

ANBI

The foundation applied for ANBI in 2020. The application was rejected, as well as our appeal, in which we tried to convince ANBI that microfinancing surely is in the interest of the public. Our argument, although compelling (even to the evaluator) was deemed insufficiently independent from commercial operations until we can show we have multiple implementation partners. We decided against another appeal at this stage and will focus on building a track record with current funds until we feel it adds value to apply to ANBI again.

Fundraising

Due to Covid 19 restrictions no fundraiser event could be organised in 2021, much to the board's regret, because many beautiful photographs by Humberto Tan are still available for sale. We have made them available on the website and hope that through our work we will still find suitable donors. We had been looking forward to organising an exhibition of these photographs and are hoping that an event like that can be realised in 2022. The photographs can now be found on the SDG ACE website, with prices, but so far no further portraits have been sold.

Policy

A SDG ACE policy was designed in 2020. A major decision was that the foundation will focus on building track record and best practices with one partner only for the first few years, which is African Clean Energy.

They produce the ACE Connect, a hybrid energy system for cooking and solar electricity, powered by solar PV and sustainable biomass. They often also include a smartphone as part of their offering, which can be charged on the ACE One, and which provides the customer with access to the internet with all the advantages in terms of connectivity to the world. African Clean Energy collects usage data through a mobile application that syncs with the stove and uses this app to communicate loan information with the customer. Stove usage information means that CO² emission reduction can be tracked, which gives us a tremendous insight in the impact the use of energy saving, smoke free cookstoves have on the environment.

African Clean Energy has years of experience with selling their product on credit, mainly in Lesotho, Uganda, and Cambodia, and has collected an impressive amount of data to show that the system we are envisaging is working and that the product is popular with the user and contributes to the improvement of many worldwide issues like CO² reduction, climate change, poverty, health, deforestation and erosion, connectivity, gender equality to name but a few.

It was decided that the foundation has a cap on the loan for the ACE Connect of €60,000 and that 90% of the loan funds will be rolling at any time.

It was also agreed that African Clean Energy cannot make a profit on the SDG ACE funds, meaning no interest or fees can be charged over the loan.

Website

All this information, goals and mission, the strategy plan, the policy, can be found on the SDG ACE website (www.sdgage.foundation), which was improved this year. Through the website, potential donors can send their intention to donate, after which we will contact them and arrange the actual transfer of funds. The photographs by Humberto Tan, which are for sale have been posted on the website.

Financial report

The financial report for 2020 was written and approved by the Board. The financial report for 2021 can be found below.

Board members:

Judith Joan Walker: chair

Humberto Tan: mission ambassador

Alice Troostwijk: secretary

Linda Sjöström: vice chair

Rolijne van Houten: financial officer

We hope that 2022 will give the foundation the opportunity to organise fundraising events and enlarge its revolving fund, support more people by lending them funds, and continue supporting refugee households in Uganda.

Key Metrics

From loans disbursed in 2021

→ 1,139 Loans disbursed

→ €110k loans disbursed

→ 1063 tons measured Carbon offset (unmeasured carbon not extrapolated)

→ 49.2% Women Borrowers

We thank all our donors and supporters for what we've been able to achieve so far and are hoping to set more ambitious targets in 2022 for the coming years.

1.2 General

Incorporation

Stichting SDG ACE was incorporated by way of deed dated 17-08-2018.

The foundation has been registered at the Chamber of Commerce under file number 72436530.

Objects

The objects of Stichting SDG ACE are defined in article 2 of the articles of association as follows:

- 1 a. our mission is to provide financial credits to inhabitants of developing countries for the purchase of household energy products and therefore contribute to their economic empowerment;
- 1 b. contributing to the strengthening of the economic position of residents of developing countries;
- 1 c. to perform all legal acts that are directly or indirectly related to or accommodating the realization of the above objectives, which must be interpreted as broadly as possible, but at all times in accordance with of the legal provisions that apply to a public benefit institution as referred to in article 5b paragraph 3 sub m of the General State Taxes Act (algemene wet inzake rijksbelastingen - ANBI).
2. The foundation does not aim to make a profit. Moreover, the foundation will not hold more capital than is reasonably necessary for the continuity of the planned activities for its purpose.
3. The foundation can raise loans for the realization of its objective.
4. The foundation and its board represent the interests of the borrowers and in that sense operate independently from African Clean Energy BV, a private company with limited liability, with its registered office in Amsterdam, with offices at Willem de Zwijgerlaan 13-3, 1056 JD Amsterdam, registered in the Trade Register under number 61155748, and companies affiliated with African Clean Energy BV.

Board of directors

The management is conducted by:

- Judith Joan Walker
- Alice Troostwijk
- Humberto Tan-A-Kiam
- Linda Therese Sjöström
- Rolijne Eileen van Houten

Amendment of articles of association

As per May 22, 2019 the articles of association have been amended.

1.3 Financial position

Below we provide an analysis of the enterprise's financial position, based on the balance sheet.

	31 December 2021		31 December 2020	
	€	€	€	€
In short term available:				
Receivables	-		5.025	
Cash at bank and in hand	5.159		9.753	
Total current assets		5.159		14.778
Less: current liabilities		5.285		1.500
Working capital		-126		13.278
Fixed on long term:				
Financial fixed assets	60.281		7.120	
		60.281		7.120
Funded with on long term available assets		60.155		20.398
Funding occurred as follows:				
Equity capital		-126		13.278
Provisions		60.281		7.120
		60.155		20.398

2. FINANCIAL STATEMENTS

2.1 Balance sheet as of 31 December 2021

(After result appropriation)

ASSETS	<u>31 December 2021</u>		<u>31 December 2020</u>	
	€	€	€	€
Fixed assets				
<i>Financial fixed assets</i>	[1]			
Other receivables	<u>60.281</u>	60.281	<u>7.120</u>	7.120
Current assets				
<i>Receivables</i>	[2]			
Other receivables	<u>-</u>	-	<u>5.025</u>	5.025
<i>Cash at bank and in hand</i>	[3]	5.159		9.753
Total assets		<u><u>65.440</u></u>		<u><u>21.898</u></u>

2.1 Balance sheet as of 31 December 2021

(After result appropriation)

	31 December 2021		31 December 2020	
	€	€	€	€
LIABILITIES				
Equity capital				
Other reserves	[4]	<u>-126</u>	<u>13.278</u>	
		-126		13.278
Provisions				
Other provisions	[5]	<u>60.281</u>	<u>7.120</u>	
		60.281		7.120
Current liabilities				
Accrued liabilities	[6]	<u>5.285</u>	<u>1.500</u>	
		5.285		1.500
Total liabilities		<u><u>65.440</u></u>	<u><u>21.898</u></u>	

2.2 Profit and loss account 2021

		2021		2020	
		€	€	€	€
Net turnover	[7]		41.449		18.295
Cost of sales	[8]		-		635
Gross operating result			<u>41.449</u>		<u>17.660</u>
General costs	[9]	<u>54.668</u>		<u>8.423</u>	
Total operating costs			54.668		8.423
Operating result			<u>-13.219</u>		<u>9.237</u>
Interest and similar expenditure	[10]	<u>-185</u>		<u>-119</u>	
Total financial income and expenditure			-185		-119
Result			<u><u>-13.404</u></u>		<u><u>9.118</u></u>

2.3 Notes to the financial statements

General notes

Activities

The activities of Stichting SDG ACE, having its registered office at Amsterdam primarily consist of providing finance credits to inhabitants of developing countries for the purchase of household energy products and therefore contribute to their economic empowerment.

The actual activities are carried out at Cornelis Vermuydenstraat 57, Amsterdam.

Registered office and registration number at the chamber of commerce

Stichting SDG ACE has been registered at the Chamber of Commerce under file number 72436530.

Estimates

In applying the principles and policies for drawing up the financial statements, the management of the foundation makes different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under art. 362, sub 1, book 2 of the Dutch Civil Code the nature of these estimates and judgments, including related assumptions, is disclosed in the Notes to the relevant financial statement item.

General accounting policies

General

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the pronouncements in the Dutch Accounting Standards applicable to small legal entities, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

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

Foreign currency

Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the foundation operates (the functional currency). The financial statements are presented in euros, which is the functional and presentation currency of the foundation.

Transactions, receivables and liabilities

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement, unless hedge-accounting is applied.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Exceptional items

Exceptional items are items of income and expense from the normal, non-incidental activities or transactions, but which need to be disclosed separately on the basis of the nature, size or incidental character of the item.

2.3 Notes to the financial statements

ACCOUNTING POLICIES APPLIED TO THE VALUATION OF ASSETS AND LIABILITIES

Financial fixed assets

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred income taxes are recognised at nominal value.

Cash at banks and in hand

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

Provisions

General

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required and a reliable estimate can be made.

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. Provisions for pension are valued on the basis of actuarial principles. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

Other provisions

Other kinds of provision are included in accordance with the nominal value of the expenditure which is expected to be necessary to settle the obligations.

Current liabilities

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

2.3 Notes to the financial statements

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Profit or loss is determined taking into account the recognition of unrealised changes in fair value of investment property, securities included in current assets and derivative financial instruments not designated as hedging instruments.

Revenue recognition

General

Net turnover comprises the income from the supply of goods and services after deduction of discounts and such like and of taxes levied on the turnover.

Sales of goods

Revenues from the goods supplied are recognised when all significant risks and rewards in respect of the goods have been transferred to the buyer.

Sales of services

Revenues from the services rendered are recognised in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered.

Costs

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Exceptional items

Exceptional items are items of income and expense from the normal, non-incidental activities or transactions, but which need to be disclosed separately on the basis of the nature, size or incidental character of the item for reasons of analysis and comparability of the results.

Financial income and expense

Interest income and interest expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Currency translation differences

Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised, unless hedge accounting is applied.

Dividends

Dividends to be received from participations and securities not carried at net asset value are recognised as soon as the company has acquired the right to them.

Changes in value of financial instruments recognised at fair value

Changes in the value of the following financial instruments (for which no hedge-accounting is applied) are recognised directly in the income statement.

2.4 Notes to the balance sheet

ASSETS

FIXED ASSETS

Financial fixed assets [1]

	2021	2020
	€	€
Other receivables		
Loan providing African Clean Energy BV	60.281	7.120
<i>Loan providing African Clean Energy BV</i>		
Value as of 1 January 2021	7.120	-
Movements	77.295	7.120
Refunds	-24.134	-
Value as of 31 december	60.281	7.120

CURRENT ASSETS

Receivables [2]

Other receivables

Receivable current account African Clean Energy BV	-	5.025
<i>Receivable current account African Clean Energy BV</i>		
Value as of 1 January 2020 / 17 August 2018	5.025	5.660
Income received via African Clean Energy BV	-5.025	-
Costs paid via African Clean Energy BV	-	-635
Value as of 31 december	-	5.025

Cash at bank and in hand [3]

Current account bank	5.159	9.753
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To the current account following certainty apply:
The cash and cash equivalents are available on demand.

2.4 Notes to the balance sheet

LIABILITIES

EQUITY CAPITAL [4]

	2021	2020
	€	€
Other reserves		
Value as of 1 January	13.278	4.160
From proposal result appropriation	-13.404	9.118
Value as of 31 December	<u>-126</u>	<u>13.278</u>

PROVISIONS [5]

Other provisions

Microfinance provision	<u>60.281</u>	<u>7.120</u>
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Microfinance provision

Value as of 1 January 2021	7.120	-
Additive	77.295	7.120
Release	-24.134	-
Value as of 31 december	<u>60.281</u>	<u>7.120</u>

Due to the relatively high risk profile of the outstanding microfinance credits/loans (as presented as Financial fixed assets), Stichting SDG ACE books a provision directly linked to the loans provided. Due to the recurring nature of the loans provided, the provision follows the outstanding loan amount. Repayments of the loans will also lower the booked provision. The need for a 100% provision will be reviewed from time to time based on the actual repayment percentage over a longer period of time.

CURRENT LIABILITIES [6]

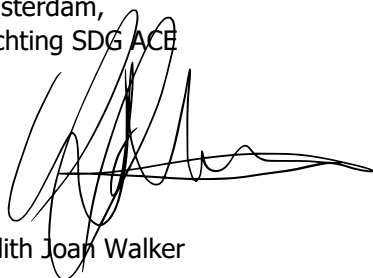
Accrued liabilities

Administration costs payable	3.000	1.500
Other accrued liabilities	2.285	-
	<u>5.285</u>	<u>1.500</u>

2.5 Notes to the profit and loss account

	2021	2020
	€	€
Net turnover [7]		
Sale of Photo's	-	3.000
Donations	41.449	15.295
	<u>41.449</u>	<u>18.295</u>
Cost of sales [8]		
Costs of Photo's sold	<u>-</u>	<u>635</u>
General costs [9]		
Accountant costs	1.500	1.303
Differences in payments	7	-
Microfinance provision costs	53.161	7.120
	<u>54.668</u>	<u>8.423</u>
Financial income and expenditure		
Interest and similar expenditure [10]		
Banking fees and provision	<u>185</u>	<u>119</u>

Amsterdam,
Stichting SDG ACE



Judith Joan Walker