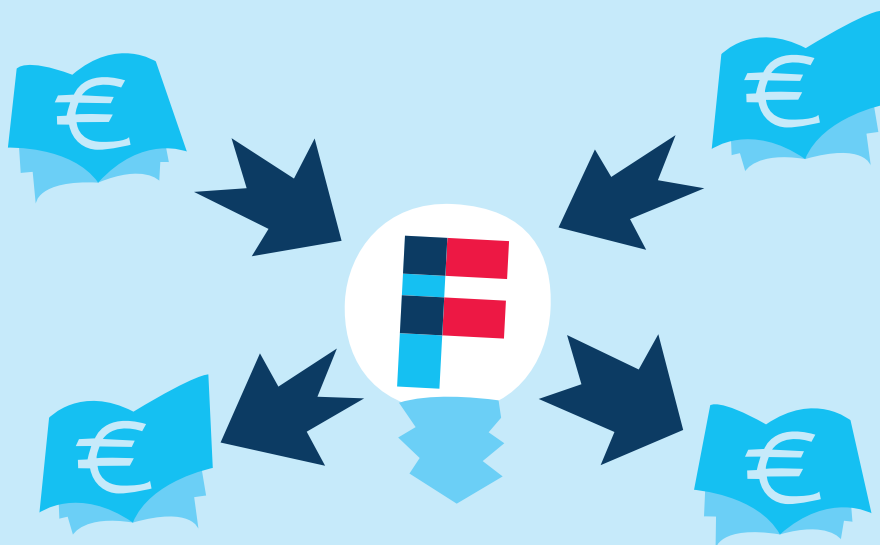


# FAIRFOOD

## Financial annual report 2023



# Financial Statements 2023

The Management Board of Stichting Fairfood International (Fairfood) hereby presents the financial statements for the financial year ended December 31, 2023. The financial statements have been prepared in accordance with Dutch Accounting Guidelines for Annual Reporting – RJ 640 for not-for-profit organizations.

## Management board report

The Management Board of Fairfood in 2023 was formed by Sander de Jong (Managing Director). The Supervisory Board was composed of H.I.J. Hoefsloot-Bruggeman (Chair of the Supervisory Board), W.P.Gorter (member of the Supervisory Board), P.C.D. Goudswaard (member of the Supervisory Board), M. Zwart (member of the Supervisory Board) and H. de Groot (member of the Supervisory Board). The Supervisory Board had a meeting to approve the annual report for 2023 and the outlook for 2024 was also discussed.

In 2023, Fairfood faced some financial challenges; the year-end balance sheet shows a marked decrease in total assets, from €1,418,586 in 2022 to €739,235 in 2023. This decline was primarily due to reductions in both fixed and current assets. Tangible fixed assets, including office inventory and hardware, were valued at €6,826, down from €9,029 the previous year. Current assets also saw a decrease, with inventory, receivables, and cash equivalents totalling €732,410, compared to €1,409,557 in 2022.

## Income and Expenses

Fairfood's total income for 2023 amounted to €1,349,939, which fell short of the budgeted €1,589,362. The income was largely derived from contributions by third parties (€1,030,709), governmental contributions (€319,230), and other minor sources. The Dutch Postcode Lottery, which has been financing Fairfood for many years, ended their contribution in 2023, resulting in a decrease in income of €500,000 compared to 2022. Governmental contributions increased substantially from €15,163 in 2022 to €319,230 in 2023, highlighting successful grant applications and partnerships, particularly with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

On the expense side, Fairfood's costs arrived at €1,686,488, lower than the budgeted €1,713,612. Major expenses included staff costs (€870,414), project platform costs (€210,540), and communication (€99,688). Staff costs, which covered salaries, social expenses, and other personnel-related costs, reflected an increase due to the average Full-Time Equivalent (FTE) rising from 9.40 in 2022 to 10.67 in 2023. Communication expenses included significant Google advertisements (in kind) aligning with Fairfood's strategic emphasis on digital outreach and visibility.

## Operational Result and Financial Health

The organisation recorded an operational deficit of €336,549, a stark contrast to the surplus of €167,445 in 2022. After accounting for financial income and expenses, the net result was a deficit of €335,144. This outcome underscores the financial strain experienced during the year, necessitating careful financial planning and management going forward.

## Cash Flow and Liquidity

Fairfood's cash flow statement for 2023 reveals a significant outflow, resulting in a net cash flow decrease of €680,219. The year commenced with a cash balance of €1,295,742, which decreased to €615,522 by year-end. Cash flows from operating activities were negative, primarily due to movements in working capital, including increases in receivables and decreases in liabilities. No substantial investments were made during the year, reflecting a conservative approach to capital expenditure amidst financial constraints.

## Current Liabilities and Commitments

As of December 31, 2023, Fairfood's current liabilities amounted to €396,852, down from €741,059 in 2022. These liabilities included creditors, other liabilities such as audit costs and tech development costs, and project funds received in advance. The latter primarily comprised funds from Solidaridad for the Dream Fund project and GIZ for the aGROWforests project.

## Conclusion

The financial performance of Fairfood in 2023 highlights the organisation's adaptability and resilience in the face of fiscal challenges. Despite recording a deficit, the organization effectively managed its cash flows and liabilities, ensuring operational continuity. Moving forward, strategic financial planning will be crucial to restoring balance and achieving long-term sustainability. The budget for 2024 is also included in the finance chapter. Fairfood's commitment to transparency and rigorous financial oversight will support its mission to promote sustainable food systems and drive positive change in the global food industry.

Management Board,  
Sander de Jong  
Amsterdam, July 2024

## Balance sheet as of December 31, 2023

After appropriation of the result

	31/12/2023	31/12/2022
	€	€
<b>Fixed Assets</b>		
<b>Tangible Fixed Assets</b>		
Office Inventory	5.997	7.905
Hardware	829	1.124
	<b>6.826</b>	<b>9.029</b>
<b>Current Assets</b>		
Inventory	488	267
Receivables	116.399	113.548
Cash and cash equivalents	615.522	1.295.742
	732.410	1.409.557
<b>Total</b>	<b>739.235</b>	<b>1.418.586</b>
<b>Liabilities</b>		
<b>Equity</b>		
General Reserve	342.383	677.527
	<b>342.383</b>	<b>677.527</b>
<b>Current Liabilities</b>		
Liabilities and accruals	396.852€	741.059
	396.852€	741.059
<b>Total</b>	<b>739.235</b>	<b>1.418.586</b>



## Statement of income and expenses 2023

	2023	Budget 2023	2022
	€	€	€
<b>Income</b>			
Contributions from third parties	1.030.709	1.469.926	1.033.933
Benefits from third-party actions	-	-	500.000
Governmental contributions	319.230	119.436	15.163
Other income	-	-	36
<b>Total</b>	<b>1.349.939</b>	<b>1.589.362</b>	<b>1.549.132</b>
<b>Costs</b>			
Staff costs	870.414	868.000	781.227
Other personnel costs	39.468	53.480	42.594
Housing	22.644	28.000	24.480
Office	13.898	20.000	10.499
Organisation	107.299	86.000	76.844
Communication	99.688	119.300	131.295
Development	33.534	25.000	51.455
Project platform costs	210.540	220.540	126.900
Other project costs (excl. personnel)	289.006	283.292	136.393
Unforeseen	-	10.000	-
<b>Total</b>	<b>1.686.488</b>	<b>1.713.612</b>	<b>1.381.687</b>
<b>Operational Result</b>	<b>-336.549</b>	<b>-124.250</b>	<b>167.445</b>
<b>Financial income and expenses</b>	<b>1.405</b>	<b>-750</b>	<b>-2.732</b>
<b>Result</b>	<b>-335.144</b>	<b>-125.000</b>	<b>164.713</b>
<b>Allocation of result</b>			
General Reserve	-335.144	-125.000	164.713
<b>Total</b>	<b>-335.144</b>	<b>-125.000</b>	<b>164.713</b>

## Cash flow Statement 2023

	2023		2022	
	€	€	€	€
<b>Result</b>				
		-335.144		164.713
<b>Adjusted for:</b>				
Depreciations	2.203		332	
		2.203		332
<b>Changes in working capital:</b>				
Movement in inventory	-709		2.643	
Movement in receivables	-2.851		-103.847	
Movement in liabilities		-343.719	603.888	
Cash flow from operating activities		-3.560		502.684
Cash flow from investing activities		-	-9.361	
		-		-9.361
<b>Net cash flow</b>		<b>-680.219</b>		<b>658.368</b>
Balance cash and cash equivalents Jan 1		1.295.742		637.374
<b>Movement financial year</b>		<b>-680.219</b>		<b>658.368</b>
Balance cash and cash equivalents Dec 31		615.522		1.295.742

The Cash Flow Statement has been drawn up according to the indirect method.

## Notes to Financial Statements

### General

The registered address of Stichting Fairfood International is Mauritskade 63 in Amsterdam (registered at the Chamber of Commerce with file number 34141098).

The main activities Stichting Fairfood International is to offer innovative solutions that enable agri-food businesses to improve their responsible business practices. Open solutions that are designed to democratise the world of food. We actively engage all supply chain actors – from farmer to retailer and consumer – aiming to contribute to the socio-economic prosperity of farmers and food workers. Fairfood believes in establishing partnerships to jointly accelerate the change towards a sustainable food system.

### Principles of value and determination of results

The financial statements have been prepared in accordance with the Guideline for Annual Reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards. Annual accounts are based on historical cost conventions. The valuation of assets and liabilities is done at nominal value unless stated otherwise. Profits are assigned to the period in which they were realized. Expenses are also accounted for in the period they occur.

### Foreign currencies

The accounts of the organisation are presented in euros, which is Fairfood's functional currency. Transactions in foreign currencies are converted to euros at the beginning of the month in which the transaction occurs. At the end of the financial year, all accounts receivable and liabilities in foreign currencies are converted to euros on the basis of the exchange rate as per balance date. Exchange rate results have been added to the statement of revenues and expenditures.

## PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

### Tangible assets

Tangible fixed assets are recognized in the balance sheet when it is probable that the expected future economic benefits attributable to the asset will flow to the company, and the cost of that asset can be measured reliably. Tangible assets are valued at acquisition price less straight-line depreciation. The yearly depreciation of office inventory and hardware is 20%.

### Inventory

The cryptocurrency for trace technology is valued at purchase price unless there is a lower market value on the balance sheet date. In that case, this lower market value is used as the value of the inventory.

### Receivables

Receivables are initially valued at their fair value and subsequently at amortized cost, which is usually the nominal value. Provisions deemed necessary regarding the risk of bad debts are deducted. These provisions are determined based on an individual assessment of the receivables. Prepaid expenses are valued at the amount paid.

### **Cash and cash equivalents**

Cash and cash equivalents are measured at nominal value. If cash and cash equivalents are not immediately available, this will be explained.

### **General Reserve**

The reserves concern the balance of assets minus debts and provisions. Positives and negative results within a financial year are deducted from the balance of the general reserves. Fairfood aims to reach a discretionary net worth of 45% minimum and 60% maximum of the annual ongoing costs of the work organization. This is done to avoid immediate issues that may arise in case of financial setbacks.

### **Liabilities**

Current liabilities are those with a term of less than one year. These are initially valued at their fair value and subsequently at amortized cost, which is usually the nominal value. Accruals are valued at their nominal value. Accruals and deferred income are stated at their nominal value.

### **Principles of the determination of results**

#### **GENERAL PRINCIPLE OF CALCULATION OF RESULTS**

The general principle of calculation of results is historical cost. Revenue is accounted for in the year in which it is realized. Expenditure is taken into account in the year in which it is incurred. Costs and revenue are thus accrued to the financial year in which the activities concerned take place.

### **Contributions from Third Parties**

Contributions from third parties are accounted for in the year to which they relate. As far as the proceeds are used for (co-)financing of projects, they are accounted for in the reporting period in which the project costs are incurred. Unspent project funds are added to the balance sheet and capitalized as project funds to be spent.

### **Benefits from Third Parties**

Income from third-party promotions concerns gifts and donations. These are accounted for in the year in which we receive them. Therefore, gifts and donations received in advance are not taken into account.

### **Other Income**

Other revenues are allocated to the year to which they relate.

### **Wages**

The remuneration owed to the staff is included in the statement of income and expenditure based on the terms of employment.

### **Other Expenses**

Other expenses are determined on a historical basis and allocated to the year to which they relate.

### **Financial Income and Expenses**

Interest income and interest expense are recognized on a time-proportionate basis, taking into account the effective interest rate of the relevant assets and liabilities.

### **Corporation Tax**

The financial statements have been prepared on the assumption that Fairfood's activities are exempt from corporate income tax.

### **Cash Flow Statement**

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash. Cash flows in foreign currency are translated into euros using the weighted average exchange rate for the reporting period or the exchange rate at the dates of the transactions. Foreign exchange differences with regard to cash and cash equivalents are presented separately in the cash flow statement. Transactions that do not include an exchange of cash and cash equivalents are not included in the cash flow statement.

## Notes on balance sheet as of December 31, 2023

	31/12/2023	31/12/2022
	€	€
<b>Office Inventory</b>		
Value as of January 1	7.905	-
Investment	-	8.178
Depreciation	-1.908	-273
<b>Value as of December 31</b>	<b>5.997</b>	<b>7.905</b>

<b>Hardware</b>		
	31/12/2023	31/12/2022
	€	€
Value as of January 1	1.124	-
Investment	-	1.183
Depreciation	-295	-59
<b>Value as of December 31</b>	<b>829</b>	<b>1.124</b>

	31/12/2023	31/12/2022
	€	€
<b>Inventory</b>		
Crypto currency for trace technology	488	267
<b>Value as of December 31</b>	<b>488</b>	<b>267</b>

The crypto currency is held to power our trace platform. The value fluctuates considerably. No new crypto currency has been purchased in 2023.

	31/12/2023	31/12/2022
	€	€
<b>Receivables</b>		
Prepaid costs	45.244	33.534
Other receivables	57.084	78.311
Debtors	14.072	1.703
<b>Value as of December 31</b>	<b>116.399</b>	<b>113.548</b>

The prepaid costs concerns invoice received in advance regarding the sickness insurance and rent, and an advance, paid to our tech platform developers. The other receivables mainly concern project funds that are still to be received from project partners.

	31/12/2023	31/12/2022
	€	€
<b>Cash and cash equivalents</b>		
Cash	-	48
Payment accounts	16.486	247.224
Saving accounts	599.036	1.048.470
<b>Value as of December 31</b>	<b>615.522</b>	<b>1.295.742</b>

<b>General Reserve</b>		
	31/12/2023	31/12/2022
	€	€
Balance sheet as of January 1	677.527	512.814
Allocation of result	-335.144	164.713
<b>Balance sheet as of December 31</b>	<b>342.383</b>	<b>677.527</b>

<b>Current Liabilities</b>		
	31/12/2023	31/12/2022
	€	€
Creditors	52.076	20.630
Other liabilities	71.696	70.761
Value added tax to be paid	2.980	1.220
Project funds still to be spend	270.100	648.448
<b>Value as of December 31</b>	<b>396.852</b>	<b>741.059</b>

Other liabilities are costs that are due on balance sheet date, but for which no invoice has been received on balance sheet date. The largest items here are audit costs, tech development costs and the value of the balance of employees' vacation days.

Project funds still to be spent are funds that have already been received in the bank, but have not yet been spent. The largest amounts here are funds from Solidaridad for the Dream Fund project and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for the aGROWforests project.

### Off balance sheet commitments:

FAIRFOOD, which has its head office in Amsterdam, has signed a rental agreement with the Royal Tropical Institute in Amsterdam. This agreement will be extended for one year from April 1, with a notice period of four months. The rental charge for 2024 is €23,004.

## Notes on the statement of income and expenses 2023

	2023	Budget 2023	2022
	€	€	€
<b>Income</b>			
<b>Contribution from third parties</b>			
Business assignments	175.472	437.936	290.561
NGO contributions	681.177	790.553	577.600
Sponsorship in kind (google-ad grants)	83.458	75.000	100.397
Grants	90.465	241.436	65.257
Donations	137	-	118
	<b>1.030.709</b>	<b>1.544.925</b>	<b>1.033.933</b>

<b>Benefits from third-party actions</b>			
Nationale Postcodeloterij			
- General financing	-		500.000
	-	-	<b>500.000</b>

<b>Governemental contributions</b>			
GIZ- Germany	319.230	19.352	15.163
	<b>319.230</b>	<b>19.352</b>	<b>15.163</b>

<b>Specifications NGO contributions</b>			
SOLIDARIDAD	669.733	416.504	562.433
RAINFOREST ALLIANCE	-	9.100	6.067
SUSTAINABLE FOOD LAB	-	-	9.100
HEIFER	11.445	-	-
	<b>681.177</b>	<b>425.604</b>	<b>577.600</b>

Business Assignments: Business assignments were lower than budgeted due to postponements within the Trabocca project and fewer new project funds secured for 2023.

NGO Contributions: NGO contributions exceeded the budget primarily due to increased funding for the RECLAIM Sustainability! project and earlier execution of planned 2023 activities. Rainforest Alliance's contribution for the ALIGN platform was not allocated because they could not make funds available.

	2023	Budget 2023	2022
	€	€	€
<b>Costs</b>			
<b>Personnel</b>			
Salaries	761.470	748.388	677.740
Social expenses	126.276	119.612	105.337
Benefits Absence Insurance	-17.332	-	-7.802
Non-salaries staff	-	-	5.952
	<b>870.414</b>	<b>868.000</b>	<b>781.227</b>

The average FTE in 2023 was 10,67 (2022: 9,40)

Director S.B. de Jong received a total gross salary of € 106.162 with a full-time position of 36 hours per week. This amount includes holiday allowance and compensation for a pension provision. No loans have been extended to the CEO. The remuneration is in principle in accordance with the "regulation for the remuneration of directors in charity organisations" of Goede Doelen Nederland.

The members of the Supervisory Board do not receive any remuneration

<b>Other personnels costs</b>			
Travel expenses	7.896	8.000	6.456
Training	635	11.000	450
Canteen expenses	494	1.500	-
Sick leave insurance	13.450	11.800	11.558
Additional personnel costs	16.993	21.180	24.130
	<b>39.468</b>	<b>53.480</b>	<b>42.594</b>

<b>Housing</b>			
Rent	22.057	27.000	23.939
Additional housing costs	586	1.000	541
	<b>22.644</b>	<b>28.000</b>	<b>24.480</b>

<b>Office</b>			
Office supplies	363	5.000	622
Depreciation Office Inventory	1.636	-	273
Software	11.899	13.000	9.604
IT support	-	2.000	-
	<b>13.898</b>	<b>20.000</b>	<b>10.499</b>

	2023	Budget 2023	2022
	€	€	€
<b>Organisation</b>			
Supervisory Board	432	500	1.562
Contributions	2.881	3.000	2.575
Financial - & Salary Administration	49.335	46.800	38.411
Software	3.305	4.700	3.841
Depreciation hardware	237	-	59
Insurances	3.605	5.000	3.605
Accountant	29.441	16.000	16.129
Advice	18.062	10.000	10.662
	<b>107.299</b>	<b>86.000</b>	<b>76.844</b>

<b>Communication</b>			
Software	570	1.000	912
Promotion	-	10.000	4.790
Annual Report	-	24.800	1.259
Marketing and Website	4.773	4.500	19.898
Google-Advertisements	83.458	75.000	100.397
Other communication costs	10.887	4.000	4.039
	<b>99.688</b>	<b>119.300</b>	<b>131.295</b>

<b>Development</b>			
Platform costs	-	-	40.623
Business Development	33.534	15.000	10.742
Impact Strategy Development	-	5.000	90
Data protection Development	-	2.500	-
Services & product Development	-	2.500	-
	<b>33.534</b>	<b>25.000</b>	<b>51.455</b>

Increased Business Development costs: Travel to the USA for business development purposes resulted in higher than budgeted costs. However, this was offset by lower development costs in other areas. This is because our team took on planned outsourced work internally and due to efficiencies within the RECLAIM Sustainability! project.

	2023	Budget 2023	2022
	€	€	€
<b>Financial income and expenses</b>			
Interest Paid	-104	-	-2.003
Interest Received	2.231	-	5
Bank charges	-722	-750	-734
	<b>1.405</b>	<b>-750</b>	<b>-2.732</b>

Date: July 18, 2024

S.B. de Jong, Managing Director

H.I.J. Hoefsloot-Bruggeman, chair Supervisory Board

W.P. Gorter, member Supervisory Board

P.C.D. Goudswaard, member Supervisory Board

M. Zwart, member Supervisory Board

H. de Groot, member Supervisory Board



## Budget 2024

	2024
	€
<b>Income</b>	
A1 Income from BD partnerships	165.859
A2 Income from NGO's	659.752
A3 Income from governments	606.316
A4 Grants	384.151
A5 Others	110.448
<b>Total income</b>	<b>1.926.526</b>
<b>Expenses</b>	
B1 Communication costs	119.700
B2 Development costs	10.000
B3 Project costs	875.604
B4 Direct Staff costs and other	730.870
B5 Office and general costs	151.750
<b>Total expenses</b>	<b>1.887.924</b>
Financial income and expenses	1.000
<b>Result</b>	<b>1.887.924</b>

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