

**ANNUAL REPORT 2019/2020**

**SOLES4SOULS EUROPE STICHTING  
AMSTERDAM**

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To the management of  
Soles4Souls Europe Stichting  
Stieltjesweg 8  
6827BV Arnhem

Huizen, November 24, 2020

Dear management board,

Enclosed you find the report regarding the financial statements for the year 2019/2020 of the foundation.

## 1 SCOPE OF ENGAGEMENT

In accordance with your instructions we have compiled the annual accounts 2019/2020 of the foundation, including the balance sheet with a total of \$ 208,972 and the profit and loss account with a negative result after tax of \$ 134,036.

## 2 ACCOUNTANT'S COMPILATION REPORT

The financial statements of Soles4Souls Europe Stichting at Amsterdam have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at June 30, 2020, the profit and loss account for 2019/2020 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, 'Compilation engagements', which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements 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.

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. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Soles4Souls Europe Stichting.

During this engagement we have complied with the relevant ethical requirements prescribed by the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA, Dutch Code of Ethics). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

## **REPORT OF THE AUDITORS**

### 3 GENERAL

#### 3.1 Board

On June 30, 2020 the board of directors is formed by:

E.C. Teaster III, Chairman  
R.D. Adams Ghee, Treasurer  
N.S. Youssef  
T.P. McCrary  
M.A. Hart IV  
W.R. Dunn

#### 3.2 Incorporation of a company

The company Soles4Souls Europe Stichting was incorporated on April 08, 2019 in Amsterdam as a private company with limited liability. The first financial year of the foundation ends on the June 30, 2020.

We are confident that we have informed you sufficiently and remain prepared to provide you with further information should you so desire.

Yours sincerely,



Lentink Accountants  
A.B. Barmantlo AA

## **FINANCIAL STATEMENTS**

**1 BALANCE SHEET AS AT JUNE 30, 2020**  
(After appropriation of the result)

	06/30/2020	
	\$	\$
<b>ACTIVA</b>		
<b>CURRENT ASSETS</b>		
<b>Inventories</b>	(1)	202,974
<b>Receivables, prepayments and accrued income</b>	(2)	
Other receivables, prepayments and accrued income		5,998
		<u>208,972</u>

208,972

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	06/30/2020	
	\$	\$
<b>PASSIVA</b>		
<b>RESERVES AND FUNDS</b>	(3)	
Allocation reserve	8,156	
Other reserves	<u>-134,036</u>	
		-125,880
<b>CURRENT LIABILITIES</b>	(4)	
Due to group companies	331,706	
Other liabilities, accruals and deferred income	<u>3,146</u>	
		334,852
		<u><u>208,972</u></u>



2 STATEMENT OF INCOME AND EXPENDITURE 2019/2020

		Balance 2019/2020
		<u>          </u> \$
<b>Income</b>		
Income donations	(5)	1,947,290
Other operating income	(6)	20,079
<b>Sum of income</b>		<u>1,967,369</u>
<b>Expenses</b>		
<b>Spent on objectives</b>	(7)	1,682,669
<b>Costs of management and accounting</b>		
Employee expenses	(8)	325,342
Other operating expenses	(9)	93,267
		<u>418,609</u>
<b>Balance before financial income and expense</b>		<u>-133,909</u>
Financial income and expenses	(10)	-127
<b>Result</b>		<u><u>-134,036</u></u>

### **3 ACCOUNTING PRINCIPLES OF VALUATION AND DETERMINATION OF THE RESULT OF THE ANNUAL ACCOUNTS**

#### **GENERAL**

##### **Activities**

The object of Soles4Souls Europe Stichting, with registered offices in Amsterdam, and its group holdings are to create sustainable jobs and provide relief through the distribution of shoes and clothing around the world and anything which may directly or indirectly relate or be conducive there to, all in the broadest sense of terms. The registration number of the Chamber of Commerce is 74523457. The actual seat of the company is Arnhem.

#### **GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS**

Valuation of assets and liabilities and determination of the result take place at nominal value unless stated otherwise.

##### **Financial instruments**

Financial instruments include both primary financial instruments, such as receivables and payables, and financial derivatives. For the principles of primary financial instruments, reference is made to the recognition per balance sheet item. The company makes no use of financial derivatives.

#### **PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES**

##### **Inventories**

Inventories of goods for resale are valued at acquisition price or lower net realizable value. This lower net realizable value is determined by individual assessment of the inventories.

##### **Other receivables, prepayments and accrued income**

Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

#### **ACCOUNTING PRINCIPLES FOR THE DETERMINATION OF THE RESULT**

##### **Determination of the result**

The result is determined based upon the difference between the net turnover and the costs and other expenses taking into account the aforementioned valuation principles.

##### **Gross margin**

The gross operating profit and loss comprises net turnover, the changes in inventories of finished goods and work in progress, work performed by the entity and capitalised, other operating income, cost price and cost of outsourced work and other external charges.

**Spent on objectives**

The expenses in the context of the objectives are accounted for in the year, that they are committed, or in the year that scope of obligation can be reliable determined.

**Financial income and expenses**

Financial income and expenses comprise interest income and expenses, as well as exchange rate differences and other related income and expenses.

4 NOTES TO THE BALANCE SHEET AS AT JUNE 30, 2020

ASSETS

CURRENT ASSETS

	<u>6/30/2020</u>
	\$
<b>1. Inventories</b>	
Finished goods and goods for resale	<u>202,974</u>
<b>2. Receivables, prepayments and accrued income</b>	
<b>Other receivables, prepayments and accrued income</b>	
Accountants receivable Micro-enterprise	1,880
Accountants receivable Partner freight	<u>4,118</u>
	<u>5,998</u>

**RESERVES AND FUND LIABILITIES**

**3. Reserves and Funds**

	<u>6/30/2020</u>
	\$
<b>Allocation reserve</b>	
Allocation reserve	<u>8,156</u>
	<u>2019/2020</u>
	\$
<b>Other reserves</b>	
Carrying amount as of April 8	-
Allocation of financial year net result	<u>-134,036</u>
Carrying amount as of June 30	<u>-134,036</u>

**4. Current liabilities**

	<u>6/30/2020</u>
	\$
<b>Due to group companies</b>	
Current account Soles4Souls Inc.	<u>331,706</u>
<b>Other liabilities, accruals and deferred income</b>	
Audit costs	<u>3,146</u>

**5 NOTES INCOME AND EXPENDITURE 2019/2020**

	Balance 2019/2020
	\$
<b>5. Income donations</b>	
Corporation footwear donations	1,318,109
Donations of shoes	30,456
Other public support	15,138
Donations of clothing	521,940
RDC donations of shoes and clothing	61,647
	1,947,290
<b>6. Other operating income</b>	
Partner freight revenue	20,079
	20,079
<b>7. Spent on objectives</b>	
<b>Goals</b>	
Micro-enterprice	1,305,953
Public distribution	376,716
	1,682,669
<b>8. Employee expenses</b>	
Wages and salaries	325,342
	325,342
<i>Wages and salaries</i>	
Gross wages	71,423
Allocated wages and salaries	253,919
	325,342
<b>Staff</b>	
At the company during 2019/2020, 1 employee was employed.	
<b>9. Other operating expenses</b>	
Operating expenses	13,675
General expenses	79,592
	93,267
<i>Operating expenses</i>	
RDC traing/travel	9,718
RDC supplies	1,094
RDC other costs	2,667
RDC Shipping/freight	196
	13,675

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	Balance 2019/2020
	<u>\$</u>
<i>General expenses</i>	
Audit costs	3,146
Accounting costs	28,230
Legal charges	47,738
Office supplies	478
	<u>79,592</u>
<b>10. Financial income and expenses</b>	
<i>Interest and similar expenses</i>	
Bank costs	<u>-127</u>

**Signing board of directors for approval**

Amsterdam, November 24, 2020

E.C. Teaster III, Chairman

M.A. Hart IV

R.D. Adams-Ghee, Treasurer

T.P. McCrary

N.S. Youssef

W.R. Dunn