



COMMONLAND

4 RETURNS FROM LANDSCAPE RESTORATION

Commonland Foundation

Annual Report 2020

Amsterdam, 31 March 2021

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1. ANNUAL REPORT

1.1 Board report

Commonland started its operations on 27 March 2013 and the Foundation was formally established on 31 January 2014 as the Ecosystem Return Foundation. It was set up with the objective to restore degraded ecosystems on a global scale. In September 2014, the name was changed to Commonland Foundation (hereafter: Commonland).

Commonland is financially supported by grants and subsidies, and its revenues are raised from mission-related advisory activities to third parties. In 2019 the COMON Foundation expanded her donation into a multi-year agreement to cover structural and development costs. COMON and Commonland have signed a contract which will last four years through 2022. After an evaluation process in 2021, the contract will continue for another three years.

Commonland is a beneficiary of the Dutch Nationale Postcode Loterij. The grants that were received from the NPL have covered development costs, and also largely contributed to an extra project that we worked on in South Africa. In 2019 the Dutch Nationale Postcode Loterij significantly increased her donation to Commonland. In February 2021, the agreement was extended with 5 years through to 2025.

Commonland continued to develop 4 Returns landscape restoration projects, and executed several assignments to advise the development of 4 Returns-type of landscape restoration projects from third parties. Aside from straight grant funding or in-kind support to projects, part of the support to these projects has been structured as an equity investment or soft loan.

In 2017, the management of Commonland adopted a policy of making a provision against the book value of project loans made to partner organizations after recognizing the uncertainties that are typical for start-up organizations. This policy applies to all (future) project loan agreements, including an individual assessment of the valuation at the end of each book year. In 2019, the management's best estimate per 31 December is a 50% provision of the project loans made to La Almendrehesa and Wide Open Agriculture and a 100% provision of the project loan made to Baviaanskloof Development Company.

Over the past years, Commonland has provided financial support to its landscape partners via a variety of means. In addition to direct grants and cost reimbursements, Commonland has taken equity positions and provided loans to certain partners. Equity investments and loans have been made following a professional investment process (due diligence, an internal investment committee, board approval where necessary). The loan terms (duration, amounts, interest rates) differ between the organisations and have been agreed based upon the needs of each organisation, including Commonland, and the respective landscapes at the time the loan agreements were executed. While these key objectives have largely been met, it is also recognised that holding equity participations may not be consistent with the current strategic direction of Commonland and may impact upon the Foundation's risk profile (in particular Commonland's ANBI status).

Consequently, the following has been agreed, which we believe will still deliver on the relevant objectives above, while minimising the risks to the Commonland Foundation:

1. No new direct equity participations will be considered by Commonland Foundation;
2. Existing equity participations will be maintained;
3. Current and potentially future loan arrangements between Commonland and its partners will be simplified and harmonised.

The Board and Management Team are looking into different scenarios of future activities for Commonland B.V.

In a separate report, the CEO of Commonland reports the contents of the activities and their results in 2020.

The Board of the Commonland Foundation is looking forward to the coming years with full confidence.

Amsterdam, 31 March 2021

The Board:

B.M.A. Jankovich, Chair

L.E.M. Vet, Deputy chair

J.H.W. Loudon, Secretary, Executive Board member

G.L.M. van Hengstum, Treasurer

M.J. Heineman, General member

C. van Asselt, Advisor to the Board

2. ANNUAL ACCOUNTS

2.1 Balance sheet as at 31 December 2020 (after result appropriation)

		<u>31 December 2020</u>	<u>31 December 2019</u>
ASSETS			
Fixed assets			
<i>Tangible fixed assets</i>	(1)		
Other fixed operating assets		268.982	78.969
<i>Financial fixed assets</i>	(2)		
Participations		207.400	207.400
Investments		<u>420.364</u>	<u>368.707</u>
		627.764	576.107
Current assets			
<i>Receivables</i>	(3)		
Current accounts participating interests		139.064	359.682
Other receivables		<u>758.139</u>	<u>586.438</u>
		897.203	946.120
<i>Cash and cash equivalents</i>	(4)	4.311.845	3.457.140
Total assets		<u><u>6.105.794</u></u>	<u><u>5.058.336</u></u>

	<u>31 December 2020</u>	<u>31 December 2019</u>
LIABILITIES		
Reserve and Funds	(5)	
Continuity reserve	1.500.000	1.250.000
Earmarked reserves	692.024	97.093
Earmarked funds	<u>2.312.328</u>	<u>1.902.923</u>
	4.504.352	3.250.016
Current liabilities	(6)	
Accounts payable	117.415	237.003
Grants received in advance	1.309.865	1.394.784
Taxes and premiums social insurance	79.529	40.665
Other liabilities	<u>94.633</u>	<u>135.868</u>
	1.601.442	1.808.320
Total liabilities	<u><u>6.105.794</u></u>	<u><u>5.058.336</u></u>

2.2 Statement of income and expenditures

		2020		2019	
INCOME	(7)				
Income governments		0		50.000	
Income grants and donations		5.908.389		5.852.882	
Income lottery organizations		1.267.000		1.330.855	
Other income		66.055		150.743	
		<u> </u>	7.241.444	<u> </u>	7.384.480
EXPENDITURES					
Expenditures on objectives	(8)	2.884.006		2.927.684	
Wages and salaries	(9)	1.308.900		1.016.215	
Social security charges	(9)	189.370		144.285	
Pension charges	(9)	187.321		142.482	
Other personnel costs	(9)	383.210		272.451	
Depreciation	(10)	73.466		32.905	
Other expenditures	(11)	630.057		606.116	
		<u> </u>	5.656.330	<u> </u>	5.142.137
Result before financial income and expenditures			1.585.114		2.242.343
FINANCIAL INCOME AND EXPENDITURES	(12)				
Impairment of financial fixed and current assets		-141.061		-992.954	
Interest and similar expenditures		-189.717		-87.758	
		<u> </u>	-330.778	<u> </u>	-1.080.712
BALANCE OF INCOME AND EXPENDITURES			1.254.336		1.161.631
Allocation	(13)				
* Earmarked reserves:					
Tangible fixed assets		-10.683		-29.441	
4 Returns Academy		5.614		45.288	
Strategy purposes		600.000		0	
		<u> </u>	594.931	<u> </u>	15.847
* Earmarked funds:					
Doen Foundation		0		-150.830	
COmOn Foundation		840.242		569.483	
4 Returns Facility Fund		-430.837		-522.869	
		<u> </u>	409.405	<u> </u>	-104.216
* Other reserves:					
Continuity reserve			250.000		1.250.000
Total			1.254.336		1.161.631

2.3 Notes to the annual accounts

General

Commonland had its registered office at Kraanspoor 26 in Amsterdam, and the legal entity is a Foundation (Stichting) under Dutch law.

The annual accounts have been prepared in accordance with the Guidelines for Annual Reporting RJK C1 (Small not for profit organizations) of the Dutch Accounting Standards Board.

The goal of the Foundation is to realize large-scale landscape restoration with local farmers, land users and experts, based on sustainable business cases. Our mission is to contribute to a large-scale landscape restoration industry, aligned with international policies and guidelines.

Taxation

Due to the nature of its non-profit activities, the tax inspector has deemed Commonland non-taxable for corporate income tax.

ACCOUNTING PRINCIPLES

The valuation of assets and liabilities have been prepared on a historical cost basis.

Commonland's financial year coincides with the calendar year. The assumption of continuity was applied for the preparation of the annual accounts.

Estimates

The preparation of the financial statements requires the management to make estimates and assumptions that shall influence the application of accounting principles and the reported values of assets and liabilities and of income and expenditures. The actual outcome may differ from these estimates. The estimates and the underlying assumptions will be assessed continuously.

Functional currency

The annual accounts have been prepared in Euros. During the reporting period, foreign currency transactions are processed in the annual accounts at the settlement rate.

Translations in foreign currency

Foreign currency amounts are converted to Euros against the exchange rate on the date of the transaction. Monetary assets such as loans denominated in foreign currencies are revalued at the balance sheet date. Any potential differences in the Euro value of such balance sheet items, caused by exchange rate fluctuation, are accounted for as income or expenditures. Foreign exchange rate gains or losses, resulting from the revaluation of such assets at balance sheet date, are recognized in the statement of income and expenditures in the period in which they arise.

Budget

The Board has approved that the annual budget is generally not used as an instrument to control Commonland activities. As such, the budget has not been included in this annual report.

ACCOUNTING PRINCIPLES FOR THE BALANCE SHEET

Unless stated otherwise, assets and liabilities are shown at nominal value.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and when the cost of the asset can be measured in a reliable manner. A liability is recognized in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits, and when the amount of the obligation can be measured in a reliable manner.

Income is recognized in the statement of income and expenditures when an increase in future economic potential related to an increase in the value of an asset or decrease in the value of a liability is identified and can be measured in a reliable manner. An expense is recognized when a decrease in the economic potential related to a decrease in the value of an asset or an increase in the value of a liability is identified and can be measured in a reliable manner.

If a transaction results in a transfer of future economic benefits and/or when all risks relating to assets or liabilities are transferred to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

Tangible fixed assets

The tangible fixed assets are stated at the price of acquisition, less the accumulated depreciation and any impairments. The depreciation is based on the estimated useful life and is calculated on the basis of a fixed percentage of the acquisition price or manufacturing costs, taking into account any residual value. Depreciation is applied as from the moment the asset is put to use.

Depreciation percentages:

Equipment and installations	20%
Automation	20%
Renovation Kraanspoor 26	20%

With regard to the determination as to whether a tangible fixed asset is subject to an impairment, please refer to the section 'Impairments of fixed assets'.

Financial fixed assets

Commonland / Participations

Participations in associated companies are valued at acquisition price, less any impairments.

Participating interests over which significant influence on the corporate and financial policies can be exercised, will be valued at the net asset value. Participating interests over which no influence can be exerted, will be included at the acquisition cost, considering provision for impairment.

Commonland / Project loans

Initially, the receivables on and loans to participations and other receivables are valued at fair value and the valued at amortized costs, which equals the face value, after deduction of any provisions.

In 2017, 2018, 2019 and 2020, the management of Commonland has adopted a policy of making a provision against the book value of project loans made to partner organizations, including an individual assessment of the valuation at the end of each book year. This was done in light of recognizing the uncertainties that are typical for startup organizations. The provision does not discharge the principal loan amount.

As per 31 December 2020, the Management's best estimate is a 50% provision of the project loans made to La Almendrehesa and Wide Open Agriculture and a 100% provision of the project loan made to the Baviaanskloof Development Company.

Please refer to section 'Impairments of fixed assets' for the current policy regarding determination of whether a financial fixed asset is subject to an impairment.

Impairments of fixed assets

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs will be determined. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the highest value of the realizable value and the value in use.

An impairment loss will be acknowledged in the profit and loss account while the carrying amount of the asset concerned shall be concurrently reduced.

If it is established that an impairment that was recognized in the past no longer exists or has reduced, the increased carrying amount of this asset cannot be higher than the carrying amount that would have been determined if no impairment value adjustment for this asset had been reported. An impairment of goodwill cannot be reversed.

Receivables

Initially, receivables are recorded at the fair value and subsequently valued at the amortized costs. The fair value and amortized costs equal the face value.

Provisions that are deemed necessary for doubtful accounts are deducted. These provisions are determined by individual assessments of receivables.

Cash and cash equivalents

Cash and cash equivalents are valued at nominal value and are at the free disposal of Commonland.

Reserves and funds

The additions to and withdrawals from the reserves and funds take place from the appropriation of the sum of income and expenditures.

Continuity reserve

The continuity reserve serves as a financial buffer to finance the progress of business operations in the event of unexpected major setbacks, or in the event of discontinuation or rundown of activities. To this end, the Foundation has carried out a risk analysis and will take appropriate measures to control any risks. The continuity reserve is mutated with surpluses or deficits from operations.

Earmarked reserves

The earmarked reserves are related to funds earmarked by the Board to be spent for a designated purpose. The balance of the reserve does not reflect an obligation towards any third party. The Board has the authority to reverse this reserve.

Earmarked funds

The earmarked funds are related to funds earmarked by the external donor to be spent for a designated purpose.

Liabilities

Liabilities are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently valued at the amortized cost, being the amount received after taking into account of any premium or discount, less transaction costs.

Off-balance sheet rights and obligations

Unless otherwise stated, off-balance sheet rights and obligations are valued at nominal value.

ACCOUNTING PRINCIPLES FOR THE STATEMENT OF INCOME AND EXPENDITURES

Income grants and donations

Grants and donations received without any spending restriction are accounted for as income in the earliest reporting period in which they are received or committed to.

Grants that compensate Commonland for expenses incurred are consistently recognized as income in the statement of income and expenditures on a systematic basis in the same period in which the expenses are recognized.

Income lottery organizations, other fundraising parties and governments

Grants with a designated purpose and without a pay-back obligation are accounted for as income in the earliest reporting period in which they are received or committed to. The designated funds are recognized in earmarked funds, for the purpose of being spent in future years.

Other income

Other income represents revenues invoiced for services rendered during the financial year that is reported on, net of discounts and value added taxes. Revenues from services will be recognized in proportion to the services rendered. The cost price of these services is allocated to the same period.

Loss recognition

Losses and impairments are accounted for as soon as they are anticipated.

Employee benefits

Wages, salaries and social security contributions are accounted for on the income statement based on the employment terms, defining the extent to which they are due to employees. Commonland contributes to the pension insurance company based on (legal) requirements and on a contractual basis with employees and with the pension fund. Premiums are recognized as personnel costs as soon as they are due. Prepaid contributions are recognized as deferred assets if these lead to refunding or reduction of future payments. Contributions that are due but have not been paid yet will be presented as liabilities.

Depreciation

Depreciation is calculated by means of fixed percentages of the purchase price, based on the expected useful life. Book profits and losses on the sale of the fixed assets are included in the depreciation. However, book profits are only included to the extent that they have not been deducted from investments.

Financial income and expenditure

The financial income and expenditure consist of interest earned and paid on granted and received loans.

Financial and operational lease

Financial leases are leases for which a large part of the risks and rewards incidental to ownership of the assets lies with Commonland. Commonland does not have such leases. Operational leases are leases that are not financial leases and these include the office rent and car leases. Obligations under operating leases are recognized on a value straight-line basis in the statement of income and expenditures over the term of the contract, taking into account reimbursements received from the lessor.

2.4 Notes to the balance sheet

ASSETS

FIXED ASSETS

Tangible fixed assets (1)

	Equipment and installations	Automation	Renovation Kraanspoor 26
Historic cost	115.660	61.379	27.164
Accumulated depreciations	-89.568	-35.666	0
Balance as at January 1	<u>26.092</u>	<u>25.713</u>	<u>27.164</u>
Disposals	0	-1.053	0
Investments	0	19.134	244.345
Depreciations 2020	-16.184	-13.333	-43.649
Depreciations 2020 disposals	0	753	0
Mutations	<u>-16.184</u>	<u>5.501</u>	<u>200.696</u>
Acquisition value	115.660	79.460	271.509
Accumulated depreciations	-105.752	-48.246	-43.649
Balance as at December 31	<u>9.908</u>	<u>31.214</u>	<u>227.860</u>

As of 1 March 2020, the lease contract for Kraanspoor 24 has been terminated and only the space Kraanspoor 26 is being rented. The renovation of Kraanspoor 26 has been depreciated as of March 2020.

Financial fixed assets (2)

Participations

The participations can be specified as follows:

	31-12-20	31-12-19
Commonland B.V.	1	1
Wide Open Agriculture Ltd.	207.399	207.399
	<u>207.400</u>	<u>207.400</u>
<i>Commonland Holding B.V.</i>	31-12-20	31-12-19
Value as at January 1	1	100
Acquisition participation		
Impairment associated with negative participation	0	-99
Value as at December 31	<u>1</u>	<u>1</u>

<i>Wide Open Agriculture Ltd.</i>	31-12-20	31-12-19
Balance as at January 1	207.399	207.399
Investments at acquisition price	0	0
Balance as at December 31	<u>207.399</u>	<u>207.399</u>

The company is a landscape, food & agriculture and biodiversity company that inspires and restores degraded landscapes and communities across the Wheatbealt in Western Australia. The financial and tax year ends at June 30.

Due to WOA IPO in June 2019, the share of Commonland in the capital of Wide Open Agriculture now is 17%.

Investments

The investments can be specified as follows:

Receivable from Fundación Commonland Spain	31-12-20	31-12-19
Project loans	22.500	22.500
	397.864	346.207
	<u>420.364</u>	<u>368.707</u>

Receivable from Fundación Commonland Spain

Balance as at January 1	31-12-20	31-12-19
Investments in equity	22.500	22.500
Balance as at December 31	0	0
	<u>22.500</u>	<u>22.500</u>

Project loans

Loan Baviaanskloof Devco (Pty) Ltd., South Africa	31-12-20	31-12-19
Loan Wide Open Agriculture Ltd., Australia	0	0
Loan Almendrehesa Sociedad Limitada, Spain	255.364	253.707
Loan Habitat AOVE, Andaluza, Spain	92.500	92.500
	50.000	0
	<u>397.864</u>	<u>346.207</u>

Loan Baviaanskloof Devco (Pty) Ltd., South Africa

Balance as at January 1	31-12-20	31-12-19
Disbursement	0	673.698
Exchange rate differences	0	188.149
Provision re-management policy	-180.037	-89.580
Balance as at December 31	180.037	-772.267
	<u>0</u>	<u>0</u>

Commonland made a conditional loan facility available to Baviaanskloof Devco (Pty) Ltd. In 2018, this loan facility was increased by ZAR 3.060.000 to the aggregate maximum of ZAR 22.813.477 (EUR 1.265.875, as per exchange rate as at 31-12-2020). The entire loan has been disbursed as per 31-12-2020.

From January 2018 onwards, no interest has been charged on the loan. In accordance with the addendum of May 2020 the loan becomes repayable as from 31 December 2024. Installments shall be paid annually thereafter in ten equal installments. Each installment is due within six months from the Borrower's financial year end. Installments will continue until the loan has been repaid in full i.e. the first repayment will be payable on or before 30 June 2025, with the final repayment due on or before 30 June 2034.

<i>Loan Wide Open Agriculture Ltd., Australia</i>	31-12-20	31-12-19
Balance as at January 1	253.707	248.844
Disbursement	0	0
Exchange rate differences	3.313	9.726
Provision re-management policy	-1.656	-4.863
Balance as at December 31	<u>255.364</u>	<u>253.707</u>

A conditional loan facility is made available to Wide Open Agriculture with an aggregate maximum capital of AUD 811.863 (EUR 510.727) of which as at 31-12-2020 the entire amount is disbursed as at 31-12-2020.

The loan shall be repaid in one single amount on 9 February, 2026.

<i>Loan Almendrehesa Sociedad Limitada, Spain</i>	31-12-20	31-12-19
Balance as at January 1	92.500	92.500
Disbursement	0	0
Provision re-management policy	0	0
Balance as at December 31	<u>92.500</u>	<u>92.500</u>

Commonland has made a conditional loan facility available to Almendrehesa Sociedad Limitada with an aggregate maximum capital of EUR 230.000. A new loan agreement was signed on 2 October 2018, with a maximum capital of EUR 185.000.

This loan will take the form of a revolving credit facility whereby the balance may move between EUR 50.000 and the maximum loan amount of EUR 185.000. The loan shall be repaid in full latest by September 30th, 2022. The interest rate on the entire loan is 0%.

<i>Loan Habitat AOVE, Andaluza, Spain</i>	31-12-20	31-12-19
Balance as at January 1	0	0
Disbursement	50.000	0
Provision re-management policy	0	0
Balance as at December 31	<u>50.000</u>	<u>0</u>

Commonland has made a conditional loan facility available to Habitat AOVE with an aggregate maximum capital of EUR 50.000 for the purchase of olive oil and equipment for filtering, storing and packaging. The loan shall be repaid in full latest by 31 December 2025. No interest rate is payable on the loan.

CURRENT ASSETS
Receivables (3)
Current account receivables participating interests

<i>Receivable from Commonland B.V.</i>	31-12-20	31-12-19
Value as at January 1	359.682	349.136
Disbursements	98.874	226.370
Provision for doubtful receivables	-319.492	-215.824
Value as at December 31	<u>139.064</u>	<u>359.682</u>

Other receivables	31-12-20	31-12-19
Advances/loans personnel	1.000	6.131
Prepayments and accrued income	88.698	117.429
Prepayment Commonland B.V. India	668.441	453.231
Agroforestry The IKEA Foundation		
Pension premium	0	9.647
	<u>758.139</u>	<u>586.438</u>

In 2019 and 2020, an advance of EUR 1.417.114 was paid by Commonland Foundation to Commonland B.V. regarding the India Agroforestry project of The IKEA Foundation. The realization of this advance in Commonland B.V. amounts to EUR 714.941. As of January 1st, 2021, the IKEA India Agroforestry project will be executed by Commonland Foundation. As the role of project lead India is performed by Commonland Foundation, the budget for this role of EUR 33.732 has therefore been transferred to Commonland Foundation. The balance of EUR 668.441 has been processed as an advance payment.

<u>Cash and cash equivalents (4)</u>	31-12-20	31-12-19
Triodos Bank N.V., 962 current account	1.313.720	326.845
Triodos Bank N.V., 913 current account	2.381	839
Triodos Bank N.V., 475 saving account	0	73.152
Triodos Bank N.V., 206 saving account	498.703	498.711
ABN AMRO N.V., 237 current account	696.950	757.593
ABN AMRO N.V., 253 saving account	1.800.091	1.800.000
	<u>4.311.845</u>	<u>3.457.140</u>

LIABILITIES

RESERVES AND FUNDS (5)

<u>Continuity reserve</u>	<u>31-12-20</u>	<u>31-12-19</u>
<i>Continuity reserve</i>		
Balance as at January 1	1.250.000	0
Deduction/addition	<u>250.000</u>	<u>1.250.000</u>
Balance as at December 31	<u><u>1.500.000</u></u>	<u><u>1.250.000</u></u>

In 2019, a continuity reserve was created to cover risks and to ensure that Commonland Foundation can continue to meet its obligations in the future. The amount of this reserve is based on the ability to continue to pay fixed charges for a period of six months.

<u>Earmarked reserves</u>	<u>31-12-20</u>	<u>31-12-19</u>
Earmarked reserve tangible fixed assets	41.122	51.805
Earmarked reserve 4 Returns Academy	50.902	45.288
Earmarked reserve strategy purposes	<u>600.000</u>	<u>0</u>
	<u><u>692.024</u></u>	<u><u>97.093</u></u>

Earmarked reserve tangible fixed assets

Balance as at January 1	51.805	81.246
Deduction/addition	<u>-10.683</u>	<u>-29.441</u>
Balance as at December 31	<u><u>41.122</u></u>	<u><u>51.805</u></u>

The earmarked reserve tangible fixed assets contain the future depreciation of tangible fixed assets. The maximum amount equals the book value of the equipment, installations and automation used for business purposes. The investments for the renovation of Kraanspoor 26 have not been mutated on this reserve.

Earmarked reserve 4 Returns Academy

Balance as at January 1	45.288	0
Deduction/addition	<u>5.614</u>	<u>45.288</u>
Balance as at December 31	<u><u>50.902</u></u>	<u><u>45.288</u></u>

The earmarked reserve 4 Returns Academy concerns a contribution received in 2019 and 2020 from the Rotterdam School of Management that will be spent on the further development of 4 Returns Academy in 2021.

Earmarked reserve strategy purposes

Balance as at January 1	0	0
Deduction/addition	<u>600.000</u>	<u>0</u>
Balance as at December 31	<u><u>600.000</u></u>	<u><u>0</u></u>

The earmarked reserve for strategy purposes is a reserve to reinforce the purposes of the new strategy of Commonland Foundation.

The earmarked reserve are funds with a designated purpose determined by the Board. There is no external obligation.

	31-12-20	31-12-19
<u>Earmarked funds</u>		
Stichting Doen	0	0
COmON Stichting	2.312.328	1.472.086
4 Returns Facility Fund	0	430.837
	2.312.328	1.902.923

The earmarked funds are designated by the donor and must be spent on a specific purpose.

	31-12-20	31-12-19
<u>Earmarked fund Doen Foundation</u>		
Balance as at January 1	0	150.830
Deduction/addition:		
* capitalized interest and unrealised exchange result	0	-20.406
* project loan Baviaanskloof Devco (Pty) Ltd.	0	42.860
* provision project loan Baviaanskloof Devco (Pty) Ltd.	0	-173.284
<i>Subtotal</i>	0	-150.830
Balance as at December 31	0	0

Commonland received grants from Stichting Doen earmarked towards landscape restoration projects in Spain and South Africa. In accordance with the grant conditions, the total amount of the earmarked fund Stichting Doen will be used by Commonland for financing initial business investments through an interest bearing loan to Baviaanskloof Devco (Pty) Ltd.

The 2019 related share of the capitalized interest and the unrealised exchange that result on and provision for this loan is on balance deducted from the earmarked fund. At the end of 2019, the earmarked fund Doen Foundation has been fully spent.

	31-12-20	31-12-19
<u>Earmarked fund COmON Foundation</u>		
Balance as at January 1	1.472.086	902.603
Deduction/addition:		
* grants received with spending restriction	727.240	780.444
* provision project loan Wide Open Agriculture Ltd.	-1.656	-4.863
* capitalized interest and unrealized exchange result	3.313	9.726
* provision current accounts receivables participating interests	-319.492	-215.824
* change presentation correction	430.837	0
<i>Subtotal</i>	840.242	569.483
Balance as at December 31	2.312.328	1.472.086

Commonland received grants from the COMON Foundation, earmarked towards initial expenditures regarding landscape restoration projects. The remainder was added to the Earmarked fund COMON Foundation and will, in accordance with the grant conditions, be used by Commonland for financing initial business investments. These will pertain investments in equity in Wide Open Agriculture Ltd. and Fundación Commonland Spain, non-interest bearing project loans to Wide Open Agriculture Ltd. and Almendrehesa Sociedad Limitada and a current account facility to Commonland B.V. A provision for outstanding project loans and current accounts receivables and participating interests are deducted from the earmarked fund.

In 2019 a part of the allocation of results to the various earmarked funds was incorrectly withdrawn. This has been corrected in 2020.

<u>Earmarked fund 4 Returns Facility Funds</u>	<u>31-12-20</u>	<u>31-12-19</u>
Balance as at January 1	430.837	953.706
Deduction/addition:		
* grants received with spending restriction	0	0
* capitalized interest and unrealized exchange result	-180.087	-69.174
* project loan Baviaanskloof Devco (Pty) Ltd.	0	145.288
* provision project loan Baviaanskloof Devco (Pty) Ltd.	180.087	-598.983
* change presentation correction	-430.837	0
	<u>0</u>	<u>-522.869</u>
Balance as at December 31	<u><u>0</u></u>	<u><u>430.837</u></u>

Commonland received a grant from a major donor earmarked towards initial expenditures regarding landscape restoration projects. The remaining was added to the earmarked fund 4 Returns Facility Fund and will in accordance with the grant conditions be used by Commonland for financing initial business investments. Commonland has invested in a non-interest bearing loan since 2019 to Baviaanskloof Devco (Pty) Ltd. Any repaid amounts from this loan will be re-invested in landscape restoration projects in line with the objectives and mission of Commonland Foundation.

In 2020 the unrealized exchange result and a provision for this loan are deducted from the earmarked fund.

In 2019 a part of the allocation of results to the various earmarked funds was incorrectly withdrawn. This has been corrected in 2020.

CURRENT LIABILITIES (6)

<u>Accounts payable</u>	<u>31-12-20</u>	<u>31-12-19</u>
Accounts payable	<u>117.415</u>	<u>237.003</u>
<u>Grants received in advance</u>	<u>31-12-20</u>	<u>31-12-19</u>
	<u>1.309.865</u>	<u>1.394.784</u>

Grants received in advance is earmarked money received by Commonland in 2020 and earlier years, of which the project expenses had not yet been incurred (e.g., The IKEA Foundation EUR 1.194.710 for KIP, Agroforestry and Documentary, Nationale Postcode Loterij EUR 96.145 and The IKEA Foundation regarding 1000 Landscapes EUR 19.010).

<u>Taxes and premiums social insurance</u>	<u>31-12-20</u>	<u>31-12-19</u>
Wage tax	57.811	40.665
Pension premium	21.718	0
	<u>79.529</u>	<u>40.665</u>
	<u>79.529</u>	<u>40.665</u>
<u>Other liabilities</u>	<u>31-12-20</u>	<u>31-12-19</u>
Accountancy costs	9.062	9.442
Grant Oogst van Morgen	0	30.000
Grant Fondacion AlVeLal	0	50.000
Dioraphte, to be paid to WIJ.land	0	23.369
Staff holidays to be paid	49.849	0
Other costs to pay	35.722	23.057
	<u>94.633</u>	<u>135.868</u>
	<u>94.633</u>	<u>135.868</u>

OBLIGATIONS NOT INCLUDED IN THE BALANCE

Projects/Programs

The COMON Foundation has awarded a grant for the period 2019-2022. This grant for the entire period (4 years) amounts to EUR 20.000.000.

The Nationale Postcode Loterij (NPL) has granted two amounts:

- * For the period 2017-2021, the NPL will grant EUR 500.000 per year, starting in March 2017. Per February 2019 this yearly amount has been raised to EUR 900.000. The agreement with NPL has been extended for a periode of 5 years for a yearly amount of EUR 900.000 through to 2025. The annual amount of EUR 900.000 will each year be granted pending annual written agreement.
- * In 2018 an extra project grant of EUR 1.394.000 was granted for the period 2018-2020

Accommodation

Commonland had a rental contract for Kraanspoor 24 and 26 in Amsterdam, which ran until 29 February 2020.

The rent for Kraanspoor 24 has been terminated on 1 March 2020. As of 1 March 2020, only the space at Kraanspoor 26 is rented.

The rent for Kraanspoor 26 (including parking spaces and service costs) amounts to EUR 110.000 per year.

With regard to the accommodation, one bank guarantee has been issued:

NL79TRIO2019533766 for the amount of EUR 24.244,50

Car lease

Commonland has entered into car lease obligations for the period of 3 year(s), as from 2015.

The annual lease obligation amounts to EUR 23.400.

2.5 Notes to the statement of income and expenditures

INCOME (7)	<u>2020</u>	<u>2019</u>
Government		
The Ministry of Economic Affairs	0	50.000
Foundations		
COmON Foundation	5.000.000	5.000.000
The IKEA Foundation	902.775	653.225
Rotterdam School of Management	5.614	45.288
Stichting Dioraphte	0	83.369
S.D. Holding	0	50.000
Triodos	0	20.000
Other	0	1.000
	<u>5.908.389</u>	<u>5.852.882</u>
Lottery Organizations		
Dutch Nationale Postcode Loterij – regular contribution	900.000	900.000
Dutch Nationale Postcode Loterij – additional project contribution	367.000	430.855
	<u>1.267.000</u>	<u>1.330.855</u>
Other income		
Cross charging costs of rented workspaces	0	31.107
Other	66.055	119.636
	<u>66.055</u>	<u>150.743</u>
Total income	<u><u>7.241.444</u></u>	<u><u>7.384.480</u></u>

EXPENDITURES

Expenditures on objectives (8)	2020	2019
Grants to local partner Asociation AlVeLal Prestama, Spain including Fundacion	390.000	560.000
Grants/project costs others, Spain	12.100	39.567
Grants to Livinglands South Africa	696.060	771.451
Grants to Grounded – Four Returns Pty Ltd South Africa	121.104	161.268
Grants to Wij.land	416.370	313.685
Grants to Wide Open Agriculture Australia	124.079	201.631
Grants others Australia	271.108	108.340
Travelling expenses landscapes	4.295	34.933
Middle-scale landscapes	91.488	0
Project costs The IKEA Foundation	526.169	448.881
4 Return Labs	128.964	142.648
Monetization	80.589	132.780
Science and education academy development	18.050	0
Others	3.630	12.500
	2.884.006	2.927.684
Personnel costs (9)	2020	2019
Wages and salaries	1.308.900	1.016.215
Social security charges	189.370	144.285
Pension charges	187.321	142.482
Other personnel costs	383.210	272.451
	2.068.801	1.575.433
<u>Other personnel costs</u>	2020	2019
Contractors, interim managers and other external experts	237.242	176.760
Commuting costs	21.526	28.311
Homeworking allowance costs	5.709	0
Dinner and canteen costs	15.550	16.794
Education and training costs	11.727	19.844
Recruitment costs	35.575	21.779
Staff holidays costs	49.849	0
Other	6.032	8.963
	383.210	272.451

In 2020, the average number of fulltime equivalent employees (FTE) was 21,2 (2019: 15,9 FTE).

The pension charge recognized for the reporting period is equal to the pension contributions payable to the pension fund over the period.

In 2020, no remuneration was offered to Board members and no loans, advances or guarantees were given. An allowance is provided for expenses incurred.

Depreciation tangible fixed assets (10)	<u>2020</u>	<u>2019</u>
Equipment and installations	16.184	20.629
Automation	13.633	12.276
Rebuilding Kraanspoor 26	43.649	0
	<u>73.466</u>	<u>32.905</u>
Other expenditures (11)	<u>2020</u>	<u>2019</u>
Premises costs	139.239	178.672
Communication, Marketing and Fundraising	235.072	144.313
Advocacy & influencing	61.465	53.958
Travel	30.776	46.347
Office	91.356	87.776
General	72.149	95.050
	<u>630.057</u>	<u>606.116</u>
<u>Premises costs</u>	<u>2020</u>	<u>2019</u>
Rent	98.743	136.018
Services	25.953	32.050
Other	14.543	10.604
	<u>139.239</u>	<u>178.672</u>
<u>Communication, Marketing and Fundraising</u>	<u>2020</u>	<u>2019</u>
Representation and congress expenses	1.936	12.030
Communication support expenses	105.830	85.884
Fundraising costs	51.612	46.399
Implementation costs Carbon Strategy	75.694	0
	<u>235.072</u>	<u>144.313</u>
<u>Advocacy & influencing</u>	<u>2020</u>	<u>2019</u>
External expert	50.000	50.000
Travel- and representation expenses	11.465	3.958
	<u>61.465</u>	<u>53.958</u>
<u>Travel</u>	<u>2020</u>	<u>2019</u>
Travel and hotel expenses	7.070	21.039
Car leasing costs	23.706	25.308
	<u>30.776</u>	<u>46.347</u>

<u>Office</u>	2020	2019
Office/printing and postage costs	12.645	7.184
Telecommunication	14.736	13.793
Automation costs	63.975	66.799
	<u>91.356</u>	<u>87.776</u>
<u>General</u>	2020	2019
Auditor and accounting costs	21.875	28.798
Legal costs	25.189	8.818
Insurance costs	4.064	4.272
Learning fest and culture days	0	30.513
Other	21.021	22.649
	<u>72.149</u>	<u>95.050</u>
Financial income and expenditures (12)	2020	2019
<i>Impairment of financial fixed and current assets</i>	-141.061	-992.954
	<i>-141.061</i>	<i>-992.954</i>
<i>Interest and similar expenditures</i>		
Interest bank account	-12.943	-6.503
Exchange rate differences	-176.774	-81.255
	<i>-189.717</i>	<i>-87.758</i>
Total financial income and expenditures	<u>-330.778</u>	<u>-1.080.712</u>
<u>Impairment of financial fixed and current assets</u>	2020	2019
Provision project loan Baviaanskloof Devco (Pty) Ltd.	180.087	-772.267
Provision loan Wide Open Agriculture Ltd.	-1.656	-4.863
Provision loan Almandrehesa Sociedad Limitada	0	0
Provision current account receivables Commonland B.V.	-319.492	-215.824
	<u>-141.061</u>	<u>-992.954</u>

3. OTHER INFORMATION

3.1 Board members

The members of the Board are:

B.M.A. Jankovich, Chair

L.E.M. Vet, Deputy chair

J.H.W. Loudon, Secretary, Executive Board member

G.L.M. van Hengstum, Treasurer

M.J. Heineman, General member

C. van Asselt, Advisor to the Board

3.2 Adoption by the Board

In accordance with Article 10 of the Articles of Association of Commonland Foundation, the Board adopted the 2020 annual report and the annual accounts of Commonland, including the proposed appropriation of the balance of income and expenditures specified as follows:

Adjustment to:

Continuity reserve	250.000
Earmarked reserve	594.931
Earmarked funds	409.405
Total change in reserve and funds	<u>1.254.336</u>

3.3 Auditors report



SCHUITEMAN

REGISTERACCOUNTANTS

Independent Auditor's Report

To: the Board of Commonland

A. Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 of Commonland based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Commonland as at 31 December 2020 and of its result for 2020 in accordance with the Guideline or annual reporting RJK C1 'Small not-for-profit organizations' of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the balance sheet as at 31 December 2020;
2. the profit and loss account for 2020; and
3. the notes comprising of 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 of Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Commonland in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening 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.

B. Report on the other information included in the annual report

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

- the board's report;
- other information.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board is responsible for the preparation of the other information, including the board's report in accordance with RJK C1 'Small not-for-profit organizations' of the Dutch Accounting Standards Board.

Schuiteman & Partners Registeraccountants B.V.

KvK-nr: 08081961, BTW-nr: NL808546016B01, IBAN: NL40 RABO 0366 3549 49, BIC: RABONL2U

Voor de algemene voorwaarden zie www.schuiteman.com



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C. Description of responsibilities regarding the financial statements

Responsibilities of the board for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with RJK C1 'Small not-for-profit organizations'. Furthermore, the board is responsible for such internal control as the board 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, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board 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.

The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board;
- concluding on the appropriateness of the board'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 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 financial statements, including the disclosures; and



- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ede, 21 April 2021
Schuiteman & Partners Registeraccountants B.V.

Signed by
G. de Fluiter RA