

INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Spanda Foundation

We have audited the statements of financial position of The Spanda Foundation of The Hague ("the Foundation") as of 31 December 2012 and the related statements of activities for the year then ended ("the financial statements").

These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Spanda Foundation as of 31 December 2012 and the results of its operations and its cash flows for the year then ended, in accordance with international accounting standards.

Deloitte Accountants B.V.



Richard J. Rothbard

July 19, 2013

**SPANDA FOUNDATION
THE HAGUE, THE NETHERLANDS**

FINANCIAL REPORT 2012

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DIRECTOR'S REPORT 2012

Foundations' Profile

Spanda Foundation (Spanda) was established in The Hague, The Netherlands, in 2005 under the Dutch law as a legally independent non-profit transnational NGO for sustainable development and cooperation.

Spanda aims to promote creative solutions and strategic resources to foster individual and collective development and pursue initiatives that may serve the common good, advance human progress and enrich communities towards a more just and peaceful world.

The Foundation is committed to reach its aims by creating and implementing projects and initiatives that empower transformation, add social value and serve as catalyst for long-term systemic change. At the heart of this mission is an aspiration to contribute to the achievement of a higher degree of consciousness. Spanda major programme areas of action are Culture, Education, Health & Environment, Economics and Research.

Spanda is a resource for innovative people and institutions worldwide, its core values embody some basic themes in all of its programmes:

- Respect and appreciation for diversity of ideas and people;
- The pursuit of social justice with understanding of and compassion for disenfranchised communities;
- Support to initiatives that nurture and strengthen the capacities of current and future generations, regardless of race, beliefs, income, gender, family circumstances or ability;
- Promotion of international development and cooperation to advance human achievement;
- The pursuit of ethical and spiritual concerns to stimulate ongoing dialogue to gain increased awareness of ethical perspectives;
- Protection and enhancement of a just and equitable quality of life for all species within the means of nature.

The Foundation work is carried out on a voluntary basis by people with personal mastery and from different professional backgrounds.

To reach its goals, Spanda is supported by donations from individuals, foundations, corporations and public institutions.

Projects

Our current initiatives are:

The Jubilo Project. *Conflict prevention and transformation, ethnic integration and peace building through intercultural and interfaith dialogue. A comparative approach to Jewish, Christian and Islamic realities.*

We amended the estimate for the production of the first documentary for the *Abraham's Legacy* television series and started the fundraising phase.

Within the framework of the *Tea of Peace* operative programme, we redesigned the strategies, published the research papers and drafted the survey material for the forthcoming rounds of the open forum dialogues on *Food, War, Death and Afterlife* in Judaism Christianity and Islam. We adapted the overall plan of action to match the community needs. We commissioned and approved the graphic layout for *The Spirit Inspires My Way* multimedia series, defined the author shortlist, and started to explore feasible and affordable translators.

In this chronic transforming of civilizations, the increasing need of tolerance and the awareness of belonging to the global human family are the symptoms of the collective consciousness attaining a finer state. The best antidote to ignorance are pills of knowledge.

The Mantra Project. *Green microfinance, renewable energy and sustainable agriculture for the empowerment of women.*

Since its inception in 2009, research and studies in the fields of renewable energies and microfinance have led to the structuring of a pro-development innovative project to be implemented in small community villages of around 100/200 people in the districts of Bo and Pujehun in Sierra Leone. If successful, it would be replicated in other communities.

So far, we have made a great wealth of research and published papers on the current situation of the Country (*Sierra Leone Report 2009*), on the effectiveness of microfinance in post-conflict areas (*Post-Conflict Action and Microfinance in Sierra Leone*) and, to gain insights on possible threats and advantages in implementing the Project, a comparative analysis of similar ventures in West Africa (*Compare, Practices and Results of a Selection of Solar Power/Microfinance Projects in Sierra Leone*). Furthermore, we analysed the human rights situation in the Country in relation with the international policy environment (*Human Rights, microfinance & Going Green in Sierra Leone*), the role of microfinance in political and economic marginalisation (*Social & Political Perspectives on Microfinance in Sierra Leone*), and the impact of sustainable agro-green- microfinance (*Green Microfinance and Sustainable Agriculture*) – all publications are available both at our website and through the Microfinance Gateway library of the Consultative Group to Assist the Poor (CGAP).

We started to assess the expected economic, social and environmental impact of the Project in the selected communities, developed contact with Sierra Leone individuals and institutions, identified the implementing partners, selected the prospected beneficiaries, devised the financial flow and the funding scheme, prepared the budget and, thanks to the provision of pro-bono legal services by an international law Firm, drafted the loan agreement between the parties.

The Musiké Project. *Research, recovery, documentation, conservation and dissemination of the world's ethnomusicological heritage.*

We brought forward the preparation for the *Charmed Flutes* live concert on the blowhole instruments to be held in Paris during the 2014-2015 season. In the concert, expert musicians from different cultures

will present their specific instruments and perform a selection of their repertoire under the artistic direction of M^o Kudsi Ergüner.

The event proposes an itinerary of research on a comparative methodology throughout the connections between the physical features of the instrument, the peculiarities of its sound and musicality, the diverse repertoires and playing techniques and their distinct cultural backgrounds.

The performance will be recorded and filmed for the subsequent production of an educational DVD published by Spanda, in which, in addition to the interviews with the performers, the technical, educational, symbolic and anthropological aspects related to the historical and geographical use of each instrument will be uncovered.

Moreover, in cooperation with the School of Oriental and African Studies (SOAS) of the University of London, UK, we published and released the new issue of the *Musiké Journal* “*Analysing East Asian Music. Patterns of Rhythm and Melody*” edited by Simon Mills, We concluded the third section on the symbolism of the flute and produced the relevant material for forthcoming issue “*Charmed Flutes*” of the Journal that will complement the concert.

The Clean Code Project. *Fostering a clean sustainable systemic change and ensuring ‘clean’ processes, products and complex devices for future generations.*

The Clean Code Project aims to design, develop, implement, monitor, promote and enforce in the practice of business activities and in legal entities a global Clean Code standard that takes into account sustainability, respect for human and social rights, the environment and social justice, so to grant that along the whole supply chain only ‘clean’ actions, products or complex devices or process have been performed.

The Clean Code standard integrates, builds on and further advances the concepts of social responsibility, circular and green economy, cradle-to-cradle, resource efficiency, smart design and many more demands surfaced lately at collective consciousness level.

The Project started in late September 2012 and is currently in its projectual phase. So far, we have drafted the conceptual framework, defined the rules and principles, and identified the initial research lines.

At the first doable occasion, *The Clean Code Project* will be submitted to the UN ECOSOC to be presented later to the UN General Assembly for approval.

Spanda supports its mission with long-term projects requiring multi-year commitments of funding and technical assistance.

Publications

The Spanda Website, the printed *Spanda Journal* and the online *Spanda Monitor* are the official publications of the Foundation.

Even though Spanda is not a publishing house, it publishes – under its own imprint Spanda Publishing – occasional and working papers such as final reports of its projects, results and reflections from ongoing research, discussion and topical papers, conference proceedings and the like to stimulate and disseminate new insight in current issues or disclose new directions of thought.

This English-language series, targeted at international policymakers, diplomats, academics, social entrepreneurs, civil society representatives, journalists and the general public, is available both in printed format and online at the Spanda website.

Commercially published books, as the multimedia/printed series of the *Jubilo* and *Musiké* projects, are co-published with international commercial publishing houses or counterparts.

Board of Trustees & Staff

Spanda Foundation is currently governed by a board of trustees, consisting of:

Sahlan L. Momo – Chair

Johannes H. Witteveen – Treasurer

Simona C. Sapienza – Secretary

Jan P. Pronk – Advisor

Oscar van Dierendonck – Counsellor

Deployment of volunteers

The volunteer service for the FY 2010, 2011 and 2012 is capitalized on the basis of an average deployment of 4,4 FTE for 8 hr/day; for 17 EUR/hr, for 256 working days per year, for a total of EUR of resp. EUR 141.440; EUR 141.440; EUR 176.018, giving a grand total of EUR 458.898.

In average, the volunteers were deployed during the FY 2010, 2011 and 2012 to the different projects according to the following percentage:

<i>The Jubilo Project</i>	24%	42.245
<i>The Mantra Project</i>	48%	84.488
<i>The Musiké Project</i>	28%	49.285
		<hr/>
		176.018

The capitalization of the deployment of volunteers has from 2012 been taken into consideration in the drafting of the financial statements.

Strategic Plan 2013-2015

For the period 2013-2015 Spanda has launched a strategic plan, which aim is to continue the above mentioned projects.

The activities include research, editorial activities, fundraising, webpresence, promoting events/networking; entering in a consultive relationship with UNESCO; access the EUROPEAID granting facilities; fundraising with the Globalgiving web programme; obtaining the 501(c)3 tax exemption from the US Internal Revenue Service; take advantage of Spanda Consultive status with the United Nations ECOSOC to actively participate in the UN sessions for post-2015 Sustainable Development Agenda, and to present the Clean Code Project at a High Level Segment; implementing the Information Management System.

Budget 2013

For 2013 the budget can be summarised as follows:

In EUR

Income

Donations	49.000
Grants	80.000
Fundraising, events, other	22.850
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	151.850

Expenses

Staff cost	18.000
Project and other costs	133.850
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	151.850
Result	0

The Hague, July 2013

Chairman of the Board
S.L. Momo

SPANDA FOUNDATION

Currency: EUR		BALANCE 2012	BALANCE 2011	BALANCE 2010
ASSETS				
Equipment:	Office Equipment	15,485	15,485	13,780
	Equipment depreciation	-13,331	-12,381	-9,895
Total Equipment		2,154	3,104	3,885
Supplies:	inventory	22,052	14,521	13,812
Current Assets:	Accounts Receivable	1,119	859	-
	Cash	7,735	105,703	2,247
Total Current Assets		30,906	121,083	16,059
Total Assets		33,060	124,187	19,944
LIABILITIES				
Owners Equity:	Unrestricted	22,014	22,396	13,393
Total Owners Equity		22,014	22,396	13,393
Longterm Liabilities:	Equipment depreciation	2,154	3,104	3,885
	Semar loan	8,800	25,000	-
Current Liabilities:	Accounts/Notes Payable	93	13,687	2,666
	Semar loan	-	60,000	-
Total Liabilities		11,047	101,791	6,551
Total Liabilities and Owner's Equity		33,060	124,187	19,944

SPANDA FOUNDATION

Currency: EUR		P&L 2012	P&L 2011	P&L 2010
Donations		1563	25734.34	25640
Sales		390	2,290	-
Volunteer Service		176,018	N.A.	N.A.
Bank Interest		1,119	203	32
R/C Semar		6,362	3,308	6,547
Total Revenues		185,452	31,535	32,219
Volunteer Service		176,018	N.A.	N.A.
Postage		693	427	971
Tel./Fax/E-mail		1,256	1,293	909
Office Supplies		2,444	3,693	4,654
Various		407	3,874	2,280
Travel		643	2,170	1,190
Bank Charges		34	44	70
Rent		7,548	7,372	7,254
Publ.& Subscriptions		6,096	1,825	5,668
Eventcosts (S.Sapienza)		1,560	-	783
Accountantfee		1,332	1,833	1,333
Total Expenses		198,031	22,531	25,112
Total Result		-12,579	9,004	7,107

GENERAL PRINCIPLES OF ACCOUNTING

General

With effect from its year of establishment (2005), the Foundation implements the Dutch Guidelines for Small Organizations – Richtlijnen voor de kleine organisatie (RJK) – namely, the standard for international non-profit organizations C1.

Principles for the valuation of assets and liabilities and for the determination of results

General

The valuation of assets and liabilities and the determination of the balance results are made on the basis of historical cost, except when otherwise specified in the following notes.

Income and expenses are allocated to the year to which they relate. Profits are registered at the Balance sheet date.

Losses incurred before the end of the financial year (FY) are registered at the date of the drafting of financial statements.

Principles for the valuation of assets and liabilities

Tangible fixed assets

Equipment

Tangible fixed assets are registered at acquisition value less the accumulated depreciation based on their estimated life span.

Inventory/Stock Books, CDs etc.

Inventories are valued at 10% of the retail price at the year of publication till 2011; 15% from January 2012.

Receivables

Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortized cost equal the face value. Any provision for doubtful accounts deemed necessary is deducted. These provisions are determined by individual assessment of the receivables.

Current Liabilities

Upon initial recognition the liabilities are included in fair value and then valued at amortized costs. The fair value and amortized costs equal the face value.

Principles for the determination of results

Benefit

The benefits include the revenues net of discounts.

Among the benefits are revenues from donations, gifts, bank interest, fundraising and publication.

Depreciation

Depreciation is capitalized on the basis of the acquisition values and the estimated life span of the related assets.

Office equipment	20%
Hardware	20%

Taxes

The Foundation is exempt from any tax.

NOTES TO THE BALANCE SHEET

ASSETS

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Equipment			
Balance 1 January			
Investments	14.780	13.780	13.630
Accumulated depreciation	-11.676	-9.895	-7.409
	<u>3.104</u>	<u>3.885</u>	<u>6.221</u>
Investments/year	0	1.000	150
Depreciation/year	-950	-1.781	-2.486
	<u>-950</u>	<u>-781</u>	<u>-2.336</u>
Balance 31 December			
Investments	14.780	14.780	13.780
Accumulated depreciation	-12.626	-11.676	-9.895
	<u>2.154</u>	<u>3.104</u>	<u>3.885</u>
	<u>31.12.12</u>	<u>31.12.11</u>	<u>31.12.10</u>
Inventory			
(2010, 2011 - 10% of the retail price, 2012 - 15% of the retail price)	22.052	14.521	13.812
	<u>22.052</u>	<u>14.521</u>	<u>13.812</u>
Receivables			
Bank interest ABN/AMRO (saving acc.)	1.119	203	0
Other	0	656	0
	<u>1.119</u>	<u>859</u>	<u>0</u>
Cash			
ABN-AMRO acc. no. 46.82.65.236	635	703	2.247
ABN-AMRO sav. acc. no. 41.45.86.565	7.100	105.703	0
	<u>7.735</u>	<u>105.703</u>	<u>2.247</u>

Equity	2012	2011	2010
Equity January 1	22.396	13.392	6.285
Result for the year	-382	9.004	7.107
Equity December 31	22.014	22.396	13.392

The equity is unrestricted and will be used by the Foundation for accomplishing the goals according to the strategic plan

Long term liabilities	31.12.12	31.12.11	31.12.10
Loan Semar	8.800		
New loan		85.000	0
Repayment obligation		60.000	0
Long term loan	8.800	25.000	0

In 2011 Spanda has received a loan from Semar Publishers Srl of EUR 85,000. The loan was to be used to purchase a new office before March 31, 2012. Since a new office has not been purchased, EUR 60,000 was due before September 30, 2012. The remainder of EUR 25,000 is due before August 30, 2016. No interest is due, no securities are given.

Current Liabilities

Accounts/Notes Payable			
Tel./Fax/E-mail	93		
Audit		4.500	2.667
Rent		7.362	0
Printing		1.825	0
	93	13.687	2.667

Contingent Assets and Liabilities

Rental agreement

By 21st March 2006 a rental agreement was signed with the Municipality of The Hague for a 35,3m² office including services, for a yearly rent of EUR 6,840.60. The agreement took effect on 1st May 2006 and was automatically extended by 3 years term. From February 2012 the extension was reduced to 1 year only.

NOTES TO THE PROFIT AND LOSS ACCOUNT

Personnel cost

In the years 2010, 2011 and 2012 the Foundation did not employ any staff. All work has been done by volunteers.