

ANNUAL REPORT 2016

Sackler Foundation
Leiden

Stichting Endowment for the Raymond and Beverly Sackler International Scholarship
Fund



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SACKLER FOUNDATION
International Scholarship Fund

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REPORT OF THE BOARD OF THE FOUNDATION

Aims

1. The Foundation intends:
 - a. to give financial support by awarding scholarships to gifted and aspiring master's and PhD students at Leiden University.
2. The Foundation seeks to achieve its aims by:
 - a. using (the revenues of) the capital of the Foundation to finance the scholarships.
3. The Foundation is a non-profit organization.

Report of the Board of the Foundation

The 2016 Board Meeting was held on May 17th 2016. During this meeting the 2015 annual report was approved by the Board.

The Board consist of the following members:

Board Membership	Starting date	Term of appointment
C.J.J.M. Stolker	09-02-2013	08-02-2021
H.W. te Beest	01-09-2005	01-05-2017
H. Bijl	01-11-2016	31-10-2020

Policy plan

In accordance with ANBI status stipulations, the Foundation has a current long-term policy plan. This policy plan is approved by the Board each year, being the allocation of its budget in accordance with the aims of the Foundation.

Sackler scholarships 2016

Candidate Requirements

Non-Dutch students, accepted to a regular English language Master or PhD programme. Their records must be excellent, and they must be in the top 10% of their programme. Applicants' studies in Leiden must constitute a deepening and broadening of their previous studies in their home country.

Content of the Scholarships

Leiden University developed the "Raymond and Beverly Sackler scholarship", in order to ensure the available funds were being fully utilised. These scholarships were available to students entering a master's programme, with a scholarship amount of € 25.000 for a one-year master's programme, or € 50.000 for a two-year master's programme. This amount covers the students' tuition fees, with the remainder being paid out to the students in allowances for their living expenses. Each faculty nominated two of their top applicants for this scholarship, and the final decision was made by the Director of Student and Educational Affairs.

Selection

Two master students were awarded the "The Raymond and Beverly Sackler Scholarship" of € 25.000 each:

NAME	PROGRAMME/ FACULTY	TUITION FEE	ALLOWANCE	TOTAL AWARD
Ms. Shamin Asghari	LLM Int.and Human Rights Law	€ 15.000	€ 10.000	€ 25.000
Mr. Yaroslav Herasymenko	Msc Physics	€ 17.800	€ 7.200	€ 25.000
	TOTAL	€ 32.800	€ 17.200	

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Report on activities

Estate and portfolio management - Investment policy 2016

The asset management of Sackler Foundation is executed by Rabobank. On behalf of the board of the foundation, the treasury committee of Leiden university monitors the development of the capital (including the return) as well as the asset mix of the portfolio (bonds and bank account). The management and the development of the capital is discussed once a year in a meeting between the treasury committee and Rabobank.

The capital of Sackler Foundation has in 2016 developed as follows:

	Bonds	Investment account	Total
Capital at 1-1	1.944.039	226.061	2.170.100
Direct return		55.093	55.093
Indirect return	8.787		8.787
Cost		-3.482	-3.482
Other mutations	-50.000	0	-50.000
Subtotal	-41.213	51.611	10.398
Capital at 31-12	1.902.826	277.672	2.180.498

Explanation

In 2016 the return was \pm M€ 0,064 of which M€ 0,055 concerns direct return (dividend and coupon interest), M€ 0,009 indirect return (value decrease of stocks and bonds). In relation to the capital at the beginning of the year (M€ 2,170) this results in a return of 2,8%. In 2016 M€ 0,050 has been separated from the portfolio.

The asset mix in 2016 was as follows:

Asset mix	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4
Bonds	90%	89%	89%	90%	87%
Investment account	10%	11%	11%	10%	13%
Total	100%	100%	100%	100%	100%

Prof. Dr. C.J.J.M. Stolker
President



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FINANCIAL STATEMENTS



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BALANCE SHEET AS AT 31 DECEMBER 2016
(After appropriation of the results)

		2016		2015	
		EUR	EUR	EUR	EUR
Current Assets					
Bonds	1	1,902,826		1,944,039	
Accounts receivable	2	30,563		29,750	
Cash	3	287,820		254,447	
Total current assets			2,221,209		2,228,236
TOTAL ASSETS			2,221,209		2,228,236
Equity					
Initial capital	4	1,660,000		1,660,000	
Additional capital	5	533,371		555,315	
Other reserves	6	6,860		-21,944	
Total equity			2,200,231		2,193,371
Short term debts					
Other debts	7	20,978		34,865	
Total short term debts			20,978		34,865
TOTAL LIABILITIES			2,221,209		2,228,236



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STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR 2016

	2016		2015	
	EUR	EUR	EUR	EUR
Financial revenues				
Interest from bank accounts	2,042		664	
Interest from bonds	53,864		54,868	
Unrealised capital result on securities	9,812		0	
Realised capital result on securities	0		0	
Total financial expenses		65,718		55,532
TOTAL INCOME		65,718		55,532
 Institution's expenses				
Bank charges	3,550		3,585	
Auditor's fee	4,283		3,025	
Total institution's expenses		7,833		6,610
 Financial expenses				
Unrealised capital result on securities	0		17,480	
Realised capital result on securities	1,025		3,386	
Total financial expenses		1,025		20,866
 Transfer of income				
Subsidy of Sackler Chair	50,000		50,000	
Total transfer of income		50,000		50,000
TOTAL EXPENDITURE		58,858		77,476
RESULT FOR THE YEAR		6,860		-21,944



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EXPLANATORY NOTES TO THE ANNUAL REPORT

GENERAL

According to article 10 of the statutes of the Foundation, an account is hereby given of the financial management for 2016. The Foundation was statutorily established on October 25, 2004 and is listed under number 28102973 in the Trade Register.

Capital

The capital allocated to realizing the aims of the Foundation is formed of:

- a. the sum ("Endowment sum") allocated by the Donors listed below for the realization of the Foundation's aims. Donors:
 - La Fondation Raymond et Beverly Sackler / The Raymond and Beverly Sackler Foundation (Canada);
 - Raymond & Beverly Sackler Stiftung (Basel, Switzerland);
- b. the sum allocated by the Leiden University for the realization of the Foundation's aims.
- c. other subsidies, gifts and donations, including:
- d. that which is received through testamentary dispositions or legacies;
- e. that which is received in other ways.

Income from the Endowment sum

1. The Board of the Foundation is authorized to use the income received from the Endowment sum, but not the Endowment sum itself, to reimburse the costs arising directly from the establishment and maintenance of the above-mentioned fund.
2. If the income from the Endowment sum is greater than the specified costs, the excess sum will be added in the next financial year to the Endowment sum and shall form part of it.
3. In contrast, if the specified costs are greater than the income from the Endowment sum, the excess sum will be paid from the sum received from Leiden University.
4. The sum received from the University of Leiden will at least match the total sum received from the Donors.
5. The Board of the Foundation is not authorized to use the Endowment sum, to establish an usufructs for the benefit of another, to pledge the Endowment sum or to use it in any other way for security for the payment of debts or liabilities of others.

GENERAL PRINCIPLES FOR COMPILING THE ANNUAL ACCOUNT

The annual account is compiled on the grounds of the Guidelines for Annual Reporting 640 for entrepreneurs without profit ambitions (the relevant principles are therefore equivalent to the principles applicable to the university on the grounds of the Guideline for Annual Reporting 660 for educational institutions).



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PRINCIPLES FOR EVALUATION OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

General principles

The principles applied for the assessment of assets and liabilities and the determination of the result are based on historic costs, with the exception of the financial instruments. Unless otherwise mentioned, assets and liabilities are included at nominal value.

An asset is included in the balance sheet when it is probable that the future economic advantages will accrue to the organization and the value of this can be determined.

A liability is included in the balance when it is probable that the settlement of this will be accompanied by an outflow of resources and the extent of the amount can be determined reliably.

The income and expenditure are ascribed to the period to which they relate. The annual account is prepared in Euros.

The preparation of the annual accounts requires that the management should formulate evaluations, and should make estimates and assumptions that influence the application of principles and the reported value of assets and obligations, and profits and losses. The actual results may vary from these estimates. The estimates and underlying assumptions will be assessed on a continuous basis. Revisions of estimates will be included in the period in which the estimate is revised and in future periods for which the revision has consequences.

Benefits will be included in the profit and loss account when an increase in the economic potential of an asset or a reduction of an obligation has taken place, of which the extent can be determined reliably. Costs will be processed when a reduction in the economic potential, together with a reduction of an asset or an increase of an obligation, has taken place, of which the extent can be determined reliably.

Bonds

The individual bonds are valued against the market price on the balance sheet date. Adjustments in the valuations are recognized in the statement of income and expenditure.

Trade receivables

The trade receivables amount does not include any amount due for a period exceeding one year.

Accounts receivable and debts

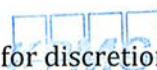
Fair value of accounts receivables and short term debts are included against amortized cost price and they do not deviate significantly from their nominal amounts.

Cash

Cash are included at nominal values and are available for discretionary spending.

Other reserves

Each year the business results achieved will be added to or deducted from the 'Other reserves' business result. This reserve is fully available in line with the objectives of the Foundation. No distinction is made in the articles between reserves for discretionary



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spending and fixed reserves nor between specific objectives and/or restricted spending options.

Basis for determination of the result

Sponsoring proceeds based on Barters

In case of a barter transaction ('Barter') the proceeds shall only be processed if, on the one hand, the barter involves services which are not comparable in nature and if, on the other hand, the proceeds of these obtained 'barters' may be determined in a reliable manner.

Subsidy

Subsidies are awarded in accordance with the stipulations in the Foundation's articles. Unconditionally awarded subsidies are recorded as a charge in the year in which they have been awarded. Conditionally awarded subsidies will be recorded as obligations which are not evidenced by the balance sheet, in case not all the conditions have yet been complied with on the balance sheet date.

Appropriation of the result for the year

According to the article of the statutes, a positive result for the year will be added in the next financial year to the initial capital in ratio of the "Endowment sum" and of the "Leiden University sum". In the current financial year a positive operating result will be added to the balance sheet "Other reserves" and is available to the aims of the Foundation.

In case of an negative operating result the excess sum will be paid from the sum received from Leiden University.

Determination of the results

The balance of the profits and losses will be determined as the difference between the balance of profits and losses on the one hand and the costs incurred in exploitation on the other hand.

Transfer of income

Transfer of income is awarded in line with the statutory stipulations of the Foundation. Unconditional subsidies are accounted for as expenditure. Conditional subsidies are included as obligations not taken from the balance, if all or some of the conditions have not been met on the balance date.



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EXPLANATORY NOTES TO THE ANNUAL REPORT

	2016		2015	
	EUR	EUR	EUR	EUR
Current Assets				
1. Bonds				
Bonds as at 1 January	1,944,039		2,114,905	
Additions	0		0	
Disposals	-50,000		-150,000	
Unrealised capital result on securities	9,812		-17,480	
Realised capital result on securities	-1,025		-3,386	
Total Bonds		1,902,826		1,944,039
2. Accounts receivable				
Coupon interest	29,467		29,750	
Bank interest	1,096		0	
Total accounts receivable		30,563		29,750
3. Cash				
NL67 RABO 0161959652 payment account	10,148		28,386	
NL16 RABO 0301709440 investment account	277,672		226,061	
Total cash		287,820		254,447
Equity				
4. Initial capital				
Sackler part (49,9%)	829,860		829,860	
Leiden University part (50,1%)	830,140		830,140	
Total initial capital		1,660,000		1,660,000
5. Additional capital				
Sackler part (49,9%)	334,053		262,358	
Allocation from Other reserves	0		71,695	
Subtotal Additional capital (Sackler part)		334,053		334,053
Leiden University part (50,1%)	221,262		149,280	
Allocation from Other reserves	-21,944		71,982	
Subtotal Additional capital (Leiden University part)		199,318		221,262
Total Additional capital		533,371		555,315
6. Other reserves				
Sackler part (49,9%) as at 1 January	0		71,695	
Allocation to Additional capital	0		-71,695	
Operating result	3,423		0	
Subtotal Other reserves (Sackler part)		3,423		0
Leiden University part (50,1%) as at 1 January	-21,944		71,982	
Allocation to Additional capital	21,944		-71,982	
Operating result	3,437		-21,944	
Subtotal Other reserves (Leiden University part)		3,437		-21,944
Total Other reserves		6,860		-21,944



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Appropriation of the 2015 result

The 2015 annual accounts were adopted in the Board meeting held on May 17th, 2016. The Board meeting has paid the result 2015 of negative € 21,944 tfrom the other reserves.

Motion for appropriation of the result of the financial year 2016

The Board proposes to appropriate the achieved result of € 6,860 as follows. The result 2016 of € 6,860 will be added to the other reserves. The above motion has been incorporated in the annual accounts accordingly.

7. Short term debts

Costs/subsidy Sackler Chair	15,799	30,950	
Bank expenses	896	890	
Auditor's charge	4,283	3,025	
Total Short term debts	<u>20,978</u>	<u>34,865</u>	

Other information

Payment of members of the Board

The members of the Board do not receive any emoluments of the Sackler Foundation.

Employees

The Sackler Foundation has no employees.

Report of incidents after the balance sheet date

No incidents occurred that had consequences for the balance sheet date.



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SIGNATURE OF ANNUAL REPORT 2016

Leiden, 30 March 2017

Prof. dr. C.J.J.M. Stolker
President,

Drs. H.W. te Beest
Secretary-Treasurer

Prof. dr.ir.drs. H. Bijl
Member of the Board



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OTHER INFORMATION

Provisions in the Article of Association governing the appropriation of the result

According to the article of the statutes, a positive result for the year will be added in the next financial year to the initial capital in ratio of the "Endowment sum" and of the "Leiden University sum". In the current financial year a positive operating result will be added to the balance sheet "Other reserves" and is available to the aims of the Foundation. In case of an negative operating result the excess sum will be paid from the sum received from Leiden University.



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INDEPENDENT AUDITOR'S REPORT

To: the Board of Stichting Endowment for the Raymond and Beverly Sackler International Fund

Report on the accompanying financial statements

Our opinion

We have audited the financial statements 2016 of Stichting Endowment for the Raymond and Beverly Sackler International Fund, based in Leiden.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Endowment for the Raymond and Beverly Sackler International Fund as at 31 December 2016, and of its result for 2016 in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board. The financial statements comprise:

- 1 the balance sheet as at 31 December 2016;
- 2 the profit and loss account for 2016; and
- 3 the notes comprising 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 on 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 Stichting Endowment for the Raymond and Beverly Sackler International Fund in accordance with 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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:

- report of the Board of the foundation;
- other information;
- appendix 1.

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 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.

Description of the responsibilities for 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 the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board. Furthermore, the board is responsible for such internal control as the board determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

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 frameworks mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intend to liquidate the Foundation 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 have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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 the 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 e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, 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 errors, 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 Foundation'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 management'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 Foundation'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

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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 the company ceasing 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 the board 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.

The Hague, 30 March 2017

KPMG Accountants N.V.

H. Visser RA



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Appendix 1 SPECIFICATION BONDS AS AT 31ST DECEMBER 2016

Specification bonds as at 31 December 2016

EUROBONDS	STOCK VALUE			PAID IN EUR	UNREALISED DIFFERENCES	
	NOMINAL VALUE	CURRENCY	STOCK VALUE			
ABN AMRO 13/23 2,5%	100,000	EUR	113.255%	113,474	103,986	9,488
Danone 2013/2019 1,375%	100,000	EUR	103.585%	104,353	99,648	4,705
Duitsland 2011/2022 2%	100,000	EUR	112.647%	114,625	105,300	9,325
IBM Senior 2012/2019 1,375%	100,000	EUR	104.292%	104,450	98,520	5,930
McDonalds 2013/2023 2%	100,000	EUR	108.151%	109,318	96,495	12,823
Nederland 2007/2017 4,5%	250,000	EUR	102.859%	262,357	275,138	-12,781
Nederlandse Gasunie 2012/2022 2,625%	100,000	EUR	113.160%	114,389	106,730	7,659
Optus Finance 2009/2020 3,5%	50,000	EUR	112.090%	56,558	50,361	6,198
Polen 2005/2020 4,2%	200,000	EUR	113.563%	233,109	200,741	32,368
Procter and Gamble 2005/2020 4,125%	50,000	EUR	116.551%	58,411	55,774	2,638
Procter and Gamble 2012/2022 2%	100,000	EUR	109.634%	110,384	103,050	7,334
Rabobank Nederland 2006/2021 4,375%	85,000	EUR	118.830%	103,114	100,840	2,274
Schiphol 2011/2021 4,43%	50,000	EUR	118.262%	60,630	52,322	8,309
Tennet 2011/2023 4,625%	100,000	EUR	126.281%	130,236	120,509	9,727
Toyota Motor Reg S 553 2013/2023 2,375%	100,000	EUR	111.714%	113,881	104,800	9,081
Wolters Kluwer 2014/2024 2,5%	100,000	EUR	111.948%	113,537	101,437	12,100
TOTAL EUROBONDS				1,902,826	1,775,649	127,177

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