

SACKLER FOUNDATION
International Scholarship Fund

ANNUAL REPORT 2017

Sackler Foundation
Leiden

Stichting Endowment for the Raymond and Beverly Sackler International Scholarship Fund

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 2017 Board Meeting was held on April 18th 2017. During this meeting the 2016 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
M. Ridderbos	08-05-2017	07-05-2021
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 2017

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	TTLAWARD
Ms. Sushma Sosha Philip	LLM in Civil Law	€ 15,000	€ 10,000	€ 25,000
Mr. Rawan Barzan Mohammed	Master Media Studies	€ 16,600	€ 8,400	€ 25,000
	TOTAL	€ 31,600	€ 18,400	€ 50,000

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Report on activities

Estate and portfolio management - Investment policy 2017

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 invested capital of Sackler 2 has in 2017 developed as follows:

	Bonds	Investment account
Financial Assets per 1-1	1,903	0,278
Direct return (interest)		0,053
Indirect return	-0,049	
Replacement	-0,250	0,250
Fee		-0,003
Withdrawal		-0,100
Financial Assets per 31-12	1,604	0,478

In 2017 the return was k€ 1 of which k€ 53 concerns direct return (interest), -/- k€ 49 indirect return (value decrease of bonds) and a fee of k€ 3. In relation to the capital at the beginning of the year (k€ 1.903) this results in a return of 0,0%. In 2017 k€ 100 has been separated from the portfolio.

The asset mix in 2017 was as follows:

Asset mix	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4
Bonds	87%	87%	88%	75%	77%
Cash	13%	13%	12%	25%	23%
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 2017
(After appropriation of the results)

		2017		2016	
		EUR	EUR	EUR	EUR
Current Assets					
Bonds	1	1,603,762		1,902,826	
Accounts receivable	2	25,440		30,563	
Cash	3	<u>532,265</u>		<u>287,820</u>	
Total current assets			2,161,467		2,221,209
TOTAL ASSETS			<u>2,161,467</u>		<u>2,221,209</u>
Equity					
Initial capital	4	1,660,000		1,660,000	
Additional capital	5	540,231		533,371	
Other reserves	6	<u>-58,106</u>		<u>6,860</u>	
Total equity			2,142,125		<u>2,200,231</u>
Short term debts					
Other debts	7	<u>19,342</u>		<u>20,978</u>	
Total short term debts			19,342		20,978
TOTAL LIABILITIES			<u>2,161,467</u>		<u>2,221,209</u>

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STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR 2017

	2017		2016	
	EUR	EUR	EUR	EUR
Financial revenues				
Interest from bank accounts	1,200		2,042	
Interest from bonds	47,544		53,864	
Total financial revenues		48,744		55,906
Financial expenses				
Unrealised capital result on securities	-23,926		9,812	
Realised capital result on securities	-25,138		-1,025	
Total financial expenses		-49,064		8,787
TOTAL INCOME		-320		64,693
Institution's expenses				
Bank charges	3,270		3,550	
Auditor's fee	4,283		4,283	
Other costs	79		0	
Total institution's expenses		7,632		7,833
Transfer of income				
Scholarships	50,154		50,000	
Total transfer of income		50,154		50,000
TOTAL EXPENDITURE		57,786		57,833
RESULT FOR THE YEAR		-58,106		6,860

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 2017. 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).

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 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

	2017		2016	
	EUR	EUR	EUR	EUR
Current Assets				
1. Bonds				
Bonds as at 1 January	1,902,826		1,944,039	
Additions	0		0	
Disposals	-250,000		-50,000	
Unrealised capital result on securities	-23,926		9,812	
Realised capital result on securities	-25,138		-1,025	
Total Bonds		1,603,762		1,902,826
2. Accounts receivable				
Coupon interest	24,240		29,467	
Bank interest	1,200		1,096	
Total accounts receivable		25,440		29,467
3. Cash				
NL67 RABO 0161959652 payment account	54,029		10,148	
NL16 RABO 0301709440 investment account	478,236		277,672	
Total cash		532,265		287,820
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		334,053	
Allocation from Other reserves	3,423		0	
Subtotal Additional capital (Sackler part)		337,476		334,053
Leiden University part (50,1%)	199,318		221,262	
Allocation from Other reserves	3,437		-21,944	
Subtotal Additional capital (Leiden University part)		202,755		199,318
Total Additional capital		540,231		533,371
6. Other reserves				
Sackler part (49,9%) as at 1 January	3,423		0	
Allocation to Additional capital	-3,423		0	
Operating result	0		3,423	
Subtotal Other reserves (Sackler part)		0		3,423
Leiden University part (50,1%) as at 1 January	3,437		-21,944	
Allocation to Additional capital	-3,437		21,944	
Operating result	-58,106		3,437	
Subtotal Other reserves (Leiden University part)		-58,106		3,437
Total Other reserves		-58,106		6,860

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Appropriation of the 2016 result

The 2017 annual accounts were adopted in the Board meeting held on April 18th, 2017. The Board meeting has added the result 2016 of € 6,860 to the other reserves.

Motion for appropriation of the result of the financial year 2017

The Board proposes to appropriate the achieved negative result of € 58,106 as follows. The negative result 2017 of € 58,106 will be paid from the other reserves. The above motion has been incorporated in the annual accounts accordingly.

7. Short term debts

Scholarships	9,900	15,799	
Bank expenses	796	896	
Auditor's charge	8,567	4,283	
Other costs	79	0	
<i>Total Short term debts</i>	<u>19,342</u>	<u>19,342</u>	20,978

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 2017

Leiden, 7 March 2018

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

Drs. M. Ridderbos RC
Secretary-Treasurer

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

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 a negative operating result the excess sum will be paid from the sum received from Leiden University.

Independent auditor's report

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

Report on the accompanying financial statements

Our opinion

We have audited the financial statements 2017 of Stichting Endowment for the Raymond and Beverly Sackler International Scholarship 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 Scholarship Fund as at 31 December 2017, and of its result for 2017 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 2017;
- 2 the statement of income and expenditure for the year 2017; 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 Scholarship Fund 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 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.

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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 determines 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 intends 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;

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- 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 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 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.

The Hague, 7 March 2018

KPMG Accountants N.V.

H. Visser RA

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Appendix 1 SPECIFICATION BONDS AS AT 31ST DECEMBER 2017

Specification bonds as at 31 December 2017

EUROBONDS	STOCK VALUE			PAID IN EUR	UNRELEASUED DIFFERENCES	
	NOMINAL VALUE	CURRENCY	STOCK VALUE			
ABN AMRO 13/23 2,5%	100.000	EUR	111,856%	112.075	103.986	8.089
Danone 2013/2019 1,375%	100.000	EUR	102,252%	103.020	99.648	3.372
Duitsland 2011/2022 2%	100.000	EUR	109,500%	111.478	105.300	6.178
IBM Senior 2012/2019 1,375%	100.000	EUR	102,925%	103.083	98.520	4.563
McDonalds 2013/2023 2%	100.000	EUR	107,174%	108.341	96.495	11.846
Nederlandse Gasunie 2012/2022 2,625%	100.000	EUR	111,016%	112.246	106.730	5.516
Optus Finance 2009/2020 3,5%	50.000	EUR	109,144%	55.085	50.361	4.725
Polen 2005/2020 4,2%	200.000	EUR	109,875%	225.734	200.741	24.993
Procter and Gamble 2005/2020 4,125%	50.000	EUR	112,288%	56.280	55.774	507
Procter and Gamble 2012/2022 2%	100.000	EUR	107,926%	108.676	103.050	5.626
Rabobank Nederland 2006/2021 4,375%	85.000	EUR	114,703%	99.607	100.840	-1.233
Schiphol 2011/2021 4,43%	50.000	EUR	114,003%	58.500	52.322	6.179
Tennet 2011/2023 4,625%	100.000	EUR	121,793%	125.759	120.509	5.250
Toyota Motor Reg S553 2013/2023 2,375%	100.000	EUR	110,006%	112.172	104.800	7.372
Wolters Kluwer 2014/2024 2,5%	100.000	EUR	110,117%	111.706	101.437	10.269
TOTAL EUROBONDS				1.603.762	1.500.511	103.251