

ANNUAL REPORT 2018

**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 24th 2018. During this meeting the 2017 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 2018

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

One master students are awarded the "The Raymond and Beverly Sackler Scholarship" of € 50.000:

NAME	PROGRAMME/ FACULTY	TUITION FEE	ALLOWANCE	TTLAWARD
Mr. I. Djakovic	Research Master Archaeology	€ 33.600	€ 16.400	€ 50.000
	TOTAL	€ 33.600	€ 16.400	€ 50.000

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Report on activities

Estate and portfolio management - Investment policy 2018

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 2018 developed as follows (amounts are in Euro's x 1000):

	Bonds	Investment account
Financial Assets per 1-1	1.603,8	478 0,478
Direct return (interest)		41,5
Indirect return	-39,5	
Fee		-2,7
Withdrawal		-25
Financial Assets per 31-12	1,564,3	491,8

In 2018 the return was -/- k€ 1 of which k€ 41,5 concerns direct return (interest), -/- k€ 39,5 indirect return (value decrease of bonds) and a fee of k€ 2,7. In relation to the capital at the beginning of the year (k€ 2081,8) this results in a return of 0,0%. In 2018 k€ 25 has been separated from the portfolio.

The asset mix in 2018 was as follows:

Asset mix	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Bonds	77%	77%	77%	76%	76%
Cash	23%	23%	23%	24%	24%
Total	100%	100%	100%	100%	100%

Leiden, 11 February 2019

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

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FINANCIAL STATEMENTS

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BALANCE SHEET AS AT 31 DECEMBER 2018
(After appropriation of the results)

		2018		2017	
		EUR	EUR	EUR	EUR
Current Assets					
Bonds	1	1,564,262		1,603,762	
Accounts receivable	2	24,293		25,440	
Cash	3	532,554		532,265	
Total current assets			2,121,109		2,161,467
TOTAL ASSETS			2,121,109		2,161,467
Equity					
Initial capital	4	1,660,000		1,660,000	
Additional capital	5	482,124		540,230	
Other reserves	6	-55,631		-58,106	
Total equity			2,086,493		2,142,124
Short term debts					
Other debts	7	34,616		19,343	
Total short term debts			34,616		19,343
TOTAL LIABILITIES			2,121,109		2,161,467

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STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR 2018

	2018		2017	
	EUR	EUR	EUR	EUR
Financial revenues				
Interest from bank accounts	-634		1,200	
Interest from bonds	41,521		47,544	
Total financial revenues		<u>40,887</u>		<u>48,744</u>
Financial expenses				
Unrealised capital result on securities	-39,500		-23,926	
Realised capital result on securities	0		-25,138	
Total financial expenses		<u>-39,500</u>		<u>-49,064</u>
TOTAL INCOME		<u><u>1,387</u></u>		<u><u>-320</u></u>
Institution's expenses				
Bank charges	2,735		3,270	
Auditor's fee	4,283		4,283	
Other costs	0		79	
Total institution's expenses		<u>7,018</u>		<u>7,632</u>
Transfer of income				
Scholarships	50,000		50,154	
Total transfer of income		<u>50,000</u>		<u>50,154</u>
TOTAL EXPENDITURE		<u><u>57,018</u></u>		<u><u>57,786</u></u>
RESULT FOR THE YEAR		<u><u>-55,631</u></u>		<u><u>-58,106</u></u>

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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 2018. 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 C1 "small, not for profit organizations".

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.

Financial reporting period

These financial statements cover the year 2018, which ended at the balance sheet date of 31 December 2018.

Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

Functional and presentation currency

The financial statements are presented in euros, the company's functional currency.

Changes in accounting policy

Given the size of the foundation, the foundation has prepared its annual accounts with effect from the 2018 financial year on the basis of the C1 guideline. Small not for profit organizations. This did not lead to adjustments in the figures or explanatory notes, as there are no differences in accounting policies between RJ 640 Not for profit Organizations and C1. Small not for profit organizations.

Bonds

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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 Barter

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 'barter' 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

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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

	2018		2017	
	EUR	EUR	EUR	EUR
Current Assets				
1. Bonds				
Bonds as at 1 January	1,603,762		1,902,826	
Additions	0		0	
Disposals	0		-250,000	
Unrealised capital result on securities	-39,500		-23,926	
Realised capital result on securities	0		-25,138	
Total Bonds		1,564,262		1,603,762
2. Accounts receivable				
Coupon interest	24,240		24,240	
Bank interest	53		1,200	
Total accounts receivable		24,293		25,440
3. Cash				
NL67 RABO 0161959652 payment account	40,109		54,029	
NL16 RABO 0301709440 investment account	492,444		478,236	
Total cash		532,553		532,265
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%)	337,476		334,053	
Allocation from Other reserves	0		3,423	
Subtotal Additional capital (Sackler part)		337,476		337,476
Leiden University part (50,1%)	202,754		199,317	
Allocation from Other reserves	-58,106		3,437	
Subtotal Additional capital (Leiden University part)		144,648		202,754
Total Additional capital		482,124		540,230
6. Other reserves				
Sackler part (49,9%) as at 1 January	0		3,423	
Allocation to Additional capital	0		-3,423	
Operating result	0		0	
Subtotal Other reserves (Sackler part)		0		0
Leiden University part (50,1%) as at 1 January	58,106		3,437	
Allocation to Additional capital	-58,106		-3,437	
Operating result	-55,631		-58,106	
Subtotal Other reserves (Leiden University part)		-55,631		-58,106
Total Other reserves		-55,631		-58,106

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Appropriation of the 2017 result

The 2017 annual accounts were adopted in the Board meeting held on April 24th, 2018. The Board meeting has paid the result 2017 of € 58,106 from the other reserves.

Motion for appropriation of the result of the financial year 2018

The Board proposes to appropriate the achieved negative result of € 55,631 as follows. The negative result 2017 of € 55,631 will be paid from the other reserves. The above motion has been incorporated in the annual accounts accordingly.

	2018		2017	
	EUR	EUR	EUR	EUR
7. Short term debts				
Scholarships	29,783		9,900	
Bank expenses	550		796	
Auditor's charge	4,283		8,567	
Other costs	0		79	
Total Short term debts	<u>0</u>	<u>34,616</u>	<u>9,900</u>	<u>19,342</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 2018

Leiden, 11 February 2019

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

**Drs. M. Ridderbos RC
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 a negative operating result the excess sum will be paid from the sum received from Leiden University.

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AUDITOR'S REPORT

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AUDITOR'S REPORT

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Appendix 1 SPECIFICATION BONDS AS AT 31ST DECEMBER 2016

Specification bonds as at 31 December 2018

	STOCK VALUE			PAID IN EUR	UNREALISED DIFFERENCES	
	NOMINAL VALUE	CURRENCY	STOCK VALUE			
EUROBONDS						
ABN AMRO 13/23 2,5%	100.000	EUR	108,860%	109.079	103.986	5.093
Danone 2013/2019 1,375%	100.000	EUR	100,717%	101.485	99.648	1.837
Duitsland 2011/2022 2%	100.000	EUR	107,770%	109.748	105.300	4.448
IBM Senior 2012/2019 1,375%	100.000	EUR	101,381%	101.539	98.520	3.019
McDonalds 2013/2023 2%	100.000	EUR	105,744%	106.911	96.495	10.416
Nederlandse Gasunie 2012/2022 2,625%	100.000	EUR	108,347%	109.576	106.730	2.846
Optus Finance 2009/2020 3,5%	50.000	EUR	105,702%	53.364	50.361	3.004
Polen 2005/2020 4,2%	200.000	EUR	105,918%	217.819	200.741	17.078
Procter and Gamble 2005/2020 4,125%	50.000	EUR	107,171%	54.221	55.774	-1.553
Procter and Gamble 2012/2022 2%	100.000	EUR	106,581%	107.331	103.050	4.281
Rabobank Nederland 2006/2021 4,375%	85.000	EUR	110,358%	95.913	100.840	-4.927
Schiphol 2011/2021 4,43%	50.000	EUR	109,786%	56.392	52.322	4.071
Tennet 2011/2023 4,625%	100.000	EUR	116,831%	120.797	120.509	288
Toyota Motor Reg S 553 2013/2023 2,375%	100.000	EUR	107,930%	110.096	104.800	5.296
Wolters Kluwer 2014/2024 2,5%	100.000	EUR	108,402%	109.991	101.435	8.556
TOTAL EUROBONDS				1.564.262	1.500.511	63.753

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Specification bonds as at 31 December 2018

	STOCK VALUE			PAID IN EUR	UNREALISED DIFFERENCES	
	NOMINAL VALUE	CURRENCY	STOCK VALUE			
EUROBONDS						
ABN AMRO 13/23 2,5%	100,000	EUR	108.860%	109,079	103,986	5,093
Danone 2013/2019 1,375%	100,000	EUR	100.717%	101,485	99,648	1,837
Duitsland 2011/2022 2%	100,000	EUR	107.770%	109,748	105,300	4,448
IBM Senior 2012/2019 1,375%	100,000	EUR	101.381%	101,539	98,520	3,019
McDonalds 2013/2023 2%	100,000	EUR	105.744%	106,911	96,495	10,416
Nederlandse Gasunie 2012/2022 2,625%	100,000	EUR	108.347%	109,576	106,730	2,846
Optus Finance 2009/2020 3,5%	50,000	EUR	105.702%	53,364	50,361	3,004
Polen 2005/2020 4,2%	200,000	EUR	105.918%	217,819	200,741	17,078
Procter and Gamble 2005/2020 4,125%	50,000	EUR	107.171%	54,221	55,774	-1,553
Procter and Gamble 2012/2022 2%	100,000	EUR	106.581%	107,331	103,050	4,281
Rabobank Nederland 2006/2021 4,375%	85,000	EUR	110.358%	95,913	100,840	-4,927
Schiphol 2011/2021 4,43%	50,000	EUR	109.786%	56,392	52,322	4,071
Tennet 2011/2023 4,625%	100,000	EUR	116.831%	120,797	120,509	288
Toyota Motor Reg S553 2013/2023 2,375%	100,000	EUR	107.930%	110,096	104,800	5,296
Wolters Kluwer 2014/2024 2,5%	100,000	EUR	108.402%	109,991	101,437	8,554
TOTAL EUROBONDS				1,564,262	1,500,511	63,751