

STICHTING MODERN DENTAL CARE
FOUNDATION

FINANCIAL STATEMENTS 2017-2018

BOARD REPORT

GENERAL

This is the annual report of Stichting Modern Dental Care Foundation (hereafter “Modern Dental Care Foundation” or “the foundation”), registered in the Netherlands and recognised as an ANBI (*Algemeen Nut Beogende Instelling*) by the Dutch tax authorities. Modern Dental Care Foundation is located in Alphen aan den Rijn at Flemingweg 14.

Stichting Modern Dental Care Foundation was incorporated 18-4-2017.

OBJECTIVE, MISSION AND VISION

Modern Dental Care Foundation is active as an international organization that wants to help inhabitants of Madagascar with basic dental care. We are of the opinion this benefits the inhabitants and development in Madagascar.

The mission of Stichting Modern Dental Care Foundation is to make basic dental care available for inhabitants of Madagascar. This is realized by collaboration with European dentists and dental assistants. The foundation organizes the travel, accommodation, tools, working place and patients. A part of the mission is founded by the foundation, a part is founded by the participants.

The vision is to educate and create awareness among school kids and patients how to clean and brush teeth and support them with toothbrushes and toothpaste as well as improving the oral health status of patients by basic treatments as e.g. extractions, tooth fillings and tooth cleaning. This helps increase the quality of living for the patients. Heavy toothpain and infections are a very common and significant problem to a huge group of people in Madagascar. Stichting Modern Dental Care Foundation wants specifically help people not being able to afford any dental treatment. Stichting Modern Dental Care Foundation tries to prevent possible problems by educating patients and inhabitants and provide materials.

MAIN RISKS AND INSECURITIES

The main risks and insecurities of the foundation relate to funding of the foundation and political and financial stability in Madagascar.

The foundation was incorporated in 2017 and has reserves to operate one year, when no income is gathered. During 2017 and 2018 the biggest donations were made by companies that are related to the Modern Dental Group. The Board members of the foundation are employed by this Group as well. The companies that are included in the European part of Modern Dental Group have the intention to help the foundation with donations each year, without confirming themselves, which limits the risk of funding deficiencies, however, the intention for the foundation is to increase the number of donators.

The missions of the foundation are performed in Madagascar. This country has suffered from political instabilities and other risks in the past, for instance an outbreak of the black Death in 2017. The Board has close contact with people in Madagascar to monitor the stability and health at the country regularly.

To minimize the risk of financial instability in Madagascar, most cash and cash equivalents are held in Euro's. When money is needed locally during missions, the money will be transferred to a local (MGA) account.

REALIZATION OF GOALS

During the first full year, the foundation went to Madagascar twice, with a total of 19 dentist and dental assistants. With these groups, a number of 1.211 patients were treated. The most common treatment consisted of extraction of teeth. Besides the treatments, education was given at schools and basic materials were distributed.

FINANCIAL INFORMATION

Donations are received from companies that belong to the Modern Dental Group, but also other companies that are active in the dental industry are approached for donations. Furthermore, participants make donations. Other methods are investigated, for instance the possibilities for donators to donate packages with different content.

Modern Dental Care Foundation strives to use as much money as possible for the projects. Therefore no money was spent on fundraising in 2017-2018. The board doesn't receive any remuneration and administration is performed by employees of a different company, who makes time of these employees available as a donation in kind, which is not presented in the profit and loss statement of Modern Dental Care Foundation.

GOVERNANCE

The Board of Stichting Modern Dental Care Foundation consists of:
A.W.T. Schwafert
E.W.L. Gulpen
G. Scialom

The main position of the three board members are within de Modern Dental Group: A.W.T. Schwafert is CEO of Modern Dental Europe B.V., E.W.L. Gulpen is CFO of Modern Dental Europe B.V. and G. Scialom is director of Labocast SAS, which is a subsidiary of Modern Dental Europe B.V.

COMMUNICATION WITH STAKEHOLDERS

The main stakeholders of the foundation are patients, participants and local volunteers. Without participants, the foundation wouldn't be able to help patients. And without volunteers, the missions wouldn't be organized as smoothly as they are organized at this moment. Volunteers also have the biggest part of communication with (potential) patients by letting them know when missions will take place and how many patients the foundation expect to help during the missions. Communication with participants is done from Europe. Donators are actively approached by the Board of the foundation.

EXPECTATIONS

The Board expects to perform three missions in 2019. Thereafter two missions will be performed per year. Funding will take place by Modern Dental Group companies, but also more via third party donators and third party companies.

The budget of 2019 is included in Annex 1 to the financial statement.

SOCIAL RESPONSIBILITY

The foundation effectuates the desire of the Modern Dental Group to increase the impact it has to make dental care available for more people. Furthermore it increases the awareness of responsibilities at these entities by being responsible for the performance of these activities as well.

BALANCE SHEET

In Euros, after proposed appropriation of result

31/12/2018

ASSETS	Note:	
Fixed assets	(1)	27.971
Receivables	(2)	951
Cash and cash equivalents	(3)	47.666
TOTAL ASSETS		76.588
LIABILITIES		
General reserve	(4)	51.459
Reserves		51.459
Short-term liabilities		
Accounts payable	(5)	20.512
Grants received in advance	(6)	1.090
Other liabilities	(7)	3.527
		25.129
TOTAL LIABILITIES		76.588

STATEMENT OF INCOME AND EXPENSES

in Euros

2017-2018

INCOME	Note:	
Individuals	(8)	58.827
Companies	(9)	91.966
Other organizations	(10)	2.000
Fundraising income		152.793
Other Income		-
Sum of income		152.793

EXPENSES

Project activities	(11)	89.800
Preparation and Coordination	(12)	466
Expenses on the objective		90.266
Management and Administration	(13)	9.680
Sum of income and expenses before financial gain / loss		52.847
Financial gain / (loss)	(14)	(1.388)
Sum of income and expenses		51.459

NOTES TO THE ANNUAL ACCOUNTS 2017-2018

GENERAL

This is the annual report of Stichting Modern Dental Care Foundation, registered in the Netherlands and recognised as an ANBI (*Algemeen Nut Beogende Instelling*) by the Dutch tax authorities. Modern Dental Care Foundation is located in Alphen aan den Rijn at Flemingweg 14.

Modern Dental Care Foundation is active as an international organization that wants to help inhabitants of Madagascar with basic dental care. For more detailed information about our mission and vision, we refer to the policy as recorded on our website

<https://moderndentalcarefoundation.com/>

ACCOUNTING PRINCIPLES

The annual report gives a detailed account of Modern Dental Care Foundation's activities, results and missions. The annual report has been prepared in accordance with the revised Guideline RJ650, which applies to Dutch fundraising organisations. The accounting policies have been consistently applied to the period presented.

Modern Dental Care Foundation's financial year coincides with the calendar year. However, Modern Dental Care Foundation was established 18-4-2017 and choose to have an extended first financial period, starting 18-4-2017 and ending 31-12-2018. The statement of income and expenses 2017-2018 is therefore based on the period from 18-4-2017 to 31-12-2018.

The valuation of assets and liabilities and of income and expenses is based on historical cost.

The assumption of continuity was applied for the preparation of the annual accounts.

Functional currency

The financial statements of the legal entity are presented in Euro, which is the functional and presentation currency of Modern Dental Care Foundation.

Transactions in foreign currencies

At initial recognition, transactions denominated in a foreign currency are translated into euros, the functional currency of Modern Dental Care Foundation, at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date into euros at the exchange rate of that date. Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary

items denominated in foreign currency, are recognised in the statement of income and expenses in the period in which the exchange difference arises.

Non-monetary assets and liabilities denominated in foreign currency that are measured based on historical cost, are translated into euros at the exchange rates at the date of the transactions.

Estimates

The preparation of the financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. If necessary and relevant, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement item. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. According to management, the following items are most relevant for Modern Dental Care Foundation's financial position and require estimates: expected lifetime and depreciation of tangible fixed assets.

ACCOUNTING PRINCIPLES – BALANCE SHEET

Unless stated otherwise, assets and liabilities are shown at historical costs.

An asset is recognised 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 the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognised in the statement of income and expenses when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the statement of income and expenses, taking into account any provisions related to the transaction.

Income and expenses are allocated to the respective period to which they relate.

Financial instruments

Financial instruments include trade and other receivables, cash items, loans and other financing commitments, trade payables and other amounts payable. The financial statements contain the following financial instruments: cash items, receivables and payables.

Modern Dental Care Foundation does not apply nor trade in financial derivatives, such as interest rate swaps, forward exchange contracts or options to control its risks.

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate. Financial instruments are derecognised if a transaction results in a considerable part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

Financial instruments (and individual components of financial instruments) are presented in the financial statements in accordance with the legal reality of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability or equity instrument.

Financial instruments are initially stated at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account.

For the principles applying to the primary financial instruments, please refer to the treatment of each relevant balance sheet item.

Tangible fixed assets

Tangible fixed assets are measured at cost, less accumulated depreciation and impairment losses. The cost consists of the price of acquisition, plus other costs that are necessary to get the assets to their location and condition for their intended use. Depreciation is recognised as an expense on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets, taking into account the residual value of each asset. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment. The following depreciation percentages are applied:

- Assets in project countries: 20%

Impairment of fixed assets

For tangible fixed assets, an assessment is made as of the balance sheet date as to whether there are indications that the asset is subject to impairment. If indications exist that the asset item is subject to impairment, the recoverable amount of the asset is determined. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is directly expensed in the statement of income and expenses. If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised.

Receivables

Receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the statement of income and expenses.

Cash and cash equivalents

Cash and cash equivalents include cash-in-hand, bank balances and deposits held at call with maturities of less than 12 months. Cash and cash equivalents are stated at nominal value. Modern Dental Care Foundation does not have any borrowings or loans. Modern Dental Care Foundation does not invest its funds other than in savings accounts and deposits.

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in euros at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

Reserves and funds

GENERAL RESERVE

This part of the reserves is freely available to be spent in accordance with Modern Dental Care Foundation's objective.

Provisions

A provision is recognised when the foundation has a legal or constructive obligation, arising from a past event, the amount can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are stated at the nominal value of the expenses that are expected to be required to settle the liabilities and losses.

Liabilities

Liabilities and other financial commitments are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the statement of income and expenses. Liabilities related to operational obligations to donors and partners are presented under short term liabilities, except those that are due or expected to be due after one year, which are presented under long term liabilities.

ACCOUNTING PRINCIPLES – INCOME AND EXPENSES

Income recognition

INCOME FROM INDIVIDUALS

Donations are accounted for as income in the earliest reporting period that they were received or committed to. Legacies are accounted for as soon as the amount of income for Modern Dental Care Foundation can be reliably estimated.

INCOME FROM COMPANIES

Donations from companies are accounted for as income in the earliest reporting period that they were received or committed to.

Gifts in kind are recognised as income and expense in the period they are received. Gifts in kind are valued as income and expense at the fair value.

INCOME FROM OTHER ORGANISATIONS

Donations from other organisations are recognised as income in the earliest period that those grants are received or committed.

Interest Income

Interest income is recognised in the statement of income and expenses on an accrual basis, using the effective interest rate method.

Determination of fair value

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other. The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

NOTES TO THE BALANCE SHEET

in Euros

1 FIXED ASSETS

	Assets in project countries	Total tangible fixed assets
Acquisition value	30.514	30.514
-/- Cumulative Depreciation	(2.543)	(2.543)
Book value 31/12/2018	27.971	27.971

Fixed assets are depreciated over their estimated life time.

Tangible fixed assets that were acquired in 2017-2018 are Mobile units for suction of bodily fluids during treatment of patients.

2 RECEIVABLES

	31/12/2018
Receivables from donors	934
Other accounts receivable	17
Receivables	951

All accounts receivable originated in 2017-2018, All receivables are expected to be received within one year. Our best estimate is to classify all receivables as short-term.

A provision for doubtful receivables is deemed unnecessary.

Specification of receivables from donors

Receivables from donors relate to projects that have been implemented by Modern Dental Care Foundation, for which the funds from donors are committed but had not yet been received on the balance sheet date. The funds are expected to be received within one year.

3 CASH AND CASH EQUIVALENTS

	31/12/2018
Cash and cash equivalents in the Netherlands	47.516
Cash and cash equivalents in Madagascar	150
Cash and cash equivalents	47.666

Availability of cash and cash equivalents

The balance of cash and cash equivalents is readily available to Modern Dental Care Foundation.

Balances in foreign currencies

Modern Dental Care Foundation aims to hold its cash positions as much as possible in Euros and in the Netherlands. At the balance sheet date, 99,7 per cent of cash was kept in bank accounts in The Netherlands. For expenses in Madagascar, foreign currency accounts are held. Modern Dental Care Foundation aims to minimise funds held abroad, but due to the nature of Modern Dental Care Foundation's work, a buffer amount for operational expenses and unforeseen events needs to be held at Madagascar.

4 RESERVES AND FUNDS

	additions	withdrawals	31/12/2018
General reserve	51.459	-	51.459
Reserves	51.459	-	51.459

General reserve

The general reserve is formed from the surplus of income compared to expenses. Modern Dental Care Foundation will spend its general reserve in accordance with its objectives.

5 ACCOUNTS PAYABLE

	31/12/2018
Accounts payable – other organizations	10.157
Accounts payable - auditors	9.680
Accounts payable – project expenses	675
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Accounts payable	20.512
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All accounts payable are due within one year.

Accounts payable to other organizations is a liability to Dental Care Foundation Madagascar België, an organization that performs humanitarian dental- and healthprojects in Madagascar.

6 GRANTS RECEIVED IN ADVANCE

	31/12/2018
Missions 2019 (2 persons)	1.090
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Grants received in advance	1.090
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7 OTHER LIABILITIES

	31/12/2018
Other liabilities	3.527
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Other liabilities	3.527
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All Other Liabilities are short term.

FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

During its normal operations, Modern Dental Care Foundation is exposed to different kind of financial risks of which currency and liquidity risks are considered the financial risks with the highest impact. To control these risks, Modern Dental Care Foundation has instituted policies and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the ability of Modern Dental Care Foundation to fulfil its objectives.

Modern Dental Care Foundation does not apply nor trade in financial derivatives, such as interest rate swaps, forward exchange contracts or options to control its risks. Its main risk mitigation measures are described below.

Foreign exchange rate risk

Modern Dental Care Foundation is exposed to currency risk on project obligations that are denominated in a currency other than the functional currency. The currencies in which these project transactions primarily are denominated are MGA and EUR. The currencies in which Modern Dental Care Foundation's donors donate are denominated primarily EUR. Modern Dental Care Foundation's policy is to denominate its contractual obligations as often as possible in euro's, so that the real exchange rate is closest to the reporting exchange rate. Modern Dental Care Foundation does not hedge with any derivative instruments its estimated foreign currency exposure in respect of forecasted purchases over a future period, because the board believes this brings new risks and costs, while Modern Dental Care Foundation's current employment of practical risk mitigation measures serves its purpose.

Liquidity risk

The board monitors Modern Dental Care Foundation's cash position and ensures that it is sufficient to meet the financial obligations towards creditors and partners. Modern Dental Care Foundation's current level of reserves ensures a sufficient balance is available to cover financial obligations for a period of one year. Although the potential impact of extreme circumstances that cannot reasonably be predicted is hard to take into account, Modern Dental Care Foundation believes that its liquidity risk is limited.

Fair value

The fair value of the financial instruments stated on the balance sheet, including receivables, cash and cash equivalents and current liabilities, is approximately equal to their carrying amount.

OFF-BALANCE SHEET OBLIGATIONS AND RIGHTS

Modern Dental Care Foundation has no off-balance sheet obligations and rights.

NOTES TO THE STATEMENT OF INCOME AND EXPENSES

in Euros

8 INCOME FROM INDIVIDUALS

Income from individuals includes structural and one-off donations from individuals.

	2017-2018
Individuals	58.827
Income from Individuals	58.827

9 INCOME FROM COMPANIES

Income from companies includes periodical donations, one-off gifts, and donations in kind.

	2017-2018
Elysee Dental Solutions B.V.	40.000
Modern Dental Europe B.V.	34.983
Ivoclar	5.000
Permadental	4.983
D&T Shop	4.000
Straumann	3.000
Income from companies	91.966

10 INCOME FROM OTHER ORGANISATIONS

The income from other organisations includes income from foundations, and associations.

11 PROJECT ACTIVITIES

Expenses towards project activities are costs related to the implementation of Modern Dental Care Foundation's missions. Costs of project activities include expenses such as materials purchased, transportation costs, rent expenses, and housing expenses including food for participants.

Developments 2017-2018

Total expenses on project activities are € 90 thousand in 2017-2018

Two missions were performed by Modern Dental Care Foundation. In addition Modern Dental Care Foundation helped Dental Care Foundation Madagascar België to set up a humanitarian dental- and health project in Madagascar.

12 PREPARATION AND COORDINATION

Costs for preparation and coordination include for example costs for the preparation of our missions, security measures, trainings, quality assurance and monitoring activities.

13 MANAGEMENT AND ADMINISTRATION

Modern Dental Care Foundation strives to spend as much money as possible on its objective. The board doesn't receive any remuneration and administration is performed by employees of a different company, who makes time available of these employees as a donation in kind, which is not presented in the profit and loss statement of Modern Dental Care Foundation as it can't be valued accurately.

Expenses relating to audit of the Financial Statements are presented as administration expenses.

14 FINANCIAL GAIN / (LOSS)

Financial gains and losses consist of bank costs and exchange rate differences.

ATTRIBUTION OF EXPENSES

Category of expenses (as RJ650 prescribes for income statement)

	Preparation & Coordination	Project activities	2017-2018
Contributions	-	-	-
Procurement	-	85.249	85.249
Outsourcing	466	-	466

Publicity	-	-	-
Staff	-	-	-
Housing	-	2.008	2.008
Office costs	-	-	-
General costs	-	-	-
Depreciation	-	2.543	2.543
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Total expenses	466	89.800	90.266

The above clarification of the attribution of expenses towards expense categories is in accordance with Annex 3 of the accounting guideline RJ650.

Where possible, expenses are directly attributed towards one or more of the above expense categories. Expenses that cannot directly be attributed are allocated towards the category General Costs.

Expenses to raise funds are nihil and thus 0% of total expenses.

APPROPRIATION OF THE RESULT

On June 28 2019, the Supervisory Board of Stichting Modern Dental Care Foundation discussed the annual report and the financial statements 2017-2018. The Board adopted the annual report of Modern Dental Care Foundation, including the proposed appropriation of the surplus. The members of the Board as per 28 June 2019 are Torsten Schwafert (President), Eelco Gulpen (Treasurer) and Gregory Scialom.

The articles of association provide guidance about the appropriation of the surplus in stating that the foundation shall not keep more reserves than reasonably necessary for its continuity, as determined by the President: "De stichting houdt niet meer vermogen aan dan naar het oordeel van de directie redelijkerwijs nodig is om de continuïteit van haar werkzaamheden ten behoeve van haar doelstelling te waarborgen."

Addition to (withdrawal from):

General reserve	51.459
Change in reserves and funds	51.459

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred between the balance sheet date and the date on which the Supervisory Board adopted the annual accounts, which would affect the 2017-2018 annual report or the condition of Modern Dental Care Foundation at the end of the financial year or thereafter.

FURTHER NOTES TO THE ANNUAL REPORT

REMUNERATION BOARD

No remuneration is offered to Board members and no loans, advances or guarantees existed in 2017-2018. Members of the Board occasionally visit Modern Dental Care Foundation's field office in Madagascar if this is relevant in respect of their role. Expenses related to the travel are paid by Modern Dental Care Foundation. In 2017-2018, no expenses were incurred for Supervisory Board members.

ADOPTION OF FINANCIAL STATEMENTS

The Financial Statements are prepared by the Board of Modern Dental Care Foundation. The Financial Statements were unanimously adopted by the Board of Modern Dental Care Foundation in its meeting of 28 June, 2019.

Alphen aan den Rijn, 28 June 2019

ANNEX 1-

BUDGET 2019

in Euros

	Budget	Actual
INCOME	2019	2017-2018
Individuals	30.732	58.827
Companies	50.000	91.966
Other organisations	2.000	2.000
Fundraising income	82.732	152.793
Other Income	-	-
Sum of income	82.732	152.793
 EXPENSES		
Project activities	96.669	89.800
Preparation & coordination	500	466
Expenses on the objective	97.169	90.266
Management and administration expenses	9.075	9.680

Sum before financial income	(23.512)	52.847
Financial gain/(loss)	(1.000)	(1.388)
Sum of income and expenses	(24.512)	51.459

In 2019, Modern Dental Care Foundation plans a deficit of € 25 thousand because it wishes to spend the funds available in the general reserves on its objective.

Reserves and earmarked funds

	Budget	Actual
	31/12/2019	31/12/2018
General reserve	26.947	51.459
Reserves and Funds	26.947	51.459

Ratios

	Budget	Actual
	2019	2018
% Total expenses on behalf of the objective / Total income	117,5%	59,1%
% Total expenses on behalf of the objective / Total expenses	90,6%	89,1%