

Stichting citizenMovement
annual report
2020



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-- board report --

1.1 Name, legal form and location

Stichting citizenMovement is a foundation, founded in 2018 and has its place of business in Voorschoten, The Netherlands. The foundation is registered with the Chamber of Commerce (KvK) under number 72240954 and has been designated as an ANBI foundation.

1.2 About

citizenMovement aims to be a self-sustained, growing non-profit organization, however it will be supported by citizenM and its success depends on the joint efforts of citizenM's staff, guests and the citizens from the cities where we are present. In the structure of this foundation, citizenM will be a direct sponsor of citizenMovement by providing citizenMovement with funds and services that currently come out of citizenM's housekeeping savings plan, implemented in many operational hotels and sales from collectionM and canteenM. citizenMovement also raises funds by organizing fundraising events and might receive donations. Between April 2020 and June 2021 there were not any contributions possible from citizenM due to the impact of COVID-19 on the hotel operations. Also all fundraising events were cancelled. As from the fourth quarter of 2021 it is expected that funds will come back to the foundation.

citizenMovement will not simply give money away. The giving needs to be linked to a direct sustainable life improvement chain reaction that comes from the receiving of what citizenMovement has given. Don't give them fish, teach them how to fish.

These chain reactions can be sparked in many ways; citizenMovement can directly impact organizations or individuals using raised funds; However, our strategy needs to amplify the impact of our efforts. To achieve that, we will look for organizations that truly share our views, values, and a dedication to our cause, and will partner with them. These partnerships, which may change annually, are selected out of proposals submitted by citizenM staff.

1.3 The citizenMovement Board



Klaas van Lookeren Campagne

Chairman



Hein Bijl

Secretary



Wulf van Alkemade

Board Member



Jaap van Egmond

Treasurer

The board members do not receive any kind of remuneration and they do not receive any kind of expenses allowances.

1.4 Guests

A permanent flow of funds has been already set up with hotel guests. Guests staying two nights or more can contribute by simply skipping their daily room cleaning. The related savings go to citizenMovement. Besides the housekeeping savings by the participation of guests, citizenMovement will generate funds by providing other means of donation for 1 night guests as well as by organizing engaging fundraising events through the year involving guests, staff, partners and citizens of the cities where citizenM has hotels¹.

1.5 Employees

citizenMovement's funds are also generated through donations and by engaging citizenM teams in staff related events that will raise funds for citizenMovement's mission and purpose.

1.6 Our current partner - World Bicycle Relief

The first organization we have been partnering with is World Bicycle Relief (WBR). Their BEEP initiative (Bicycles for Educational Empowerment Program) provides bicycles to students in developing countries to make their journeys to school shorter, and feasible. What took hours on foot can now be completed in minutes, thanks to WBR.

1.7 Our impact to date

During 2020 citizenM started to feel the impact of the Coronavirus (COVID-19) on its business and cashflow, starting with lower occupancies in the period from March, and ending with travel limitations and lockdowns all over the world. Also, the impact was seen in significantly lower bookings for the remainder of 2020. It is very uncertain and unpredictable when all limitations will be lifted, and when business will be back to a more normalized situation. The impact of the Coronavirus on the 2020 financial year was a significant decrease of revenue and decrease of results compared to 2019.

The impact on citizenM of course has had its impact on the foundation. On 15 April, the board decided to drastically adjust the 2020 budget, as the expectation was that the remaining housekeeping savings would not be realized until the end of the year and all fundraising events were cancelled until the end of the year 2020.

In 2020, our income from housekeeping savings decreased from € 613,359 in 2019 to € 132,642, a 78% decrease, caused by the impact of COVID-19 as from March 2020. These funds were used for a contribution to WBR of GBP 200,000 to fund 500 BRACE bikes (Bicycle Response Against COVID Emergency) that went to Malawi divided up between mothers2mothers, Save the Children, Norwegian Church Aid, Jhpiego/One Community and Baylor for their healthcare programs. In addition, there are 4 schools in Kenya (Kakamega) were funded with 681 bikes.

¹ It is expected that the contribution via citizenM hotel guests will pick up as from Q4, 2021.

1.8 More than just a bike

This is Gladness. Every day, she walked 90 minutes to school and back. Thanks to citizenMovement, it now only takes her 25 minutes with her bicycle. Girls who complete their secondary education are six times less likely to be forced into child marriage. Even just completing primary education has enormous benefits. Bicycles make it easier for girls to get to school, stay in school, and graduate. It truly improves their economic prospects for the rest of their lives.



1.9 Future outlook and budget 2021

In certain countries, the first travel limitations and lockdowns have been ended currently. It is very uncertain and unpredictable still when all limitations will be lifted, and when business will be back to a more normalized situation. The impact of the Coronavirus on the 2021 financial year will be lower revenue levels and decreased results compared to 2019. Compared to 2020 an increase in the revenues is expected due to expected pick-up in the market throughout the year and the impact of hotel openings in 2020 and 2021. Due to the noted uncertainty, the impact cannot currently be fully quantified. The impact on citizenM of course will have its impact on the foundation.

As from the fourth quarter of 2021 it is expected that funds will be coming to the foundation again from citizenM. Other activities will be very limited, events are not planned. In the first half of 2021 time will be spent to redevelop the funding model together with citizenM to secure a sustainable funds flow to the foundation in the future.

Even though we are heavily impacted by the virus the board confirms that they have no reason to doubt the fact that the foundation will have adequate resources to continue in operational existence for the foreseeable future.

Budget for the year ended 31 December 2021

	€
INCOME	
- Income from citizenM	80,000
- Income other	5,000
Total income	85,000
EXPENSES	
Expenditure on objectives	
World Bicycle Relief Fund contribution	52,200
Operating expenses	
- Outside labour expenses	43,500
- Marketing and sales expenses	8,000
- Other administrative and general expenses	12,500
Total operating expenses	64,000
Sum of income and expenditures before financial income and expenses	-31,200
Financial income and expenses	-2,500
<i>Balance of income and expenditure</i>	<u>-33,700</u>

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-- financial statements --

2.1 Balance sheet Stichting citizenMovement as per 31 December 2020

	Note	31/12/2020	31/12/2019
		€	€
ASSETS			
Current assets			
Accounts receivable		0	177,533
Other receivables	2.4.1	0	39,955
Cash and banks	2.4.2	<u>125,214</u>	<u>135,796</u>
<i>Total current assets</i>		<u>125,214</u>	<u>353,284</u>
TOTAL ASSETS		<u><u>125,214</u></u>	<u><u>353,284</u></u>
LIABILITIES			
Reserves and funds			
Continuity reserve	2.4.3	50,000	50,000
Earmarked project reserves	2.4.4	57,714	238,882
Fund for future cycle event	2.4.5	<u>7,500</u>	<u>0</u>
Total reserves and funds		115,214	288,882
Short-term liabilities			
Accounts payable		0	55,673
Other liabilities and accrued expenses	2.4.6	<u>10,000</u>	<u>8,729</u>
Total short-term liabilities		<u>10,000</u>	<u>64,402</u>
TOTAL LIABILITIES		<u><u>125,214</u></u>	<u><u>353,284</u></u>

2.2 Statement of income and expenditure for the year ended 31 December 2020

		Budget for the year ended 31 December 2021	Budget for the year ended 31 December 2020	Actuals for the year ended 31 December 2020	Actuals for the period from 27 July 2018 until 31 December 2019
		€	€	€	€
	Notes				
INCOME					
- Income from citizenM (savings)	2.5.1	80,000	132,000	132,642	953,356
- Income from sponsor contributions	2.5.1	0	0	7,500	96,628
- Income other (individuals)	2.5.1	5,000	940	940	87,011
Total income		85,000	132,940	141,082	1,136,995
EXPENSES					
Expenditure on objectives					
World Bicycle Relief Fund contribution	2.5.2	52,200	230,000	216,861	613,774
Operating expenses					
- Outside labour expenses	2.5.2	43,500	94,383	83,494	92,058
- Marketing and sales expenses	2.5.2	8,000	5,000	1,029	42,256
- Expenses for cycle events	2.5.2	0	0	0	68,070
- Other administrative and general expenses	2.5.2	12,500	25,000	10,391	17,225
Total operating expenses		64,000	124,383	94,914	219,609
Sum of income and expenditures before financial income and expenses		-31,200	-221,443	-170,693	303,612
Financial income and expenses	2.5.3	-2,500	-10,000	-2,975	-14,730
<i>Balance of income and expenditure</i>		<u>-33,700</u>	<u>-231,443</u>	<u>-173,668</u>	<u>288,882</u>

2.3 Accounting Policies

General

Activities

Stichting citizenMovement is a foundation, founded in 2018 and has its place of business in Voorschoten, The Netherlands. The foundation is registered with the Chamber of Commerce (KVK) under number 72240954 and has been designated as an ANBI foundation. The activities of the foundation, having its legal seat at Voorschoten, Leidseweg 219, 2253 AE, primarily consist of:

Mobilizing citizens to help reduce the distance between people and their opportunities, promoting the well-being of groups and individuals in society who are in a vulnerable or special attention position and creating opportunities and creating conditions for optimal development of these groups and individuals.

General accounting principles for the preparation of the financial statements

These financial statements are prepared according to Dutch Accounting Standard RJK C1.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, the assets and liabilities are recorded at face value.

The income and expenses are allocated to the period to which they relate. Income is only recorded insofar it has been realized on balance sheet date.

Obligations and possible losses originating before the end of the reporting year, are taken into account if they have become known before the preparation of the financial statements.

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rate prevailing at balance sheet date. Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet date are recorded in the income statement.

Estimates

When preparing the financial statements, the board is required by generally accepted accounting principles to use various estimates and assumptions in determining amounts in the financial statements. Actual results may differ from the estimates made.

Principles of valuation of assets and liabilities

Receivables, prepayments and accrued income

The receivables are included at fair value. Provisions deemed necessary for the risk of doubtful accounts are deducted.

Cash

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account upon valuation.

Reserve and funds

Continuity reserve

A continuity reserve may be formed to cover short-term risks and to provide security that the foundation can also meet its obligations in the future. The starting point is that the foundation must be able to pay the fixed cost for a period of 6 months from the continuity reserve.

Earmarked reserve

The total of reserves and funds is presented in such a way that it shows which part is freely disposable and which part is restricted. If part of the reserves and funds has been given a more limited spending option, then in view of the objective would be allowed by the organization, this part is accounted for as an earmarked reserve.

This restriction in the spending goal may have been imposed by the board of the foundation. If the restriction as referred to in the previous paragraph has not been made by third parties, but by the board, the part of the equity thus separated is designated as an earmarked reserve (and not as an earmarked fund). The notes state the amount and limited purpose of each earmarked reserve.

Fund for future cycle event

The fund for future cycle event is restricted to be used for a future cycle event, as agreed with the sponsor.

Liabilities

Liabilities are valued at amortized cost. If no share premium, discount or transaction costs are involved, the amortized cost equals the face value of the liability.

Liabilities are classified under the current liabilities if they can be claimed within 12 months after the balance sheet date and under the long-term liabilities if they cannot.

[2.4 Notes to the balance sheet as at 31 December 2020](#)

ASSETS

CURRENT ASSETS

[2.4.1 Other receivables](#)

This item can be broken down as follows:

	As at 31-12-20	As at 31-12-19
	€	€
Income from housekeeping savings to be invoiced	-	39,955

[2.4.2 Cash](#)

	As at 31-12-20	As at 31-12-19
	€	€
Rabobank	125,214	135,796

Cash and cash equivalents are at free disposal to the Company.

LIABILITIES

FOUNDATIONS CAPITAL

[2.4.3 Continuity reserve](#)

The following other reserves have been formed as at 31 December 2020:

	As at 31-12-20	As at 31-12-19
	€	€
Continuity reserve	50,000	50,000

The movements in the earmarked reserves are as follows:

	Balance as at 01-01-2020	Add	Less	Balance as at 31-12-2020
	€	€	€	€
Continuity reserve	50,000	-	-	50,000
Total	50,000	0	0	50,000

2.4.4 Earmarked reserve

The following earmarked reserves have been formed as at 31 December:

	As at 31-12-20	As at 31-12-19
	€	€
Earmarked reserve WBR Projects	57,714	238,882

The movements in the earmarked reserves are as follows:

	Balance as at 01-01-2020	Add	Less	Balance as at 31-12-2020
	€	€	€	€
Earmarked reserve WBR Projects	238,882	-	181,168	57,714
Total	238,882	0	181,168	57,714

The above reserve is earmarked for projects of our partner World Bicycle Relief (WBR). Their BEEP initiative (Bicycles for Educational Empowerment Program) provides bicycles to students in developing countries to make their journeys to school shorter, and feasible.

2.4.5 Fund for future cycle event

The following other reserves have been formed as at 31 December:

	As at 31-12-20	As at 31-12-19
	€	€
Fund for future cycle event	7,500	0

The movements in the earmarked reserves are as follows:

	Balance as at 01-01-2020	Add	Less	Balance as at 31-12-2020
	€	€	€	€
Fund for future cycle event	-	7,500	-	7,500
Total	0	7,500	0	7,500

The fund for future cycle is restricted to be used for a future cycle event, as agreed with the sponsor.

2.4.6 Other liabilities and accrued expenses

	As at 31-12-20	As at 31-12-19
	€	€
Accrued audit expenses	10,000	8,729

[2.5 Notes to the state of income and expenses for the year ended 31 December 2020](#)

INCOME

Notes to the state of income and expenses

If the expenses of the statement of operating income and expenditure are classified into product groups in accordance with the budget they can be broken down as follows:

	Budget for the year ended 31 December 2020	Actuals for the year ended 31 December 2020	Actuals for the period from 27 July 2018 until 31 December 2019
	€	€	€
2.5.1 income			
- Income from citizenM savings	132,000	132,642	953,256

The income from HFC savings received from citizenM Holding B.V. was lower than previous years due to the impact of COVID-19 as from March 2020.

- Income from sponsor contributions	0	7,500	96,628
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The income from sponsor contribution was higher than budgeted, an amount was received for a cancelled event, but the sponsor decided that the foundation could keep the funds.

- Income other (individuals)	940	940	87,011
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This income was lower than previous year because the cycle events were cancelled in 2020 due to COVID-19.

2.5.2 Expenses

	Budget for the year ended 31 December 2020	Actuals for the year ended 31 December 2020	Actuals for the period from 27 July 2018 until 31 December 2019
	€	€	€
Expenditure on objectives			
World Bicycle Relief Fund contributor	230,000	216,861	613,774

The contribution to WBR in € was lower than budgeted because of a higher foreign exchange rate which was used in the budget. The amount contributed in GBP was on budget. The contribution to WBR was lower than previous years because of the lower income due to the impact of COVID-19.

Operating expenses

- Outside labor expenses	94,383	83,494	92,058
- Marketing and sales expenses	5,000	1,029	42,256
- Expenses for cycle events	0	0	68,070
- Other administrative and general expenses	25,000	10,391	17,225

The outside labor expenses consist of 0.5 FTE recharged from citizenM Operations Holding B.V. and a consultant hired for the cycle events. The expenses are lower than budgeted because in the budget a higher amount of social charges and pension expenses was estimated.

The marketing and sales expenses and the expenses for the cycle events are lower than budgeted, mostly because all activities were cancelled due to COVID-19.

The other administrative and general expenses were lower than budgeted mostly because the audit expenses were lower than budget, the impact is around € 8,000.

2.5.3 Financial income and expenses

	Budget for the year ended 31 December 2020	Actuals for the year ended 31 December 2020	Actuals for the period from 27 July 2018 until 31 December 2019
	€	€	€
Financial expenses	-10.000	-2.975	-14.730

The financial expenses relate to foreign exchange losses on the period between the invoicing and the payment of the contribution to WBR.

2.6 Other disclosures

Appropriation of result for financial year ended 31 December 2020

The annual report 2020 was adopted in the Foundation board meeting held on 17 June 2021.

The foundation board meeting has determined the appropriation of result in accordance with the proposal being made to that end.

Proposed appropriation of result for the financial year ended 31 December 2020.

The balance of income and expenditure over the financial year ended 31 December 2020 was € -/- 173,668. We propose to allocate the result to:

Earmarked reserve WBR Projects	-/- € 181,168
Fund for future cycle event	€ 7,500

The financial statements reflect this proposal.

Board remuneration policy

The board members do not receive any kind of remuneration and they do not receive any kind of expenses allowances.

Subsequent events

For the COVID-19 impact expected in 2021, please refer to the future outlook paragraph above.

[Signing of the financial statements](#)

Voorschoten, 17 June 2021

Board:

N.P. van Lookeren Campagne

H. Bijl

J.W. van Alkemade

J.A. van Egmond

[3. Other information](#)

[3.1 Independent auditor's report](#)

Reference is made to the auditor's report as included hereinafter.



INDEPENDENT AUDITOR'S REPORT

To: The board of Stichting citizenMovement

A. Report on the audit of the financial statements 2020 included in the annual report **Our opinion**

We have audited the financial statements 2020 of Stichting citizenMovement based in Voorschoten.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting citizenMovement as at 31 December 2020 and of its result for the period of 1 January 2020 to 31 December 2020 in accordance with the 'RJ-Richtlijn C1 voor Kleine Organisaties-zonder-winststreven' ('Guideline for annual reporting C1 for Small Not-for-profit Entities' of the Dutch Accounting Standards Board).

The financial statements comprise:

1. the balance sheet as at 31 December 2020;
2. the state of income and expenditure for the period of 1 January 2020 to 31 December 2020; and
3. the notes comprising of 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 citizenMovement 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. 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 the board report.

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 substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the board report in accordance with 'RJ-Richtlijn C1 voor Kleine Organisaties-zonder-winststreven'.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 'RJ-Richtlijn C1 voor Kleine Organisaties-zonder-winststreven'. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the entity's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the entity'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 engagement 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 detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error 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 these 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 among others:



- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, 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 error, 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- 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 entity'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 an entity to cease 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.

Rijnsburg, 16th June 2021

Van Wezel Audit B.V.

Was signed

J.H. Didden MSc RA