



Rafiki Orthopaedic and
Rehabilitation Centre

Mobilising Africa

**Financial statements of Stichting Rafiki Orthopaedic
Foundation
for the year ended December 31, 2021.**

Table of contents

1. Directors' report 2021	3
2. Balance sheet as at 31 December 2021	7
3. Profit and loss account for the year ended 31 December 2021	8
4. Company and group activities	9
5. Accounting policies used for the company financial statements	10
6. Notes to the balance sheet.....	11
7. Notes to the profit and loss account	13
8. Other information	14

1. Directors' report 2021

The directors of Stichting Rafiki Orthopaedic Foundation (SROF) hereby present its financial statements for the financial year ending on 31 December 2021.

General information

The primary goals of Rafiki Orthopaedic Foundation¹ are to deliver high quality orthopedic healthcare for -in particular- poor patients in Kenya and East Africa and to initiate and support capacity development in orthopedic healthcare.

The foundation has the intention to realize these goals preferably through the development of a Rafiki Orthopaedic and Rehabilitation Centre, a specialized orthopedic hospital unit and training institute in the Nairobi area, Kenya. For the purpose of the development of this Centre, the foundation initiated the incorporation of "Rafiki Orthopaedic Limited"², and the registration of "Stichting Rafiki Orthopaedic Centre"³

The foundation supports the development of the hospital unit and training institute by a number of activities, including:

- Establishing and (financially) support the required project organizations in The Netherlands and in Kenya.
- Fundraising and advice.
- Establishing partnerships to enable and support the development of the hospital and training institute.

Targets thus far achieved through the cooperation of Rafiki Orthopaedic Foundation, Rafiki Orthopaedic Limited and Rafiki Orthopaedic and Rehabilitation Centre include the following:

- Purchase and Valuation of the plot of land of 14 acres in the Nairobi area. This allows for the development of a hospital unit and for future expansion.
- Approval of the architectural plans and further detailing of the construction drawings.
- Obtainment of necessary government approvals and permits, required for the construction of a hospital unit (some will need re-approval before the actual construction).
- Affirmation of the medical team and licensed Kenyan orthopedic surgeons,

¹ The foundation was established on June 13th 2006 and registered with the Commercial Register of the Dutch Chamber of Commerce in Amsterdam on June 28th 2006 under number 34251027.

² "Rafiki Orthopaedic Limited" has been incorporated on December 11th, 2007, under the Companies Act (Cap.486). The Directors of Rafiki Ltd. are Mr. AH. De Haas Van Dorsser, Mr. C. Kluft, Dr. J.I. Murila, Mr. F. Ojiambo, and Mr. S. Dijkstra

³ "Stichting Rafiki Orthopaedic Centre" has been registered on December 6th, 2007, under section 10 of the Non-Governmental Organizations Co-ordination Act. The board of NGO RORC consists of the executive committee of the Dutch "Rafiki Orthopaedic Foundation", among which legal advice from Kaplan & Stratton Advocates and Mrs. Susie Murila, MBA

responsible for the medical services, patient care and training facilities.

- Letters of intent with local and foreign professional organizations.
- Furthering of a MoU with Kenyan Government (Ministry of Medical Services and Ministry of Finance).
- Planning and development of a drinking water and sanitation plant (a bore hole, pump and drinking water tank have already been constructed by a local company with the expertise from Hatenboer Water, a Dutch company).
- Other solutions based on improving orthopedic healthcare in Kenya

Other achievements are mentioned under 'project developments'.

Project developments

As stated previously, many preconditions for the planning, design and construction of RORC have been met.

Notwithstanding the current COVID-19 pandemic and the socio-economic and financial crises, potential partners and investors have expressed interest in the realization of an orthopedic hospital unit and training institute. Further discussions will have to wait as most countries and whole continents are in “survival mode” locked-down, their societies disrupted by the COVID-19 disaster.

Financial information

In the year 2021 the foundation had a negative result of € 976. The foundation received no donations in 2021. The third and fourth release (out of five) of each € 200,000 of the € 1,000,000 loan of the late Cornelis van Ginneken are respectively not stated in the financial year 2020 and 2021. Further releases will be done in connection with the planning and actual construction of the Orthopedic Center. Initially, the value of the land was estimated at KES 300 million, estimates done (unofficially) by valuers and architect.

Currently, the value of the Rafiki Landplot is estimated at 7,8 US Dollars. The increase is driven by a general price increase in land in Nairobi, developments in the area, and developments on the land itself (e.g. borehole development). The land title was transferred to Rafiki Orthopaedic Limited on 21st February 2008 for KES 82.74 million. A valuator may officially revalue the land in the year 2022. As this comes at a relatively high cost, it will be done at the request of investors.

Subsequent events

The current plans have been adapted several times since their inception in 2011, as the circumstances so dictated and the fundraising potential in mind.

An update of the construction & building costs was provided by the architects, April 2015, together with an update of the project management & financing costs and estimated revenue tables has been obtained from the future CFO of RORC.

Notwithstanding the joint efforts of the Board and project team, progress in fundraising and establishing additional partnerships have been increasingly difficult.

Fundraising

The initial funding requirement (a funding mix of debt, equity and grants) was proposed for the construction of a hospital unit (USD 9,3 million), acquisition of the fixed and current assets for a hospital unit (USD 6,0 million), and funding of the project development costs, the start-up costs and incidental expenditure (USD 5,5 million).

The foundation looked into several options to raise the necessary funds in Grants. Charity funding however has become increasingly difficult.

Partnerships

Future partnerships a.o. with Kenyan government has been initiated, including an MoU with the Kenyan Ministry of Medical Services and the Ministries of Finance and Justice, in order to obtain full governmental support.

This may also result in tax exemptions and in cost savings for setting up a hospital unit and training institute. The Ministry appreciates the initiative and especially welcomes the capacity development in orthopedic healthcare in Kenya. The final draft of this MoU is under review of legal counsel of the Kenyan Ministry of Medical Services and the Ministry of Finance.

The Orthopedic Department of the Amsterdam University Medical Centre several times has reconfirmed interest to set up an exchange program. Following this program the medical staff would provide training and perform joint research activities.

Project management and future management team

For all non-financial activities the local project management rests with the future management team. Key persons in the management team and a hospital have been identified. Some key persons in the management team were identified at an earlier stage: Dr. Johnson Murila, co-founder of Rafiki Orthopedic Center will be the Chief Medical Officer, and a CFO with 13 years of finance experience in the health sector has been contracted.

Future outlook

In 2021, the SROF board entered into talks with representatives of Machakos Surgery. It was agreed that it is possible to realize a small-scale orthopaedic clinic/unit in collaboration. The best way to finance this is to sell the parcel of Karen land. With the proceeds from that sale, RORC's current financial obligations can be settled and a parcel of land in Machakos can be purchased. It is expected that there will be enough money left over to build the orthopaedic clinic/unit. Expansion of this can be realized later on the basis of growth.

Although there are interested buyers for the Karen land plot, the sale has not yet been completed.

The suddenly appearing, devastating and seemingly unstoppable COVID-19 pandemic still threatens to disrupt our ways of living and Earth itself.

Aerdenhout, the Netherlands, May 20, 2022

The Board, represented by:

<p>Signed by A.H. de Haas van Dorsser (chairman)</p> 	<p>Signed by S. Dijkstra (treasurer)</p> 	<p>Signed by C. Kluit (vice chairman)</p> 
--	--	---

2. Balance sheet as at 31 December 2021

(after proposed profit appropriation)

Assets

	2021	2020
	€	€
Financial fixed assets		
Investment	857,851	857,851
Current assets		
Cash and Cash equivalents	707	725
	-----	-----
Total assets	858,558	858,576

Liabilities and reserves

	2021	2020
	€	€
Reserves		
Other reserves	220,337	221,313
Loan	603,832	603,832
Other current liabilities	34,389	33,431
	-----	-----
Total liabilities	858,558	858,576

3. Profit and loss account for the year ended 31 December 2021

	2021	2020
	€	€
Income		
Donations	-	-
Interest income	-	-
Results foreign exchange	30	-
	-----	-----
Total income	30	-
Expenses		
Other expenses	1,006	1,019
Results foreign exchange		47
	-----	-----
Total expenses	1,006	1,066
Total results	(976)	(1,066)

4. Company and group activities

Stichting Rafiki Orthopaedic Foundation (SROF) was established on June 13th 2006 to extend orthopaedic services in the developing countries of Eastern Africa in general and Kenya in particular. The foundation's objectives are:

1. Providing first-rate orthopaedic medical care in Eastern Africa in general and Kenya in particular.
2. The promotion of the development of expertise in the area of orthopaedic medicine.
3. The performance of any and all further such acts as are related to the above or may be conducive thereto, in the broadest possible sense.

The foundation will achieve its goals in close cooperation with organisations, institutions and professionals in the USA, Ireland, Great Britain and The Netherlands. The realisation of the goals will be obtained with the consent and the support of the Health authorities. To this end the Non-Government Organisation RORC and Rafiki Limited have been established in Kenya.

SROF awaits the fulfilment of the change of user procedure for the land title for building Plot I.R. no. 5798/1 in Karen, Langata area, Nairobi, Kenya. Rafiki Limited will issue 4,998 of its shares (99,96%) in 2011 to ROF on completion of this procedure. A resolution that was signed on June 20th 2011 effectuates the 99,96% ownership of ROF in Rafiki Limited per date of the payment of the purchase price of the land.

5. Accounting policies used for the company financial statements

General

The financial statements have been prepared under the historical cost convention. Assets and liabilities are stated at their nominal value, unless indicated otherwise.

Foreign currency translation

Assets and liabilities denominated in foreign currencies, except for financial fixed assets, which are translated at the historical exchange rate, are translated into Euro (EUR) at the relevant rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the exchange rate in effect at the time of the transaction. The exchange and translation differences are taken to the income statement.

Fixed assets in use by the foundation

Fixed assets in use by the foundation are carried at the cost or production (less any investment grants) net of accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over their expected useful economic lives, taking into account their residual value. Changes in the expected depreciation method, useful life and/or residual value over time are treated as changes in accounting estimates.

Investments

Participating interests over whose financial and operating policies the group exercises significant influence are valued the net asset value method.

Receivables

Receivables are carried at face value net of a provision for doubtful debts where necessary.

Cash at bank in hand

Cash at bank and in hand are carried at face value.

Current liabilities

Current liabilities are carried at face value.

Income and expense

Income and expense are recognized as they are earned or incurred, and are recorded in the financial statements of the period to which they relate. Donations are recorded in the financial statements of the period in which they are received.

Interest

Interest is allocated to successive financial reporting periods in proportion to the outstanding principal.

Workforce

Rafiki Orthopaedic Foundation has no staff employed.

6. Notes to the balance sheet

Other financial assets

Rafiki Limited acquired land in 2008 for an amount of € 857,851 including transaction cost. Stichting Rafiki Orthopaedic Centre has funded this transaction in 2008. In 2011 Stichting Rafiki Orthopaedic Centre transferred € 857,851 to Rafiki Limited as consideration for the purchase of 4,998 shares (99,96%) in the capital of Rafiki Limited.

Cash and cash equivalents

	2021	2020
	€	€
ABN AMRO account EUR	34	82
ABN AMRO account USD	447	418
ABN AMRO termijndeposito EUR	226	225
	-----	-----
	707	725

Other reserves

	2021	2020
	€	€
Balance as at 1 January	221,313	222,379
Result for the year	(976)	(1.066)
	-----	-----
Balance as at 31 December	220,337	221,313

Loan

	2021	2020
	€	€
Balance as at 1 January	603,832	603,832
Provided loan	-	-
Repayment	-	-
	-----	-----
Balance as at 31 December	603,832	603,832

A loan of € 1,000,000 was granted to SROF on 18 December 2007 for a period of 5 years. With effect from 2007, annually an amount of € 200,000 will be donated to SROF. The first two terms in 2007 and 2008 amounts to € 400,000 are definitely a donation. An amount of € 600,000 will be a conditional gift. This amount would be considered a gift conditional to the fact that the hospital actually will be build. In case of cancellation of the project the amount should be considered a non interest bearing loan with retrospective effect. In 2009 and 2010 respectively the third and fourth release (out of five) of each € 200,000 of the € 1,000,000 loan from the late Cornelis van Ginneken are not stated in the financial year 2020 and 2021; because further releases will not be done until actual construction of Rafiki Orthopaedic Rehabilitation Centre has started.

During the fiscal year 2016 a loan of € 3.832 was provided by Mr. Klufft.

Other current liabilities

	2021	2020
	€	€
Architect expenses	6,735	6,735
Chairman	3,925	2,967
Website support	-	-
Matters of Value, management support	23,729	23,729
	-----	-----
	34,389	33,431

Arrangements not shown in the balance sheet

A payment of USD 25,000 to the Quantity Surveyor in Kenya is a fixed fee, agreed upon with the Quantity Surveyor and all other Rafiki participants in a meeting of October 2010 in Nairobi. It was also decided and agreed upon that further payments will not be done until actual construction of Rafiki Orthopaedic Rehabilitation Centre has started. Further payments should be subject to Kenya Law and the articles in the contract with the architect (Lexicon Designs Limited) and in full agreement with all the parties involved (Lexicon Designs Limited, Quantity Surveyor, Rafiki Limited and SROF), before the implementation of further services. Please note SROF interpreted the Quantity Surveyor's fees fall under the responsibility of Lexicon Designs Limited according the contract with the architect.

There are no contractual obligations with other third parties until building process starts.

7. Notes to the profit and loss account

Donations

No donations were received during the financial year.

Interest income

The interest income is related to ABN AMRO accounts in Euro and US Dollar.

Result foreign exchange

Transactions in foreign currencies are translated at the exchange rate in effect at the time of the transaction.

Other expenses

This relates in particular to office expenses.

8. Other information

No requirement to issue an auditors' report

Under Section 396 (7) Book 2 of the Netherlands Civil Code, the company is exempt from the obligation to have the financial statements audited by an auditor. Consequently, no audit has been requested and therefore no auditors' report has been issued.

Articles of Association provisions governing profit appropriation

The Articles of Association do not govern profit appropriation, therefore profit is appropriated in accordance with Article 13 which states that the Board decides on all matters that are not governed by the Articles of Association. The Board of Management has decided for the profit to be added to reserves.

Events after the balance sheet date

No significant events have occurred since balance sheet date other than explained in the Directors' report.

Going concern

The liquidity of the foundation has been a matter of concern, including the need for working capital. The Board and the team in Kenya have intensified discussions with several potential grant givers and investors. The Board has built close relationships with a number of high-level advisers that will be of great support. Although this has not resulted in definite financial commitments, the potential grant givers and investors have a positive attitude towards the plans and the Board is confident that this will result in partnerships soon. Consequently the financial statements have been prepared under the going concern assumption. A more detailed description is given in the directors' report in this financial statement for the status of fundraising, partnerships, project management and the future outlook.