

STICHTING THE OCEAN CLEANUP

An aerial photograph of the ocean with a long, winding orange floating barrier. The barrier is made of interconnected orange buoys and floats, creating a series of gentle curves. In the distance, a small blue structure, possibly a buoy or a small boat, is visible on the horizon. The sky is blue with scattered white clouds.

ANNUAL REPORT
DELFT, 2014

THE OCEAN[®]
CLEANUP

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MANAGEMENT REPORT

Stichting The Ocean Cleanup (English: The Ocean Cleanup Foundation) is a foundation established under the laws of the Netherlands, with its registered office at Stevinweg 4, D: DREAM Hall, 2628 CN, Delft, the Netherlands.

The board of the Foundation is composed of at least three, and at most seven living persons, whereby preference goes towards an uneven number. The board decides upon the amount of board members. A non-complete board keeps its powers. The board can internally appoint its chairman, secretary, and treasurer. One board member can uphold multiple functions within the board.

At this moment The Ocean Cleanup has three board members:



Mr. B.D. Slat chairman



Mr. F.D. Ratelband secretary



Mrs. F. Hoes treasurer

1. MANAGEMENT REPORT

The Ocean Cleanup designs and develops advanced technologies to rid the oceans of plastic. Our mission is the large-scale, efficient and environmentally sound removal of plastic pollution from aquatic ecosystems.

The primary activities of the foundation in seeking to achieve this mission are:

- Developing technologies for large-scale, passive and efficient removal of plastics from the oceans
- Developing spin-off technologies to help mitigate the inflow of new plastics into the oceans
- Helping to raise awareness about the scale and urgency of the problem

HIGHLIGHTS OF THE YEAR

2014 was a remarkable year for The Ocean Cleanup.

The project gained tremendous international recognition: the 2012 TEDx speech by founder Boyan Slat was viewed more than 1 million times; as of June 2015, the speech had received 2.1 million views.

The release of the feasibility study in June 2014 attracted global coverage and enthusiasm. According to Google News, over 7,300 news articles had been published about The Ocean Cleanup as of June 2015. This momentum enabled us to complete our second crowdfunding round and raise more than US\$ 2 million in one of the most successful crowdfunding campaigns ever launched.

The exposure and creation of The Ocean Cleanup brand enabled us to attract leading people and partners to execute our mission. As of April 2014, The Ocean Cleanup had 1 person on payroll. At the end of 2014, there were two people on payroll. We also compiled a database listing many thousands of individuals who have offered their time to The Ocean Cleanup, enabling us to quickly call upon relevant expertise.

In November 2014, Boyan Slat received the United Nations' highest environmental honour, the Champion of the Earth Award.

While welcoming all positive press and support, The Ocean Cleanup also faced a number of more critical viewpoints. Just as in the past, we would like to extend our appreciation to those who dedicated their time to identifying any unresolved problems, missing links or miscalculations in the scientific findings we reported. In fact, we used the 50 most important critical remarks we received after the TEDx speech as the basis of our feasibility study. After the study's publication in June 2014, new challenges were submitted which led to some minor amendments released in December 2014. This is exactly why we publish all material; we are eager to be peer-reviewed by anyone willing to devote their time to this important task.

We sincerely believe this will help us develop our breakthrough from a ‘feasible’ initiative into an ‘executable’ one.

The major conclusions of the feasibility report include:

- Effective: a single 100 km array will be able to extract 42% of the Great Pacific Garbage Patch in 10 years.
- Limited by-catch: because no nets are used, entanglement of fish or mammals is virtually impossible, and species such as plankton are likely to be carried away safely by the current;
- Environmentally sound: the total carbon footprint of the 100 km array will be equivalent to a small fleet of cars: a negligible impact when compared to the alternatives;
- Storm-resistant: using computer simulations and scale model tests, our boom concept was shown to be capable of surviving storm conditions.
- Highly efficient: computational fluid dynamics calculations indicate that 80% of the plastic encountering the boom will be captured and transported along the angled booms;
- Reusable catch: initial testing suggests that ocean plastic can be turned into oil and new high-quality materials through mechanical recycling;
- Financially viable: low operating costs and high capture efficiency mean that our concept costs less than 5% of the price of conventional clean-up methods. Given the US\$ 13bn annual cost of pollution, it is likely to be more cost-effective to clean up the ocean than to do nothing.

THE ROAD AHEAD

Having demonstrated the feasibility of our concept (Phase 1), we plan to move through a series of upscaling tests (Phase 2) towards our objective of deploying and operating a 100 km array in the Great Pacific Garbage Patch (Phase 3).

Phase 2 is divided into three sections:

- Phase 2A (Q1 2015 to Q3 2016) consists of scale model tests in which the concept is to be developed for initial marine deployment;
- Phase 2B (Q3 2016 to Q4 2017) involves the deployment and operation of a 2km long coastal pilot array, and;
- Phase 2C (Q4 2017 to Q4 2018) will involve the deployment and operation of an 8km-10km offshore array. This deployment will serve as the final stepping-stone before the full implementation of The Ocean Cleanup Pacific Ocean-bound array.

THE OUTLOOK FOR 2015

2015 promises to be a year of significant progress towards achieving our goals.

- We will be performing scale model tests of our concept at leading offshore industry facilities;
- We are working with some of the leading engineering minds in the world to further iterate our technology;
- We continue to move ahead with plans for our coastal pilot, which is on track to be deployed in the course of 2016 near Tsushima Island (which at 2 km will be the longest floating structure ever deployed in the ocean);
- We are launching a series of expeditions to quantify the amount of marine plastic pollution and better understand its distribution and size in order to further refine our technology and its economic viability;
- We will continue to research means to re-use ocean plastic once it has been collected.
- We will be expanding the professional team to improve continuity, quality and timely delivery of our milestones.

BUDGETED COST BREAKDOWN

Our budgets are prepared by major Project Phase, rather than by calendar year. Our current estimate for the total cost of Phase 2A (which runs to Q3 2016) is approximately €10 million.

The major items within this projected expenditure include:

- Manufacturing and initial deployment of the Coastal Pilot array - €2,9 - 7,2 million
- Oceanographic research expeditions - €0,8 - 2,2 million

We anticipate projected costs being met by a combination of philanthropy and governmental and corporate sponsorship.

Due to the relatively short holding period between receipt and disbursement of funds, the foundation is not seeking an investment return on its asset surplus, but is instead holding it liquid in savings accounts.

STAFFING AND GOVERNANCE

In 2014 The Ocean Cleanup had three boardmembers:

Mr. B.D. Slat (chairman)

Mr. F.D. Ratelband (secretary)

Mrs. F. Hoes (treasurer)

In July 2015, The Ocean Cleanup intends to install an independent Supervisory Board to further strengthen its governance and oversee the progress of its executive team. Boyan Slat will continue to lead the executive team in 2015. We will take great care in recruiting the members of this team as it will be crucial to the attainment of our goals.

FINANCIAL STATEMENTS

2.1 BALANCE SHEET AS AT 31 DECEMBER 2014

ASSETS					
		2014		2013	
FIXED ASSETS					
TANGIBLE FIXED ASSETS	1		€ 4,479		€ 3,351
OTHER FIXED ASSETS					
CURRENT ASSETS					
RECEIVABLES					
TAXES AND SOCIAL SECURITY PREMIUM	2	€ 11,290		€ 2,620	
OTHER RECEIVABLES AND ACCRUED ASSETS	3	€19,281		-	
			€ 30,571		€ 2,620
CASH	4		€ 1,718,334		€ 56,571
			€ 1,753,384		€ 62,542

LIABILITIES					
	2014			2013	
CAPITAL	5				
OTHER RESERVES			€ 58,699		€ 58,699
SHORT TERM LIABILITIES					
TRADE CREDITORS	6	€ 1,106		€ 1843	
TAXES AND SOCIAL SECURITY PREMIUMS	7	€ 9.149		-	
OTHER LIABILITIES AND ACCRUED EXPENSES	8	€ 1,684,430		€ 2,000	
			€ 1,694,685		€ 3,843
			€ 1,753,384		€ 62,542

2. FINANCIAL STATEMENTS

2.2 STATEMENT OF INCOME AND EXPENSES FOR THE YEAR 2014

		2014		2013	
INCOME	9		€ 299,805		€ 85.722
EXPENSES WORK CONTRACT-ED OUT AND OTHER EXTER-NAL EXPENSES	10	€ 26,026		€ 3,754	
WAGES AND SALARIES	11	€ 52,439		-	
SOCIAL SECURITY PREMIUMS AND PENSIONS COST	12	€ 9,193		-	
OTHER STAFF EXPENSES	13	€ 92,598		€ 8,685	
DEPRECIATION OF TANGIBLE FIXED ASSETS	14	€ 853		€ 568	
SELLING EXPENSES	15	€ 74,128		€ 2,115	
OFFICE EXPENSES	16	€ 7,899		€ 2,106	
GENERAL EXPENSES	17	€ 34,720		€ 7,482	
TOTAL OPERATING EXPENSES			€ 297,856		€ 24,710
OPERATING RESULT		€ 1,949		€ 61,012	
OTHER INTEREST AND SIMILAR INCOME	18	€ 31,978		-	
INTEREST AND SIMILAR EXPENSES	19	- € 33,927		- € 2,313	
FINANCIAL INCOME AND EXPENSE			- € 1,949		- € 2,313
RESULT FROM ORDINARY ACTIVITIES		-		€ 58,699	

2.3 NOTES TO THE FINANCIAL STATEMENTS

GENERAL

The annual accounts have been drawn up in accordance with Standard 640 ‘Non profit organisations’.

FOUNDING AND ACTIVITIES

Stichting The Ocean Cleanup was incorporated on February 15, 2013 and has its registered office in The Hague. Stichting The Ocean Cleanup is registered at the Chamber of Commerce under the number 57262632. Stichting The Ocean Cleanup is a non-profit organisation. Stichting The Ocean Cleanup aims to: A. develop technologies to remove plastic pollution from the oceans on a large scale; B. develop technologies to remove plastic from the waste streams before it reaches the oceans on a small scale.

The Ocean Cleanup seeks to achieve this by:

- working together with industries to answer/solve questions in the field of (among others) technical, scientific, economic and legal matters adequately.
 - Conducting feasibility studies;
 - Promoting research and development;
- All the aforementioned in the widest sense of the word.

TRANSLATION OF FOREIGN CURRENCY

Accounts in USD or other foreign currency are translated at the exchange rate prevailing at balance sheet date.

ACCOUNTING POLICIES IN RESPECT OF THE VALUATION OF ASSETS AND LIABILITIES

GENERAL

The financial statements are prepared in €.

Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at cost less accumulated depreciation and, if applicable, impairments. Depreciation is based on the useful life and calculated as a fixed percentage of the acquisition price, taking into account any residual value. Depreciation starts at the moment of commissioning.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at face value less a provision for bad debts.

EQUITY

The other reserves at the free disposal of the management of Stichting The Ocean Cleanup.

ACCOUNTING POLICIES IN RESPECT OF RESULT DETERMINATION

GENERAL

Income and expenses are accounted for on accrual basis. Income is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

INCOME

The revenues in the Statement of Income and Expenses are the donations received from individuals and businesses.

An accrual is taken at the end of the year for donations received which are intended to cover future costs.

EXPENSES WORK CONTRACTED OUT AND OTHER EXTERNAL EXPENSES

Costs of subcontracted work and other external costs are allocated to the period concerned.

DEPRECIATION

Depreciation of other fixed assets is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Book profits and losses upon disposal of a business asset are included in depreciation.

OTHER OPERATING EXPENSES

Costs are taken into account under the historical cost convention and allocated to the period concerned.

NET FINANCIAL RESULT

Interest income and expenses consist of interest received from or paid to third parties.

WAGES, SALARIES AND SOCIAL SECURITY CHARGES

Stichting The Ocean Cleanup has not closed a pension scheme for its employees. The employees themselves are responsible for taking out a pension scheme.

BUDGET

In accordance with RJ 640.204 the organization has to publish the budget of the actual year including an explanation of the major differences between budget and actual income and costs. For the financial year 2013 and 2014 there is no budget determined as the budget per financial year to the present day is not a management instrument. The Stichting Ocean Cleanup has a budget per Phase covering several financial years and not a financial year in particular.

2.4 NOTES TO THE BALANCE SHEET

Tangible fixed assets are depreciated as follows:
ICT workstation and other fixed assets are depreciated in equal annual instalments.

FIXED ASSETS	
1 TANGIBLE FIXED ASSETS	
	OTHER FIXED ASSETS
BALANCE AS AT 1 JANUARY 2014	
PURCHASE PRICE	€ 3,919
ACCUMULATED DEPRECIATION	- € 568
BOOK VALUE AS AT 1 JANUARY 2014	€ 3,351
MOVEMENTS	
INVESTMENTS	€ 1,981
DEPRECIATION	- € 853
BALANCE MOVEMENTS	€ 1,128
BALANCE AS AT 31 DECEMBER 2014	
PURCHASE PRICE	€ 5,900
ACCUMULATED DEPRECIATION	- €1,421
BOOK VALUE AS AT 31 DECEMBER 2014	€ 4,479
DEPRECIATION PERCENTAGES	20%

CURRENT ASSETS		
2 TAXES AND SOCIAL SECURITY PREMIUMS		
	2014	2013
VALUE ADDED TAX	€ 11,290	€ 2,620

3 OTHER RECEIVABLES AND ACCRUED ASSETS		
	2014	2013
PREPAID EXPENSES	€ 16,976	-
INTEREST	€ 2,234	-
OTHER	€ 71	-
	€ 19,281	-

Cash is freely available to the Foundation.

4 CASH		
	2014	2013
ABN AMRO BANK N.V.	€ 1,702,228	-
PAYPAL	€ 13,797	€ 904
BUCKAROO	€ 866	-
TRIODOS BANK SAVINGS ACCOUNT	-	€ 40,000
TRIODOS BANK	-	€ 15.667
CASH IN TRANSIT	€ 10	-
CASH	€ 1,433	-
	€ 1,718.334	€ 56,571

Movements in corporate assets were as follows:

5 CAPITAL	
	OTHER RESERVES
BALANCE AS AT 1 JANUARY 2014	€ 58,699
BALANCE AS AT 31 DECEMBER 2014	€ 58,699

SHORT-TERM LIABILITIES		
6 TRADE CREDITORS		
	2014	2013
TRADE CREDITORS	€ 1,106	€ 1,843

7 TAXES AND SOCIAL SECURITY PREMIUMS		
	2014	2013
WAGE TAX	€ 9,149	-

8 OTHER LIABILITIES AND ACCRUED EXPENSES		
	2014	2013
YET TO BE SPEND PROJECT FUNDS PHASE II	€ 1,679,060	-
AUDIT AND CONSULTANCY COSTS	€ 3,500	€ 2,000
HOLIDAY ALLOWANCE	€ 1,798	-
OTHER	€ 72	-
	€ 1,684,430	€ 2,000
YET TO BE SPEND PROJECT FUNDS PHASE II		
DONATIONS RECEIVED IN 2014	€ 1,978,865	-
ATTRIBUTED TO THE YEAR 2014	- € 299,805	-
TOTAL	€ 1,679,060	-

2.5 NOTES TO THE STATEMENT OF INCOME AND EXPENSES

9 INCOME		
	2014	2013
DONATIONS	€ 299,805	€ 85,722

10 EXPENSES WORK CONTRACTED OUT AND OTHER EXTERNAL EXPENSES		
	2014	2013
RESEARCH EXPENSES	€ 26,026	€ 3,754
RESEARCH EXPENSES		
SUBCONTRACTED WORK	€ 15,158	€ 2,003
MATERIALS	€ 10,868	€ 1,751
	€ 26,026	€ 3,754

11 WAGES AND SALARIES		
	2014	2013
SALARIES AND WAGES	€ 52,439	-

Average number of employees
During the financial year there were 2 people employed (2013: nil).

12 SOCIAL SECURITY PREMIUMS AND PENSIONS COST		
	2014	2013
SOCIAL SECURITY CHARGES	€ 9,193	-

13 OTHER STAFF EXPENSES		
	2014	2013
THIRD PARTY SERVICES	€ 46,381	-
FLIGHT AND HOTEL EXPENSES	€ 19,133	€ 2,553
TRAVEL EXPENSES	€ 9,507	€ 3,132
VOLUNTEERS FEE	€ 5,864	€ 3,000
OTHER	€ 11,713	-
	€ 92,598	€ 8,685

14 DEPRECIATION OF TANGIBLE FIXED ASSETS		
	2014	2013
OTHER FIXED ASSETS	€ 853	€ 568

15 SELLING EXPENSES		
	2014	2013
ADVERTISING EXPENSES	€ 31,925	€ 483
CROWDFUNDING PERK PHASE 2	€ 26,730	-
REPRESENTATION EXPENSES	€ 8,499	€1.632
COMMUNICATION EXPENSES	€ 6,974	-
	€ 74,128	€ 2,115

16 OFFICE EXPENSES		
	2014	2013
TELEPHONE AND FAX EXPENSES	€ 3,251	€ 614
INSURANCE PREMIUM	€ 2,257	-
OFFICE SUPPLIES	€ 1,197	€1,285
PRINTING EXPENSES	€ 325	€ 109
OTHER	€ 869	€ 98
	€ 7,899	€2,106

17 GENERAL EXPENSES		
	2014	2013
NOTARIAL AND ADVISORY EXPENSES	€ 19,444	-
FREIGHT EXPENSES	€ 7,079	€ 5,061
AUDIT EXPENSES	€ 3,500	€2,000
SUBSCRIPTIONS	€ 2,674	-
IT EXPENSES	€ 269	€ 412
OTHER GENERAL EXPENSES	€ 1,754	€ 9
	€ 34,720	€ 7,482

18 OTHER INTEREST AND SIMILAR INCOME		
	2014	2013
EXCHANGE DIFFERENCES	€ 31,978	-

19 INTEREST AND SIMILAR EXPENSES		
	2014	2013
PAID BANK CHARGES AND INTEREST	€ 33,927	€ 2,313

Delft, 30 June 2015
Stichting The Ocean Cleanup

B. D. Slat Chairman

F.D. Ratelband Secretary

F. Hoes Treasurer



