

TO THE BOARD OF
STICHTING MUSICIANS WITHOUT BORDERS
TOLHUISWEG 1
1031 CL AMSTERDAM

- ANNUAL REPORT 2015 -

TABLE OF CONTENTS

	<u>Blz.</u>
Compilation Report	2
<u>FINANCIAL STATEMENT 2015</u>	
General	3
Financial summary	4
Balance sheet of December 31 2015	5 t/m 6
Statement of income and expenses for the year 2015	7 t/m 8
Cash flow overview 2015	9
Principles of valuation	10
Notes to the balance	11 t/m 14
Notes to the statement of income and expenses	15 t/m 17
<u>OTHER INFORMATION</u>	18

Stichting Musicians Without Borders
Attn. Mrs. L.J. Hassler
Tolhuisweg 1
1031 CL AMSTERDAM

CHO/mc

Alkmaar, October 26, 2016

ACCOUNTANT'S COMPILATION REPORT

Dear Board of Directors,

The financial statements of Stichting Musicians Without Borders at Amsterdam have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2015 and the profit and loss account for the year 2015 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, "Compilation engagements", which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with accounting policies generally accepted in the Netherlands. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Musicians Without Borders. We have not performed any audit or review procedures which would enable us to express an opinion or a conclusion as to the fair presentation of the financial statements.

During this engagement we have complied with the relevant ethical requirements prescribed by the "Verordening Gedrags- en Beroepsregels Accountants" (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

For further information on the nature and scope of a compilation engagement and the VGBA we refer you to www.nba.nl/uitleg-samenstellingsverklaring.

Alkmaar, October 10, 2016

ACCOUNTANTSKANTOOR DE MAN B.V.


C.G.M. Baltus
Accountant-Administratieconulent

GENERAL

The comparative figures for 2014 are not verified by Accountantskantoor de Man B.V.

FINANCIAL SUMMARY (by the foundation)

During the year 2015, the total expenditures amounted to € 402,775 (2014: € 390,781) of which € 354,095 (2014: € 347,936) was spent on objectives, € 29,060 (2014: € 25,859) on fundraising and € 19,620 (2014: € 16,986) on Management and Administration. The overhead costs have slightly increased in 2015 because of the addition of a provision for accounting costs of € 3,000 for the review of the Financial Statement by a third party firm.

The total expenditures on objectives can be split between projects costs (€ 310,301) and costs of information, education and awareness-raising actions (€ 43,793).

The relative increase in expenditures on objectives is due to the implementation of the first Training of Trainers, a successful one-week training held in The Netherlands in July 2015.

It is important to note that a significant portion of funds raised by Musicians without Borders for its projects is not included in this report, as these funds have not passed through Musicians without Borders' accounts. This is due to the fact that many donors in our project regions prefer to donate directly to our local partners, although the projects are primarily implemented by Musicians without Borders.

This is particularly relevant in the case of Mitrovica Rock School, and with lesser amounts, in the cases of the projects Rwanda Youth Music and Palestine Community Music.

If we were to include all income raised by Musicians without Borders, **the total raised income in 2015 for Musicians without Borders' work would be approximately €500,000.**

The total income for 2015 was €410,067 (2014: € 379,988), of which 72% (€ 294,750) was granted for projects and the remaining 28% (€ 115,317) was raised as general income. The total income was generated by the organization's own fundraising activities, successful merchandise campaign and benefit events in The Netherlands and around the world.

Of the total income 2015, the **86,4%** was spent on objectives. The result of 2015 shows a positive result of € 7,292, part of which has increased last year's allocation reserve (€ 34,288) while the operating profit of € 6,962 was charged to the General/Continuity Reserve.

During 2015 the Foundation succeeded in reducing the costs of management and administration, though the efficient use of existing staff, volunteers and interns. It has concentrated its human and financial resources mainly on its projects, events and communications to raise awareness and disseminate information about the mission and activities of Musicians without Borders.

This strategy resulted in an increased number of benefit events, concerts and individual contributors, allowing us to recover most of the (2013) negative reserve.

Musicians Without Borders
AMSTERDAM

BALANCE SHEET AS AT

ASSETS	December 31, 2015		December 31, 2014	
	€	€	€	€
Current Assets				
Receivables and prepayments	(1)	34,546		31,829
Cash at Bank	(2)	62,767		32,495
		97,313		64,324
TOTAL ASSETS		97,313		64,324

DECEMBER 31, 2015

RESERVES ANS LIABILITIES	December 31, 2015		December 31, 2014	
	€	€	€	€
Reserves				
General reserve		-3,435		-10,398
Allocation reserve	(3)	34,288		33,958
		30,853		23,560
Current liabilities	(4)	66,460		40,764
		97,313		64,324
TOTAL RESERVES AND LIABILITIES				

Musicians Without Borders
AMSTERDAM

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR 2015

	Actual 2015 €	Budget 2015 €	Actual 2014 €
<u>INCOME</u>			
Income own fundraising	(5) 346,973	371,600	299,554
Income from governments	(6) 62,946	52,000	80,297
Income from bank accounts	148	-	137
Total income	410,067	423,600	379,988
<u>EXPENSES</u>			
Expenditures on objectives	(7)		
- Information and education	43,793	49,024	30,200
- Music projects	310,301	295,154	317,737
Expenditures to generate income	(7)		
- Costs of direct fundraising	27,562	31,225	23,739
- Costs of bank accounts	1,499	1,500	2,120
Overhead and administration	(7)		
- Costs of overhead and administration	19,620	23,404	16,986
Total expenses	402,775	400,306	390,781
Result before allocation reserve	7,292	23,294	-10,793
Withdrawal allocation reserve 2014	33,958		
Allocation reserve projects 2015	-34,288		
<u>FINAL RESULT</u>	6,962		-10,793

Total costs of direct fundraising in % of income from direct fundraising	8,4	8,8	8,6*)
Total costs of overhead and administration in % of total income	4,8	5,5	4,5
Total expenditures on objectives in % of total income	86,4	81,3	91,6
Total expenditures on objectives in % of total expenditures	87,9	86,0	89,0

*) The income this year has been reallocated to be in line with the guidelines of RJ 650. The comparative figures are also adjusted in the same way. This means that in the annual accounts of 2014 this item has a value of 6,0 % and now 8,6%.

Result appropriation

Following the profit appropriation proposed by the Management Board and pursuant to the Articles of association the profit for 2015 (€ 7,292) will be processed as follows:

	2015 €	2014 €
Added to allocation reserve	34,288	-10,793
Withdrawal from allocation reserve in the year 2015	-33,958	-
	330	-10,793
Withdrawal from general reserve	6,962	-
<u>Result</u>	7,292	-10,793

CASH FLOW OVERVIEW 2015

	2015		2014	
	€	€	€	€
Cash flow from operational activities				
Result		7,292		-10.793
Depreciations		-		-
		7,292		-10,793
<u>Changes in working capital:</u>				
- changes in receivables and prepayments		2,717		2,182
- changes in current liabilities		25,697		42,847
		22,980		45,030
		30,272		55,823
<u>Cash flow from investment activities</u>				
Investments tangible fixed assets		-		-
		-		-
<u>Net cash flow</u>		30,272		55,823
Opening balance cash and cash equivalents		32,495		88,318
Closing balance cash and cash equivalents		62,767		32,495

PRINCIPLES OF VALUATION

GENERAL

The annual accounts are drawn up according to the accounting principles generally accepted in the Netherlands pursuing RJ 650 (Fundraising Organizations). The annual account is in Euros and will be compared by the board with the approved budget 2015 and the actual account 2015.

GENERAL NOTES FOR VALUATION ASSETS AND LIABILITIES

Receivables and liabilities

Receivables are recognized at nominal value, less any provision of doubtful accounts. The current liabilities are recognized at nominal value.

PRINCIPLES OF DETERMINATION OF RESULT

General

Revenues and expenses in the statement of income and expenses are allocated to the period to which they relate. The result is determined as the difference between income generated by contributions and other sources, and the costs and other charges for the year.

Costs allocation

The expenses are attributed to the year to which they relate.

All costs are allocated among the cost categories "expenditures on objectives", "expenditures for generate income" and "overhead and administration". This was done by the VFI expressed breakdown of other costs.

CASH FLOW OVERVIEW

The cash flow overview is compiled according to the indirect method. Cash flows from foreign currencies are converted with the average exchange rate. Exchange rate differences are shown separately in the cash flow overview. The received and paid interest is included in the cash flow from operational activities.

NOTES TO BALANCE SHEET

	<u>31.12.2015</u>	<u>31.12.2014</u>
	€	€
Receivables and prepayments	(1)	
The receivables and prepayments are specified as follows:		
Benefits, funds, donations still to receive (1.1)	30,528	30,320
Other receivables and prepayments (1.2)	<u>4,018</u>	<u>1,509</u>
Total	<u><u>34,546</u></u>	<u><u>31,829</u></u>
A provision for doubtful receivable is unnecessary.		
Benefits, funds, donations still to receive (1.1)	<u>2015</u>	
	€	
Receivables for the projects:	21,552	
Total amount for general organizational costs:		
Contributions and pledges	3,200	
Donations and gifts	5,638	
Interest bank account	<u>138</u>	
	<u><u>30,528</u></u>	
Other receivables and prepayments (1.2)		
Prepayments for the projects	1,626	
General costs (deposit, insurance, telephone and website domain registration)	2,122	
Other receivables	<u>270</u>	
	<u><u>4,018</u></u>	

31.12.2015
€

Cash at bank (2)

Petty cash HQ office		224
ING Bank - operating account	NL 11 INGB 0008 1148 42	44,942
ING Bank - savings account	NL 11 INGB 0008 1148 42	8,467
Rabobank	NL 23 RABO 0106 2886 52	453
Rabobank	NL 03 RABO 0156 1846.48	3,369
Rabobank	NL 94 RABO 0104 1333 92	5,312
		<u><u>62,767</u></u>

The cash is freely available to the foundation.

The increase in cash, compared to last year is due to a successful fundraising campaign that MwB has run during December 2015.

Reserves (3)

	Allocation	
	reserve	Total
	<u>€</u>	<u>€</u>

The changes in the reserves are listed below:

Opening balance January 1, 2015		33,958	33,958
Result 2015	7,292		
Withdrawal to general reserve	<u>6,962</u>		
Appropriated result		<u>330</u>	<u>330</u>
		<u>34,288</u>	<u>34,288</u>

Allocation reserve

Allocation reserves are reserves for which the executive board determined a restriction on spending. Allocation reserves are not required to be paid by year-end 2015. The executive board may remove the restriction on spending. The allocated funds earmarked by donors must be spent on a specific purpose. (i.e. project).

The appropriated reserves are specified as follows:

	Actual	Actual
	2015	2014
	<u>€</u>	<u>€</u>

Projects:

Mitrovica Rock School		305	545
From Woman to Woman		-	6,611
Palestine Community Music		11,708	5,465
Rwanda Youth Music		18,928	20,588
Tanzania Youth Music		-	191
Music Bridge		<u>3,347</u>	<u>558</u>
		<u>34,288</u>	<u>33,958</u>

	2015	2014
	€	€
Current liabilities (4)		
The current liabilities are specified as follows:		
Operational costs still to pay (4.1)	51,914	27,584
Grants and donations received in advance (4.2)	2,450	3,755
Personnel liabilities (4.3)	8,096	3,298
Other current liabilities (4.4)	4,000	6,127
	66,460	40,764
Operational costs still to pay (4.1)	2015	
	€	
Accountants payable - project countries	26,357	
Accountants payable - head office	25,557	
Total operational costs still to pay (4.1)	51,914	
Grants and donations received in advance (4.2)		
Donations received for project and development	2,450	
Total benefits, funds, donations received in advance (4.2)	2,450	
Personnel liabilities (4.3)		
Funds for holiday allowance	5,203	
Employment taxes	2,893	
Total other current liabilities (4.3)	8,096	
Other current liabilities (4.4)		
Other payable	4,000	
Total other current liabilities (4.4)	4,000	

Obligations that are not included in the balance sheet.

Based in the rent agreement entered into the annual rent liability amounts to € 8,100

Rent is paid in advance at the end of every month.

NOTES TO THE STATEMENT OF INCOME AND EXPENSES FOR THE YEAR 2015

	2015	Budget 2015	2014
	€	€	€
Income own fundraising (5)			
Donations and gifts	283,426	336,500	263,859
Contributions and pledges	44,845	35,000	35,648
Other income	14,411	-	-
Merchandise	2,899	100	47
Donations in-kind	1,392	-	-
	346,973	371,600	299,554
Total income own fundraising	346,973	371,600	299,554

Income own fundraising	2015
	€
Single donations individuals	77,271
Gift funds and foundations	163,059
Contributors (friends, pledge)	44,845
Gifts companies, service club, schools	9,926
Partner organizations	33,169
Other income own activities	14,411
Merchandise - t-shirts	2,899
Donations In-kind	1,393
Total income own fundraising	346,973

Income from governments (6)	
European Union Office in Kosovo	27,692
UNMIK - United Nation Mission In Kosovo	3,076
MATRA - Ministry of Foreign Affairs of NL	3,440
German Embassy in Pristina, Kosovo	3,919
US Embassy in Pristina, Kosovo	24,819
Total income from governments	62,946

Expenses (7)	<u>Objectives</u>		<u>Fundraising</u>		Costs of Overhead and admini- stration €
	Information and education	Music projects	Costs of direct fundraising	Costs of bank accounts	
	€	€	€	€	
Work done by third parties	3,729	5,594	12,784	-	1,865
Staff costs (7.1)	20,388	103,361	10,888	-	13,699
Bank costs (depreciation) and interest	-	-	-	1,498	-
Office and general costs	3,797	6,087	3,890	-	4,056
Project costs	15,880	195,260	-	-	-
	<u>43,794</u>	<u>310,302</u>	<u>27,562</u>	<u>1,498</u>	<u>19,620</u>

	<u>Total</u>		
	Total 2015	Budget 2015	Total 2014
	€	€	€
Work done by third parties	23,972	27,000	10,817
Staff costs (7.1)	148,335	160,066	168,663
Bank costs (depreciation) and interest	1,498	1,500	2,120
Office and General costs	17,830	21,790	18,411
Project costs	211,140	189,950	190,769
	<u>402,775</u>	400,306	<u>390,780</u>

	<u>2015</u>	<u>2014</u>
	€	€
Staff costs (7.1)		
Salaries and wages	141,191	148,495
Social security and pension	17,097	18,668
Other	-10,552	-
	<u>147,736</u>	<u>167,163</u>
	<u>fte's</u>	<u>fte's</u>
Employees	<u>3,08</u>	<u>3,29</u>

Salaries and wages management

A breakdown of the salaries and wages of the management 2015:

Name: L.J. Hassler
Function: Executive Board / Director

Employment

Contract: permanent
Hours: 40
Part-time rate: 100
Period: 01.01.2015 - 31.12.2015

Salary	€	Social security (wg partl)	3,852
		Taxable allowance	-
Salary	50,616	Pensions (wg partl)	-
Holiday payment	4,049	Other	-
Total	<u><u>54,665</u></u>	Payments termination of employment	-

OTHER INFORMATION

Audit statement

No audit has been performed in accordance with the statutory size exemption under Article 396, Title 9, Book 2, of the Dutch Civil Code.

Proposal appropriation of result

Pending the profit appropriation by the management board, the profit of 2015 of € 7,292 is recorded under the general reserve.

According to the articles of the Association, the profit will be eventual added to the allocation reserves.

Subsequent events

Until the date of this report there are no subsequent events.