



**FINANCIAL REPORT 2020**

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## ABOUT MUSICIANS WITHOUT BORDERS

**Musicians Without Borders (MWB) is a non-profit Netherlands-based foundation that uses the power of music to bridge divides, connect communities and heal the wounds of war.**

Stichting Musicians Without Borders

Tolhuisweg 1  
1031 CL Amsterdam  
The Netherlands

+31 (0)20 330 5012  
info@mwb.ngo

# FINANCIAL SUMMARY

In 2020, Musicians Without Borders entered a new 3-year strategic cycle. The organization strives for the realization of three main goals: to grow impact, to maintain quality and pursue professionalization, and to preserve its ethos (principles, integrity and community). To achieve these goals MWB's strategic plan focused on strengthening current programs while developing new partnerships and projects; increasing visibility and investing in advocacy; and engaging with new academic, arts and human rights partners and further developing its global platform, art27. To maintain and ensure the quality and professionalism of its actions and programs, the organization continues to invest in professionalization of its staff and trainers, increasing 'in house' expertise and liaising with external advisors.

While the organization was prepared to work toward these objectives, 2020 was the year of the pandemic, and COVID-19 had a strong impact on projects, activities, fundraising, advocacy and the daily work of implementation. Suddenly forced to adapt to a completely new context, the organization invested time and resources in rethinking strategies to continue its programs.

Thanks to new technologies and existing in-house expertise, it was possible to shift many activities to a virtual environment, adapting to the organization's international training, capacity building, and advocacy and continuing to build new regional partnerships. Unavoidably, some projects and activities, especially those involving travel (e.g. advocacy, conferences) and in-person training, were suspended or postponed. The main focus shifted toward enabling local teams to continue and strengthening the infrastructures supporting their work.

The impact of the pandemic is reflected in the financial results, with the realization of about 80% of the budget. The total income raised reflected a significant decrease in comparison with the total income raised over the previous year (2020: € 821,758 vs 2019: €1,065,656). The overall decrease in expenditures, compared to 2019, was about 16% (2020: €857,330 vs 2019: 1,020,002). Despite the decrease in funds, the 2020 organizational result confirms Musicians Without Borders's concentration of expenditures on objectives (88% of total expenditures spent on objectives). These include Musicians Without Borders' projects and programs, its training and development program, and its awareness-raising and advocacy work.

The positive results from past years allowed MWB to consolidate its reserves, which ensured the organization's operations throughout 2020 and into 2021. The organization commits to maintain sufficient reserves necessary and appropriate for continued sustainability. We close an exceptional year with hope for a return to in-person activities, but also faith that we will navigate whatever reality emerges from this period and continue to find ways to bring the power of music to people in need of connections. For more information about the foundation, its organization, activities and events, please refer to Musicians Without Borders' Annual Report 2020, published on our website.

# BALANCE SHEET AS AT DECEMBER 31, 2020

(After appropriation of results)

## ASSETS

	2020 €	2019 €
<b>Current Assets</b>		
Receivables and Prepayments (1)	66,246	62,530
Cash at Bank (2)	336,316	323,320
<b>Total Assets</b>	<b>402,562</b>	<b>385,850</b>

## RESERVES AND LIABILITIES

### RESERVE AND FUNDS

<b>Reserves</b>		
General Reserve (3)	146,282	115,346
Allocation Reserves (3)	40,000	30,000
Allocation Funds (3)	86,062	162,570
	<b>272,344</b>	<b>307,916</b>
Current Liabilities (4)	130,218	77,934
<b>Total reserves and liabilities</b>	<b>402,562</b>	<b>385,850</b>

# STATEMENT OF INCOME AND EXPENSES FOR 2020

## INCOME

	Actual 2020 €	Budget 2020 €	Actual 2019 €
Income own fundraising (5)	616,570	773,000	826,449
Income from governments (5.1)	205,188	266,000	239,207
<b>Total Income</b>	<b>821,758</b>	<b>1,039,000</b>	<b>1,065,656</b>

## EXPENSES

<b>Expenditures on objectives (6)</b>			
Information and Education	128,172	120,823	137,139
Music projects	627,813	886,373	765,970
<b>Expenditures on objectives</b>	<b>755,985</b>	<b>1,007,196</b>	<b>903,109</b>
<b>Expenditures on fundraising (6)</b>			
Costs of direct fundraising	51,262	77,517	73,795
Costs of bank accounts	2,822	2,853	2,572
<b>Expenditures on fundraising</b>	<b>54,084</b>	<b>80,370</b>	<b>76,367</b>
<b>Overhead and administration (6)</b>			
Costs of overhead and administration	47,261	60,870	40,526
<b>Total expenses</b>	<b>857,330</b>	<b>1,148,436</b>	<b>1,020,002</b>
<b>Result before allocation of reserve</b>	<b>- 35,572</b>	<b>- 109,436</b>	<b>45,653</b>

	Actual 2020	Budget 2020	Actual 2019
Total costs of direct fundraising in % of Income from direct fundraising	9%	10%	9%
Total costs of management and administration in % of Total Income	6%	6%	4%
Total expenditures on objectives in % of Total Income	92%	97%	85%
Total expenditures on objectives in % of Total Expenditures	88%	88%	89%

## PROPOSAL APPROPRIATION OF RESULT

Following the result appropriation proposed by the Executive Board, the result of 2020 will be processed as follows:

	<b>2020</b>	<b>2019</b>
	<b>€</b>	<b>€</b>
Appropriation to General reserve	30,936	- 12,413
Appropriation to Allocation Reserve and Funds	- 66,508	58,067
<b>Result</b>	<b>- 35,572</b>	<b>45,653</b>

## CASH FLOW OVERVIEW 2020

	<b>2020</b>	<b>2019</b>
	<b>€</b>	<b>€</b>
<b>Cash flow from operational activities</b>		
Result	- 35,572	46,653
Depreciations	-	-
Change in working capital:		
- Changes in receivables and prepayments	-3,717	13,267
- Changes in current liabilities	52,285	8,458
	<u>48,567</u>	<u>21,726</u>
	12,996	67,379
<b>Cash flow from investment activities</b>		
Investment tangible fixed assets	-	-
	<u>-</u>	<u>-</u>
<b>Net cash flow</b>	12,996	67,379
Opening balance cash and cash equivalents	323,320	255,941
Closing balance cash and cash equivalents	<u><b>336,316</b></u>	<u><b>323,320</b></u>

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

# NOTES TO FINANCIAL STATEMENTS

## 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 2020 and the actual account 2020.

## 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.

### CASH FLOW OVERVIEW

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

## 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 on fundraising" and "management and administration".

## RECEIVABLES AND PREPAYMENTS (1)

Receivables from projects relate to projects that have been implemented in 2020, for which funds from donors are committed but not received as per 31 December 2020. All the receivables are expected to be received within one year. A provision for doubtful receivable is unnecessary.

### RECEIVABLES AND PREPAYMENTS (1)

The receivables and prepayments are specified as follows:

	<b>2020</b>	<b>2019</b>
	<b>€</b>	<b>€</b>
Benefit, funds, donation still to receive (1.1)	26,813	33,438
Other receivables and prepayments (1.2)	39,433	29,092
<b>Total</b>	<b>66,246</b>	<b>62,530</b>

#### Benefit, funds, donation still to receive (1.1)

	<b>2020</b>	<b>2019</b>
	<b>€</b>	<b>€</b>
Total amount of receivables for the projects and training	18,937	31,090
Total amount of receivables for the general organizational costs:		
- Contributions and pledges	3,500	1,214
- Donations and gifts	4,376	1,134
	<b>26,813</b>	<b>33,438</b>

#### Other receivables and prepayments (1.2)

	<b>2020</b>	<b>2019</b>
	<b>€</b>	<b>€</b>
Total amount of prepayments for the projects	23,702	23,805
Total amount of prepayments for the general organization costs:		
- Prepayments referred to general costs (deposit, insurance, telephone and website domain registration)	3,987	5,246
- Other receivables – subsidies	11,709	
- Other receivables	35	42
	<b>39,433</b>	<b>29,092</b>



## CASH AT BANK (2)

The cash is freely available to the foundation.

	31/12/2020	31/12/2019
	€	€
Petty cash – head office	2,551	1,622
Petty cash – projects	1,227	2,486
Triodos bank #586 #390	239,847	291,772
ING bank – current and savings account – NL11INGB0008114842	81,723	19,480
Rabobank Mitrovica Rock School current and savings account – NL03RABO0156184648	2,188	5,502
PayPal	8,780	2,458
<b>Total cash at bank</b>	<b>336,316</b>	<b>323,320</b>

## EQUITY – RESERVES AND FUNDS (3)

### ORGANIZATION'S RESERVES

#### General Reserve

The General Reserve is formed to face short and medium term risks and to ensure that the foundation can meet its obligations in the future. The Supervisory Board has determined that the desired level of this reserve based on the perceived risk should not be less than 10% of the budget of the following year. As of the end of the 2020 the Foundation's General Reserve is in line with this amount and will strive to preserve this level of reserve. The organization recognizes the importance of building a stable base of resources and not being dependent on day-to-day fundraising, especially as it is committed to multiple-year grants and partnerships, working in vulnerable contexts: unexpected changes or urgency to respond to may arise at any moment.

#### Allocation Reserve

Allocation reserves are funds with a specific purpose, for which the Executive Board determines a restriction on spending. Allocation reserves are not required to be paid by year-end. The Executive Board may remove the restriction on spending. There is no external obligation.

#### Allocation Funds

The Allocation Funds are designated by donors and must be spent on a specific purpose (i.e. project). The funds allocated are vital to the continuation of the Foundation's international projects.

The appropriated reserves and funds are as follows:

### GENERAL RESERVE

The changes in the reserve is listed below:

	2020	2019
	€	€
Opening balance January 1	115,346	127,759
Appropriated result	30,936	-12,413
<b>Closing balance December 31</b>	<b>146,282</b>	<b>115,346</b>

### ALLOCATION RESERVE AND FUNDS

The changes in the allocation reserve and funds are listed below:

Opening balance January 1	192,570	134,503
Addition to Allocation Reserve and funds	-66,508	58,067
<b>Closing balance December 31</b>	<b>126,062</b>	<b>192,570</b>

## Allocation funds

	2020 €	2019 €
Western Balkans – Mitrovica Rock School – Music Connects	14,433	57,549
Palestine Community Music	4,465	19,942
Rwanda Youth Music	31,066	46,771
Welcome Notes	19,605	27,000
El Salvador – Armonia Cuscatleca	6,454	2,995
Training courses	-	2,025
Other funds	10,039	6,288
<b>Subtotal Allocation Funds</b>	<b>86,062</b>	<b>162,570</b>
<b>Allocation reserves</b>		
Art27	30,000	20,000
Western Balkans – Mitrovica Rock School – Music Connects	10,000	10,000
<b>Total allocation reserves and funds</b>	<b>126,062</b>	<b>192,570</b>

## CHANGE IN RESERVES AND FUNDS DURING THE YEAR 2020

	01/01/2020 €	Decrease €	Increase €	31/12/2020 €
<b>General reserve</b>	115,346	7,249	38,186	146,282
<b>Allocation reserve</b>	30,000	20,000	30,000	40,000
<b>Total reserves</b>	<b>145,346</b>	<b>27,249</b>	<b>68,186</b>	<b>186,282</b>
<b>Allocation funds</b>				
Western Balkans – Mitrovica Rock School – Music Connects	57,549	57,549	14,433	14,433
Palestine Community Music	19,942	15,477	-	4,465
Rwanda Youth Music	46,771	15,705	-	31,066
Welcome Notes Europe	27,000	7,395	-	19,605
El Salvador – Armonia Cuscatleca	2,995	2,995	6,454	6,454
Training courses	2,025	2,025	-	-
Other	6,288	5,476	9,227	10,039
<b>Total allocation funds</b>	<b>162,570</b>	<b>106,622</b>	<b>30,114</b>	<b>86,062</b>
<b>Total reserves and funds</b>	<b>307,916</b>	<b>133,871</b>	<b>98,300</b>	<b>272,344</b>

## CURRENT LIABILITIES (4)

The current liabilities are specified as follows:

	2020	2019
	€	€
Operational costs still to pay (4.1)	78,307	51,961
Grants and donations received in advance (4.2)	26,230	-
Personnel liabilities (4.3)	25,681	25,973
	<b>130,218</b>	<b>77,934</b>
<b>Operational costs still to pay (4.1)</b>		
Accounts payable – projects countries	56,577	40,063
Accounts payable – head office	21,730	11,898
<b>Total</b>	<b>78,307</b>	<b>51,961</b>
<b>Benefits, funds, donations received in advance (4.2)</b>		
Donations received for project and development	25,000	-
Other funds received in advance	1,230	-
<b>Total</b>	<b>26,230</b>	<b>-</b>
<b>Personnel liabilities (4.3)</b>		
Funds for vacations	15,260	14,121
Employment taxes	10,421	11,852
<b>Total</b>	<b>25,681</b>	<b>25,973</b>

Liabilities refer to all the costs which the organization has incurred to implement the project and run the activities during the year 2020. All liabilities are short term and are expected to be paid within one year.

**Obligations that are not included in the Balance Sheet.** The annual liability for rent of the main office is € 14,656. Rent is paid in advance at the end of every month.

# NOTES TO THE STATEMENT OF INCOME AND EXPENSES

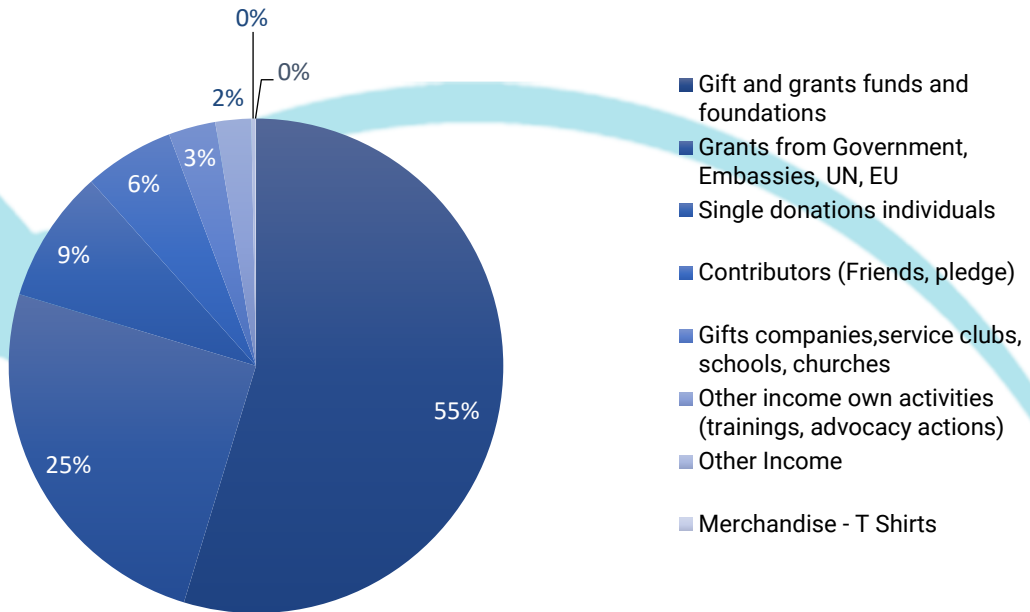
## INCOME OWN FUNDRAISING (5)

	Actual 2020	Budget 2020	Actual 2019
	€	€	€
Donations, gifts and grants	548,380	621,000	714,306
Contributions and pledges	48,455	88,000	53,966
Other income own activities	17,627	62,000	50,027
Other income	1,561	-	1,371
Merchandise	547	2,000	752
Donations in kind	-	-	6,028
<b>Total income own fundraising</b>	<b>616,570</b>	<b>773,000</b>	<b>826,449</b>
Grants from governments (5.1)	205,188	266,000	239,207
Interest income	-	-	-
<b>Total income</b>	<b>821,758</b>	<b>1,039,000</b>	<b>1,065,656</b>

Income	2020		2019	
	€	%	€	%
Donations, gifts and grants from funds and foundations	449,574	55%	521,109	49%
Grants from government, embassies, UN, EU	205,188	25%	239,207	22%
Single donations individuals	71,546	9%	113,715	11%
Contributors (Friends, pledge)	48,455	6%	53,966	5%
Gifts from companies, service clubs, schools, churches	25,259	3%	65,088	6%
Other income own activities	19,188	2%	53,957	5%
Partner organizations	-	0%	10,464	1%
Donations in kind	-	0%	6,028	1%
Other income	2,000	0%	1,371	0%
Merchandise	547	0%	752	0%
<b>Total income</b>	<b>821,758</b>	<b>100%</b>	<b>1,065,656</b>	<b>100%</b>

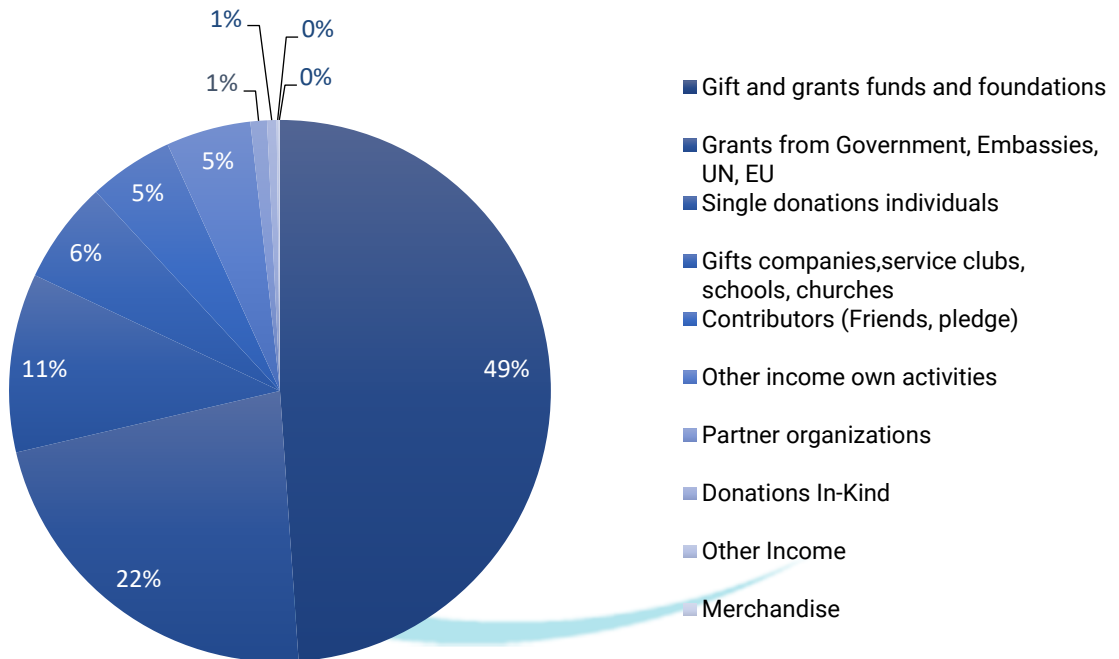
## INCOME 2020

Total: € 821,758



## INCOME 2019

Total: € 1,065,656



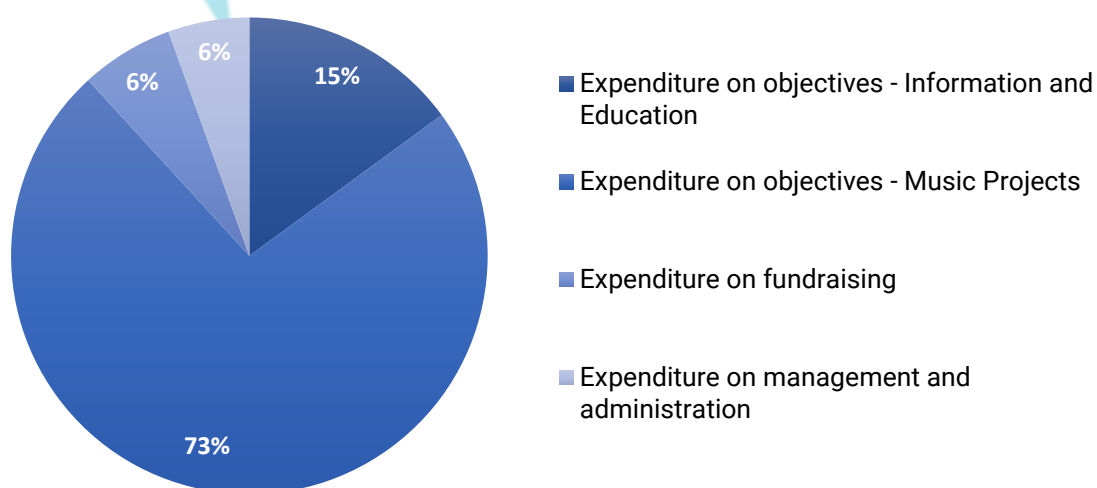
## NOTES TO THE ALLOCATION OF EXPENSES (6)

	Objectives		Fundraising	
	Information and Education	Music (project)	Direct fundraising	Cost of bank accounts
	€	€	€	€
Work done by third parties	7,494	35,775		
Staff cost (6.1)	73,135	212,854	40,714	
Bank costs and interest				2,822
Office and general costs	10,832	5,514	10,548	
Project costs	36,711	373,670		
	<b>128,172</b>	<b>627,813</b>	<b>51,262</b>	<b>2,822</b>

	Management and administration		Total				
	€	Total 2020		Budget 2020		Total 2019	
		€	%	€	%	€	%
Work done by third parties	138	43,407	5%	41,056	4%	46,020	9%
Staff cost (6.1)	33,356	360,058	42%	448,872	39%	390,505	29%
Bank costs and interest		2,822	0%	1,600	0%	2,572	0%
Office and general costs	13,768	40,661	5%	71,334	6%	47,239	4%
Project costs		410,381	48%	585,574	51%	533,666	58%
	<b>47,261</b>	<b>857,330</b>	<b>100%</b>	<b>1,148,436</b>	<b>100%</b>	<b>1,020,002</b>	<b>100%</b>

## TOTAL EXPENDITURE 2020

	<b>Total</b>	
	<b>€</b>	<b>%</b>
Expenditure on objectives – Information and Education	128,172	15%
Expenditure on objectives – Music Projects	627,813	73%
Expenditure on fundraising	54,084	6%
Expenditure on management and administration	47,261	6%
<b>Total expenditure</b>	<b>857,330</b>	<b>100%</b>





## STAFF COSTS (6.1)

	<b>2020</b>	<b>2019</b>
	<b>€</b>	<b>€</b>
Salaries and wages	360,604	332,783
Social security and pension	61,626	57,477
<b>Subtotal</b>	<b>422,231</b>	<b>390,260</b>
Other costs employees	489	244
Benefit WAZO (maternity/paternity leave)	-30,393	
Subsidies NOW 1.0	-32,268	
<b>Total</b>	<b>360,058</b>	<b>390,505</b>
	<b>FTE's</b>	<b>FTE's</b>
Employees	7.8	7.1

## SALARIES AND WAGES OF MANAGEMENT

Below is a breakdown of salary and wage of the management in 2020:

Name	L.J. Hassler
Function	Executive Board/Director
<b>Employment</b>	
Contract	Permanent
Hours	40
Part-time rate	100
Period	1/1-31/12/2020
<b>Salary</b>	
Salary (gross)	50,616
Holiday payment	4,049
Total	<b>54,665</b>
Social security (wg partl)	<b>3,900</b>
Taxable allowances	-
Pensions (wg partl)	9,996
Other	-
Payments termination of employment	-

## **APPROPRIATION OF RESULT**

On March 3, 2021 the Supervisory Board of Stichting Musicians Without Borders, pursuant of the Article of Association, has discussed Financial Statement of 2020 and the appropriation of result by the Executive Board.

## **SUBSEQUENT EVENTS**

At the time of writing (June 2021) the Foundation is awaiting the final auditor's report.