

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

- ANNUAL REPORT 2016 -

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

CHO/mc

Alkmaar, May 12th, 2017

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 2016 and the profit and loss account for the year 2016 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.

ACCOUNTANTSKANTOOR DE MAN B.V.

C.G.M. Baltus

Accountant-Administratieconulent

FINANCIAL SUMMARY (by the foundation)

During the year 2016, the total expenditures amounted to € 515,829 (2015: € 402,775) of which € 441,133 (2015: € 354,095) was spent on objectives, € 40,046 (2015: € 29,060) on fundraising and € 34,650 (2015: € 19,620) on Management and Administration.

The total expenditures on objectives can be split between projects costs (€ 353,454) and costs of information, education and awareness-raising actions (€ 87,679). Of the total expenditures in 2016, 86% was spent on objectives.

The significant increase in expenditures on objectives, in comparison to the year 2015 (about 25%), is mainly due to the successful continuation of the music projects, the implementation of new projects started in the Netherlands and in Uganda, and the further development of MwB's Training Program: in 2016 the program included a second annual professional Training of Trainers, held in the Netherlands; the development of new advanced community music training in partnership with The School for Oriental and African Studies (University of London - UK) and The School for International Training in Vermont (USA); and a training curriculum and course for the new project, Welcome Notes tailored to address the situation of refugees in the Netherlands and in Europe.

The general and fundraising costs do not show any significant change. The organization maintained its relatively low percentage of income spent on management, administration and fundraising in line with the budget. The slightly increase in 2016 is mainly due to extra funds made available to hire a professional fundraiser during the last quarter of 2016.

The overhead costs slightly increased in 2016, due to additional costs linked to the administration of the personnel under payroll.

The total income for 2016 was € 587,069 (2015: € 410,067). The total income was generated by the organization's own fundraising activities, augmented by merchandise campaigns and benefit events in the Netherlands and around the world. Of the total income, 64% (€ 375,469) was granted for projects and the remaining 36% (€ 211,600) was raised as general income. Of the total income in 2016, 75% was spent on objectives.

This year was marked by a significant increase in income compared to the year 2015; the organization's result exceeded the budget. The organization, working under cost restriction until mid-2016, through the efficient use of existing staff, volunteers and interns, succeeded in meeting its fundraising goals for 2016 and additionally allied with a strategic partner willing to invest in general organization development. The new strategic partner's financial support resulted in a slight increase of the staff capacity, as well as critical support for existing and new projects and activities. During the last quarter of the year 2016, it was therefore possible to slightly increase the hours of the current personnel, already understaffed, and to stabilize the work of our project managers and external professionals. The search for a strategic partner was important for the organization in order to strengthen its overall capacities and work, to ensure a better level of financial sustainability, especially through the creation of a continuity reserve so that in case of funds shortage the organization and its operations are not immediately affected.

The continuation of this partnership in the future is not certain but the organization will continue to pursue the strategy of concentrating 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 continues to result in a growing number of benefit events, concerts and individual contributors.

It is important to note that a 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, as they have gone directly to our local partners in the project regions. This is particularly relevant in the case of the Mitrovica Rock School, and with lesser amounts, in the cases of the projects Rwanda Youth Music and Palestine Community Music. In any case, Musicians without Borders continues to support its local partners in every aspect linked to its projects, especially with the fundraising and capacity building, as strategic areas for the future development of the project locally.

The result of 2016 shows a surplus of income over expenditures of € 71,240, part of which has increased the allocation reserve and funds, € 11,339 (€ 45,627) and the remaining part is added to the general reserve (€ 59,901) that insures the organization's continuity in case of any possible adverse future financial situation.

Musicians Without Borders
AMSTERDAM

BALANCE SHEET AS AT

ASSETS	<u>December 31, 2016</u>		<u>December 31, 2015</u>	
	€	€	€	€
Current Assets				
Receivables and prepayments	(1)	29,085		34,546
Cash at Bank	(2)	122,107		62,767
TOTAL ASSETS		<u>151,192</u>		<u>97,313</u>

DECEMBER 31, 2016

	December 31, 2016		December 31, 2015	
	€	€	€	€
LIABILITIES				
Equity	(3)			
General reserve	56,466		-3,435	
Allocation reserve	<u>45,627</u>		<u>34,288</u>	
		102,093		30,853
Current liabilities	(4)	49,099		66,460
		<u> </u>		<u> </u>
TOTAL EQUITY AND LIABILITIES		<u>151,192</u>		<u>97,313</u>

Musicians Without Borders
AMSTERDAM

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR 2016

		Actual 2016 €	Budget 2016 €	Actual 2015 €
<u>INCOME</u>				
Income own fundraising	(5)	578,146	345,400	346,973
Income from governments	(6)	8,845	80,000	62,946
Income from bank accounts		0,078	-	148
Total income		<u>587,069</u>	<u>425,400</u>	<u>410,067</u>
<u>EXPENSES</u>				
Expenditures on objectives	(7)			
- Information and education		87,679	30,031	43,793
- Music projects		353,454	371,622	310,301
Expenditures to generate income	(7)			
- Costs of direct fundraising		37,755	23,406	27,562
- Costs of bank accounts		2,291	1,500	1,499
Overhead and administration	(7)			
- Costs of overhead and administration		34,650	22,127	19,620
Total expenses		<u>515,829</u>	<u>448,686</u>	<u>402,775</u>
Result before allocation reserve		<u>71,240</u>	<u>-23,286</u>	<u>7,292</u>
Withdrawal allocation reserve 2015		34,288	31,637	33,958
Allocation reserve projects 2016		<u>-45,627</u>		<u>-34,288</u>
<u>FINAL RESULT</u>		<u>59,901</u>	<u>8,351</u>	<u>6,962</u>

	Actual 2016 %	Budget 2016 %	Actual 2015 %
Total costs of direct fundraising in % of income from direct fundraising	7	7	8
Total costs of overhead and administration in % of total income	6	5	5
Total expenditures on objectives in % of total income	75	94	86
Total expenditures on objectives in % of total expenditures	86	90	88

Result appropriation

Following the profit appropriation proposed by the Executive Board and pursuant to the Articles of association the profit for 2016 (€ 71,240) will be processed as follows:

	2016 €	2015 €
Added to allocation reserve	45,627	34,288
Withdrawal from allocation reserve in the year 2015	-34,288	-33,958
	11,339	330
Addition to general reserve	59,901	6,962
<u>Result</u>	<u>71,240</u>	<u>7,292</u>

CASH FLOW OVERVIEW 2016

	2016		2015	
	€	€	€	€
Cash flow from operational activities				
Result		71,240		7,292
Depreciations		-		-
		<u>71,240</u>		<u>7,292</u>
<u>Changes in working capital:</u>				
- changes in receivables and prepayments	5,461		2,717	
- changes in current liabilities	<u>17,361</u>		<u>25,697</u>	
		-11,900		22,980
		<u>59,340</u>		<u>30,272</u>
<u>Cash flow from investment activities</u>				
Investments tangible fixed assets	-		-	
	<u>-</u>		<u>-</u>	
<u>Net cash flow</u>		59,340		30,272
Opening balance cash and cash equivalents		<u>62,767</u>		<u>32,495</u>
Closing balance cash and cash equivalents		<u><u>122,107</u></u>		<u><u>62,767</u></u>

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 2016 and the actual account 2016.

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

	31.12.2016	31.12.2015
	€	€

Receivables and prepayments

(1)

The receivables and prepayments are specified as follows:

Benefits, funds, donations still to receive (1.1)	19,700	30,528
Other receivables and prepayments (1.2)	9,385	4,018
Total	29,085	34,546

A provision for doubtful receivable is unnecessary.

Benefits, funds, donations still to receive (1.1)

	2016
	€

Receivables for the projects:	0,934
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Total amount for general organizational costs:

Contributions and pledges	0,400
Donations and gifts	18,288
Interest bank account	0,078
	19,700

Other receivables and prepayments (1.2)

Prepayments for the projects	6,165
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General costs (deposit, insurance, telephone and website domain registration)	1,968
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Other receivables	1,252
	9,385

31.12.2016

€

Cash at bank (2)

Petty cash HQ office		1,586
Petty cash Mitrovica Rock School		0,193
ING Bank - operating account	NL 11 INGB 0008 1148 42	60,204
ING Bank - savings account	NL 11 INGB 0008 1148 42	0,000
Rabobank	NL 23 RABO 0106 2886 52	9,408
Rabobank	NL 03 RABO 0156 1846.48	4,097
Rabobank	NL 94 RABO 0104 1333 92	0,000
Rabobank	NL 79 RABO 1337 1646 82	0,001
Triodos bank	NL43TRIO0390271586	43,296
Paypal		3,322
		<u>122,107</u>

The cash is freely available to the foundation.

Equity (3)

General reserve

	Actual 2016 €	Actual 2015 €
Opening balance January 1, 2016	-3,435	-10,398
Appropriated result	59,901	6,963
Closing balance December 31, 2016	56,466	-3,435

Allocation reserve/funds

Opening balance January 1, 2016	34,288	33,958
Appropriated result	11,339	330
Closing balance December 31, 2016	45,627	34,288

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 2016. 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:

Projects:

	Actual 2016 €	Actual 2015 €
Kosovo - Mitroviva Rock School	389	305
Palestine Community Music	11,911	11,709
Rwanda Youth Music	12,625	18,927
N. Ireland - Music Bridge	1,047	3,347
Uganda Community Music For Community health	7,092	-
Welcome Notes Netherlands	6,563	-
Training development	6,000	-
TOTAL	45,627	34,288

Current liabilities (4)

The current liabilities are specified as follows:

	2016 €	2015 €
Operational costs still to pay (4.1)	35,428	51,914
Grants and donations received in advance (4.2)	0,350	2,450
Personnel liabilities (4.3)	9,842	8,096
Other current liabilities (4.4)	3,479	4,000
	49,099	66,460

Operational costs still to pay (4.1)

	2016 €
Accountants payable - project countries	19,542
Accountants payable - head office	15,886
Total operational costs still to pay (4.1)	35,428

Grants and donations received in advance (4.2)

	2016 €
Donations received for project and development	0,350
Total benefits, funds, donations received in advance (4.2)	0,350

	<u>2016</u> €
Personnel liabilities (4.3)	
Funds for holiday allowance	5,907
Employment taxes	<u>3,935</u>
Total other current liabilities (4.3)	<u><u>9,842</u></u>
Other current liabilities (4.4)	
Other payable	<u>3,479</u>
Total other current liabilities (4.4)	<u><u>3,479</u></u>

Obligations that are not included in the balance sheet.

Based in the rent agreement entered into the annual rent liability amounts to € 8,100
 Due to movement of Musicians Without Borders as per 1st of May 2016 there is a
 new rental contract with liability amount changed to € 7,300.

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

NOTES TO THE STATEMENT OF INCOME AND EXPENSES FOR THE YEAR 2016

	2016	Budget 2016	2015
	€	€	€
Income own fundraising (5)			
Donations and gifts	465,714	299,500	283,426
Contributions and pledges	50,145	37,000	44,845
Other income own activities	53,459	8,800	14,411
Other income	1,990	-	-
Merchandise	2,073	100	2,899
Donations in-kind	4,765	-	1,392
	<u>578,146</u>	<u>345,300</u>	<u>346,973</u>
Total income own fundraising			

Income own fundraising	2016 €
Single donations individuals	112,999
Gift funds and foundations	329,996
Contributors (friends, pledge)	50,145
Gifts companies, service club, schools	9,960
Partner organizations	12,759
Other income own activities	53,459
Merchandise - t-shirts	2,073
Donations In-kind	4,765
Other income	<u>1,990</u>
Total income own fundraising	<u><u>578,146</u></u>

Income from governments (6)

Austrian Embassy	0,768
UNMIK - United Nation Mission In Kosovo	0,665
EU - Culture for All	0,552
German Embassy in Pristina, Kosovo	6,860
	<u>8,845</u>
Total income from governments	<u><u>8,845</u></u>

Expenses (7)	<u>Objectives</u>		<u>Fundraising</u>		Costs of Overhead and administration
	Information and education	Music projects	Costs of direct fundraising	Costs of bank accounts	
	€	€	€	€	€
Work done by third parties	6,596	4,966	14,794	-	2,199
Staff costs (7.1)	21,299	114,527	12,362	-	25,939
Bank costs (depreciation) and interest	-	-	-	2,291	-
Office and general costs	4,473	9,955	10,599	-	6,512
Project costs	55,311	224,006	-	-	-
	<u>87,679</u>	<u>353,454</u>	<u>37,755</u>	<u>2,291</u>	<u>34,650</u>

	<u>Total</u>		
	Total 2016	Budget 2016	Total 2015
	€	€	€
Work done by third parties	28,555	24,000	23,972
Staff costs (7.1)	174,128	156,170	148,335
Bank costs (depreciation) and interest	2,291	1,500	1,498
Office and General costs	31,539	9,483	17,830
Project costs	279,316	257,533	211,140
	<u>515,829</u>	<u>448,686</u>	<u>402,775</u>

	2016 €	2015 €
Staff costs (7.1)		
Salaries and wages	150,112	141,191
Social security and pension	18,620	17,097
Other	5,396	-10,552
	174,128	147,736
	fte's	fte's
Employees	3,23	3,08

Salaries and wages management

A breakdown of the salaries and wages of the management 2016:

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

Employment

Contract: permanent
Hours: 40
Part-time rate: 100
Period: 01.01.2016 - 31.12.2016

Salary	€	Social security (wg partl)	3,564
		Taxable allowance	-
Salary	50,616	Pensions (wg partl)	-
Holiday payment	4,049	Other	-
Total	54,665	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.

Appropriation of result

On April 21, 2017 the Supervisory Board of Stichting Musicians without Borders, pursuant to the Article of Association, has discussed and approved the Financial Statement of 2016, including the appropriation of result as proposed by the Executive Board.

Subsequent events

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