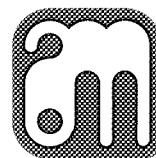


TO THE BOARD OF  
STICHTING MUSICIANS WITHOUT BORDERS  
KLOVENIERSBURGWAL 87  
1011 KA AMSTERDAM  
- ANNUAL REPORT 2013 -

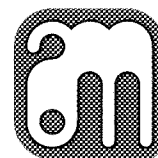


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Stichting Musicians Without Borders  
Attn. Mrs. L.J. Hassler  
Kloveniersburgwal 87  
1011 KA AMSTERDAM

CHO/TS

Alkmaar, August 27, 2014

Dear Board of Directors,

Hereby we offer you the annual report 2013 of Stichting Musicians Without Borders, Amsterdam.

#### **Introduction**

In accordance with your instructions we have compiled the financial statements 2013 of Stichting Musicians Without Borders, Amsterdam, which comprise the balance sheet as at December 31, 2013, the statement of income and expenses for the year 2013 and the notes.

#### **Management's responsibility**

The distinctive feature of a compilation engagement is that we compile financial information based on information provided by management of the entity. Management is responsible for the accuracy and completeness of the information provided and the financial statements based thereon.

#### **Accountant's responsibility**

Our responsibility as accountant is to perform our engagement in accordance with Dutch Law, including professional and ethical requirements issued by our professional institute.

In accordance with the professional standard applicable to compilation engagements, our procedures were limited primarily to gathering, processing, classifying and summarizing financial information. Furthermore we have evaluated the appropriateness of the accounting policies which are used to compile the financial statements, based on the information provided by management. The nature of our procedures does not enable us to express any assurance on the true and fair view of the financial statements.



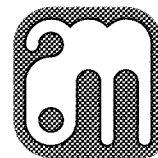
### **Confirmation**

Based on the information provided to us, we have compiled the financial statements using the accounting policies as included in Part 9 of Book 2 of the Dutch Civil Code.

ACCOUNTANTSKANTOOR DE MAN B.V.

was signed,

C.G.M. Baltus  
Accountant-Administratieconulent



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FINANCIAL SUMMARY (by the foundation)

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During the year 2013, the total expenditures amounted to € 509,325 (2012: € 386,054) of which € 451,286 (2012: € 306,161) was spent on objectives, € 31,465 (2012: € 28,408) on fundraising and € 26,574 (2012: € 51,485) on management and administration.

The total expenditures on objectives can be divided in project costs (€ 417,698) and costs of information, education and awareness-raising actions (€ 33,588).

The relative increase in expenditures on objectives is due to increased project activities and increased activities related to (on-line) communications, since we were able to reduce some overhead costs by efficient use of volunteers and interns.

The total income fundraising for 2013 was € 414,401 (2012: € 443,433, of which 64 % (€ 265,005) was granted for projects and the remaining 36 % (€ 149,037) was raised as general income, generated by our own fundraising activities. While our general fundraising improved, the results of applications for grants to support project budgets were less positive than predicted. This explains the decrease in income (approximately € 30,000) in 2013.

Of the total income 2013 109 % (in 2012 69 %) was spent on objectives. The result of 2013 shows a deficit of € 94,924 which has been compensated for a total of € 84,418 by the allocation reserve of last year; while the operating loss of € 10,506 was charged to the general reserve.

The major reason of the shortfall is the Mostar Rock School project. Despite great efforts to identify potential new donors and continue the engagement of previous donors, the project was running on a minimum budget by the end of the year. In order to keep the school open, the foundation decided to compensate the shortfall in project income through general funds (not directly allocated to the objectives).

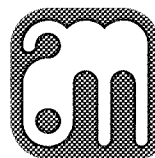
During 2013 the foundation succeeded in reducing the costs of management and administration, concentrating human and financial resources mainly on direct actions to the projects, events and communications to raise awareness and disseminate information about the mission and activities of Musicians without Borders.



*Musicians Without Borders*  
*AMSTERDAM*

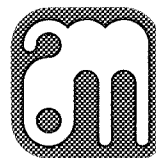
BALANCE SHEET AS AT

ASSETS	December 31, 2013		December 31, 2012	
	€	€	€	€
<b>Current Assets</b>				
Receivables and prepayments	(1)	29,646		10,288
Cash at Bank	(2)	88,318		152,079
<b>TOTAL ASSETS</b>		<u>117,964</u>		<u>162,367</u>



DECEMBER 31, 2013

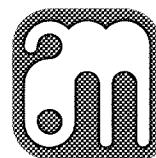
RESERVES AND LIABILITIES	December 31, 2013		December 31, 2012	
	€	€	€	€
<b>Reserves</b>				
General reserve		-10,506		-
Allocation reserve	(3)	<u>44,859</u>	<u>129,277</u>	
		34,353		129,277
Current liabilities	(4)	83,611		33,090
<b>TOTAL RESERVES AND LIABILITIES</b>		<u><u>117,964</u></u>	<u><u>162,367</u></u>	



*Musicians Without Borders*  
*AMSTERDAM*

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR 2013

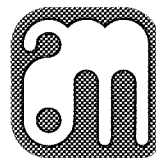
		Actual 2013 €	Budget 2013 €	Actual 2012 €
<b><u>INCOME</u></b>				
Income from direct fundraising	(5)	414,042	512,500	443,433
Income from bank accounts		359	300	671
<b>Total income</b>		<u>414,401</u>	<u>512,800</u>	<u>444,104</u>
<b><u>EXPENSES</u></b>				
<b>Expenditures on objectives</b>	(6)			
- Information and education		33,588	20,673	16,436
- Music projects		417,698	396,336	289,725
<b>Expenditures to generate income</b>	(6)			
- Costs of direct fundraising		28,980	40,190	26,691
- Costs of bank accounts		2,485	1,500	1,717
<b>Overhead and administration</b>	(6)			
- Costs of overhead and administration		26,574	51,442	51,485
<b>Total expenses</b>		<u>509,325</u>	<u>510,141</u>	<u>386,054</u>
<b>Result before allocation reserve</b>		<u>-94,924</u>	<u>2,659</u>	<u>58,050</u>
Withdrawal allocation reserve 2013		129,277		
Allocation reserve projects 2014		-44,859		
<b><u>FINAL RESULT</u></b>		<u><u>-10,506</u></u>		<u><u>58,050</u></u>
Total costs of direct fundraising in % of income from direct fundraising		<u>7.0</u>	<u>7.8</u>	<u>6.0</u>
Total costs of overhead and administration in % of total income		<u>6.4</u>	<u>10.0</u>	<u>11.6</u>
Total expenditures on objectives in % of total income		<u>108.9</u>	<u>81.3</u>	<u>68.9</u>



### **Result appropriation**

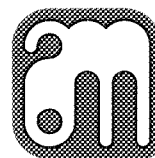
Following the profit appropriation proposed by the Management Board and pursuant to the Articles of association the loss for 2013 (€ 94,924) will be processed as follows:

	<u>2013</u>	<u>2012</u>
	€	€
Added to allocation reserve	44,859	58,050
Withdrawal from allocation reserve in the year 2013	<u>-129,277</u>	<u>-</u>
	-84,418	58,050
Withdrawal from general reserve	<u>-10,506</u>	<u>-</u>
<b><u>Result</u></b>	<u><u>-94,924</u></u>	<u><u>58,050</u></u>



CASH FLOW OVERVIEW 2013

	2013		2012	
	€	€	€	€
<b>Cash flow from operational activities</b>				
Result		-94,924		58,050
Depreciations		-		20
		-94,924		58,070
<u>Changes in working capital:</u>				
- changes in receivables and prepayments	-19,358		1,757	
- changes in current liabilities	50,521		226	
		31,163		1,983
		-63,761		60,053
<u>Cash flow from investment activities</u>				
Investments tangible fixed assets	-		-	
		-		-
<u>Net cash flow</u>		-63,761		60,053
Opening balance cash and cash equivalents		152,079		92,026
Closing balance cash and cash equivalents		88,318		152,079



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## PRINCIPLES OF VALUATION

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### 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 2013 and the actual account 2013.

### 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 expense are allocated to the period in 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.

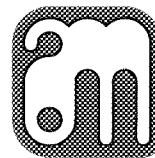
#### Costs allocation

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.

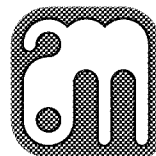



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NOTES TO BALANCE SHEET

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	<u>31.12.2013</u> €	<u>31.12.2012</u> €
<b>Receivables and prepayments</b>	(1)	
The receivables and prepayments are specified as follows:		
Benefits, funds, donations still to receive (1.1)	23,215	6,688
Other receivables and prepayments (1.2)	<u>6,431</u>	<u>3,600</u>
<b>Total</b>	<u><u>29,646</u></u>	<u><u>10,288</u></u>
<b>Benefits, funds, donations still to receive (1.1)</b>	<u>2013</u> €	
Receivables for the projects:		
1. Mitrovica Rock School - Kosovo	7,097	
2. Mostar Rock School - Bosnia	1,438	
3. From Woman te Woman - Bosnia	<u>6,730</u>	
	15,265	
<b>General donations</b>	<u>7,950</u>	
	<u><u>23,215</u></u>	
<b>Other receivables and prepayments (1.2)</b>		
Prepayments local organizations according to the projects budget		
1. From Woman to Woman - Bosnia	4,609	
2. Rwanda Youth Music 2013 - 2014	<u>408</u>	
	5,017	
General costs (insurance, telephone and website domain registration)	<u>1,414</u>	
	<u><u>6,431</u></u>	



	31.12.2013
	€
<b>Cash at bank (2)</b>	
Petty cash HQ office	303
Petty cash - Mitrovica Rock School	1,278
ING Bank - operating account NL 11 INGB 0008 1148 42	57,363
ING Bank - savings account NL 11 INGB 0008 1148 42	10,061
Rabobank NL 23 RABO 0106 2886 52	385
Rabobank NL 03 RABO 0156 1846.48	17,735
Rabobank NL 94 RABO 0104 1333 92	1,193
	<b>88,318</b>

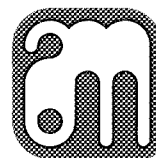
The cash is freely available to the foundation.

	Allocation reserve	Total
	€	€
<b>Reserves (3)</b>		
The changes in the reserves are listed below:		
Opening balance January 1, 2013	129,277	129,277
Result 2013	-94,924	
Withdrawal to general reserve	10,506	
Appropriated result	84,418	84,418
	44,859	44,859

#### 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 2013. The executive board may remove the restriction on spending.*

	Actual 2013	Actual 2012
	€	€
The appropriated reserves are specified as follows:		
<i>Projects:</i>		
Mostar Rock School	-	58,065
Mitrovica Rock School	1,937	53,462
Rwanda Youth Music 2012 -2013	-	17,750
From Woman to woman	27,935	-
Music Bus goes to Middle East	1,851	-
Rwanda Youth Music 2013 -2014	13,136	-
	44,859	129,277

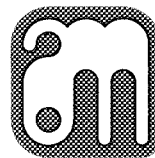


	2013	2012
	€	€
<b>Current liabilities (4)</b>		
The current liabilities are specified as follows:		
Creditors	-	13,493
Operational costs still to pay (4.1)	42,686	11,419
Benefits, funds, donations received in advance (4.2)	28,435	-
Employment taxes	4,452	3,596
Other current liabilities (4.3)	8,038	4,582
	<b>83,611</b>	<b>33,090</b>

<b>Operational costs still to pay (4.1)</b>	2013
	€
Direct project costs:	
Rwanda Youth Music	1,300
Music Bus Goes to Middle East (Palestine)	8,721
Mitrovica Rock School	8,870
Singing the Bridge	523
Mostar Rock School	2,119
	21,533
General office costs	21,153
<b>Total operational costs still to pay (4.1)</b>	<b>42,686</b>

<b>Benefits, funds, donations received in advance (4.2)</b>	
From Woman to Woman	500
Music Bus Goes to Middle East (Palestine)	25,435
	25,935
General donations	2,500
<b>Total benefits, funds, donations received in advance (4.2)</b>	<b>28,435</b>

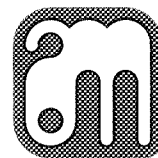
<b>Other current liabilities (4.3)</b>	
Funds for holiday allowance	7,800
Other debts toward staff	238
<b>Total other current liabilities (4.3)</b>	<b>8,038</b>



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**Obligations that are not included in the balance sheet.**

Based in the rent agreement entered into the annual rent liability amounts to € 7,200.




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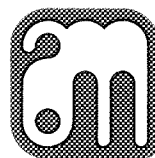
NOTES TO THE STATEMENT OF INCOME AND EXPENSES FOR THE YEAR 2013

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	2013	2012
	€	€
<b>Income from direct fundraising (5)</b>		
Income from project (5.1)	265,005	312,515
Benefits (5.2)	148,695	110,891
Income own activities	-	19,071
Store / cd sales	342	956
	<u>414,042</u>	<u>443,433</u>

<b>Income from project (5.1)</b>	2013
	€
Subsidies funds and foundations	151,805
Gifts individuals	3,090
Gifts companies, service club, schools	500
Online crowdfunding	2,995
Partner organizations	22,735
Embassies and governmental grants	83,880
<b>Total income projects</b>	<u><u>265,005</u></u>

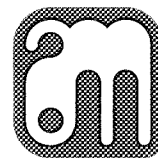
<b>Benefits (5.2)</b>	
Single donations individuals	42,595
Gifts funds and foundations	26,595
Contributors (friends, pledge)	21,112
88 Keys (pledge)	12,995
Artists Overall	4,909
Online donations	12,453
Gifts companies, schools	23,627
Gifts international	4,409
<b>Total income general</b>	<u><u>148,695</u></u>



	<u>Objectives</u>			<u>Fundraising</u>	
	Information and education	Music (project)	Direct fundraising	Costs of bank accounts	Overhead and admini- stration
	€	€	€	€	€
Work done by third parties	-	-	9,000	-	-
Staff cost (6.1)	25,543	131,029	12,459	-	13,657
Rent and accomodation	1,440	3,600	720	-	1,440
Depreciation and interest	-	-	-	2,485	-
Office and general costs (6.2)	6,605	16,371	6,801	-	11,477
Project costs (6.3)	-	266,698	-	-	-
	<b>33,588</b>	<b>417,698</b>	<b>28,980</b>	<b>2,485</b>	<b>26,574</b>

	<u>Total</u>		
	<b>Total 2013</b>	<b>Budget 2013</b>	<b>Total 2012</b>
	€	€	€
Work done by Third parties	<b>9,000</b>	6,000	<b>26,996</b>
Staff cost (6.1)	<b>182,688</b>	171,973	<b>110,605</b>
Rent and accomodation	<b>7,200</b>	7,200	<b>7,200</b>
Depreciation and interest	<b>2,485</b>	1,500	<b>1,717</b>
Office and General costs (6.2)	<b>41,254</b>	25,850	<b>239,537</b>
Project costs (6.3)	<b>266,698</b>	297,618	-
	<b>509,325</b>	<b>510,141</b>	<b>386,055</b>

	<u>2013</u>	<u>2012</u>
	€	€
<b>Staff costs (6.1)</b>		
Salaries and wages	144,924	98,637
Social security and pension	34,130	11,968
Others	3,634	-
	<b>182,688</b>	<b>110,605</b>
	<u>fte's</u>	<u>fte's</u>
Employees	<b>3,4</b>	<b>2,4</b>



Below an overview of the portion of the Staff costs (6.1) allocated to "expenditures on objectives". Those are paid directly by projects grants and partially by the general fundraising, allocated by the Foundation based on the time spent to work on projects by the office staff.

Staff cost (6.1) - expenditures on objectives		<u>2013</u>
		€
<b>Human resource expenses:</b>		
Office staff -	Funded by projects' budgets	84,544
Office staff -	Funded by general fundraising	<u>46,485</u>
<b>Total staff costs allocated to the projects</b>		<b><u><u>131,029</u></u></b>

## Salaries and wages management

*A breakdown of the salaries and wages of the management 2013:*

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

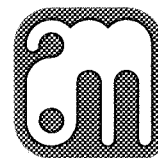
## Employment

Contract: permanent  
Hours: 40  
Part-time rat: 100  
Period: 01.01.2013 - 31.12.2013

<b>Salary</b>	€	Social security (wg partl)	5,845
		Taxable allowance	-
Salary	56,466	Pensions (wg partl)	-
Holiday payment	<u>3,526</u>	Other	-
<b>Total</b>	<b><u><u>59,992</u></u></b>	Payments termination of employment	-

The staff costs increased due to an increase and improvement in the personnel directly employed at the organization's central office in Amsterdam. The total payroll amount is covered directly from the project budget and indirectly allocated among the categories of "expenditures on objectives", "expenditures from general income" and "overhead and administration", since the entire staff works to generate results over all such categories.

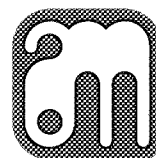
The increase in the costs was considered by Supervisory and Executive Boards to be justified by the increased demand for professional support of Musicians without Borders field staff, the increased project fundraising and reporting obligations and the organization's strategic development.



Office and general costs (6.2)	2013
	€
(After allocation to cost categories)	
Travel expenses	2,620
Office operations	6,451
Advocacy and fundraising	7,633
Third parties	19,218
Other costs	5,332
	<b>41,254</b>

Office and General costs (6.2)	Objectives	Fundraising	Overhead	Total
	Information		Overheads	
(after allocation to cost categories)	and education	Music (project)	Direct fundraising	and administration
	€	€	€	€
Travel Expenses	475	762	713	670
Office Operations	100	2,316	1,360	2,675
Advocacy and fundraising	3,697	-	3,936	-
Third parties 1)	2,333	7,981	792	8,112
Other costs	-	5,312	-	20
	<b>6,605</b>	<b>16,371</b>	<b>6,801</b>	<b>11,477</b>
				<b>41,254</b>

- 1) Third parties costs are mainly external accounting costs and professional fees for IT and communication. Due to staff changes in 2013, we expect a significant decrease in these costs for the coming year.

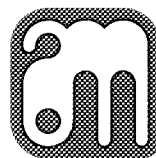


Project costs (6.3)	2013 €
Human resource expenses	128,270
Travel expenses	69,929
Equipment and supplies	17,326
Local office an facilities	33,684
Advocacy	13,143
Monitoring & evaluation	4,350
Contingency	-4
	<b>266,698</b>

*Project costs includes all the costs that are directly paid through projects funds.*

Project costs (6.3)	2013	Mostar Rock School	Mostar Aug-Dec 2013	Mitrovica Rock School	Rwanda Youth Music 2012-2013	Rwanda Youth Music 2013-2014
	€	€	€	€	€	€
Human resources *	128,270	27,999	-	30,366	12,922	11,632
Travel expenses	69,929	8,842	2,425	37,522	3,995	4,532
Equipment and supplies	17,326	2,953	-	9,518	216	4
Local office and facilities	33,684	11,176	111	10,940	3,574	912
Advocacy	13,143	2,258	-	9,141	-	-
Monitoring & evaluation	4,350	2,100	-	2,100	-	150
Contingency	-4	-3,199	450	2,245	500	-
	<b>266,698</b>	<b>52,129</b>	<b>2,986</b>	<b>101,832</b>	<b>21,207</b>	<b>17,230</b>

Project costs (6.3)	From woman to woman Bosnia	Palestine music bus goes to ME	Palestine South Hebron	Palestine deaf, proud & music	Palestine - other minor actions	Singing the Bridge Derry
	€	€	€	€	€	€
Human resources *	19,995	11,040	3,377	3,200	3,600	4,139
Travel expenses	5,094	3,703	750	400	378	2,288
Equipment and supplies	3,659	530	50	-	395	-
Local office and facilities	3,271	3,180	240	60	220	-
Advocacy	50	950	-	400	-	345
Monitoring & evaluation	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
	<b>32,069</b>	<b>19,403</b>	<b>4,417</b>	<b>4,060</b>	<b>4,593</b>	<b>6,772</b>



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- \* These are costs (6.1) for the people who are employed through services contracts or other kind of employment agreements (according to local law requirements) for work dedicated to projects. Therefor these costs are not included under staff costs.  
These costs are not included in "work by third party" in order to not create too much discrepancy with the profit and loss issued in 2012.



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OTHER INFORMATION

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**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.

**Statutory provision regarding appropriation of result**

The annual General Meeting of Shareholders shall determine how much of the remaining profit will be added to reserves.

**Proposal appropriation of result**

Pending the profit appropriation by the management board, the loss for 2013 of € 10,506 is recorded under the general reserve.

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

**Subsequent events**

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