

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

- ANNUAL REPORT 2019 -

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

CH/MC

Alkmaar, May 29, 2020

ACCOUNTANT'S COMPILATION REPORT

Dear Ms. Hassler,

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 2019 and the profit and loss account for the year 2019 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-Administratieconsulent

FINANCIAL SUMMARY (by the foundation)

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.

In 2019 Musicians Without Borders continued its process of growth and consolidation, increasing processes of professionalization and moving toward sustainability. This process was envisioned in the Strategic Plan 2017-2019, with the aim of establishing a stable funding basis while sustaining programmatic growth by strengthening and implementing practices and procedures to support trainers, project managers and office staff, increasing the quality and effectiveness of MWB's programs, activities and initiatives. This will be the core from which the foundation will enter in the next strategic cycle.

A main focus has continue to be the improvement of the services provided by MWB to its office and field staff by developing and implementing new policies grounded in internationally recognized principles and guidelines, relevant to work with children and other vulnerable people. The organization also recognizes its responsibility and duty of care toward its own personnel involved in this work. This was reflected in the implementation of several training courses delivered to MWB staff at its Amsterdam headquarters, as well as at partner organizations in the field in order to effectively embed these principles within the organization's daily work.

Also in 2019, Musicians Without Borders succeeded in raising sufficient financial support for all on-going projects. Thanks to a more stable funding base and some multi-year grants, project managers could work more effectively on the development and expansion of their projects, expanding project focus and exploring new regional collaborations.

The expansion in infrastructure and program impact was made possible by MWB's widening donor base, (private, institutional, corporate) to which the organization appeals individually through its networking and relationship contacts and publicly through its website, social media, online and printed newsletters, and events. Diversifying funding sources has been a deliberate strategy through two strategic plans, as a crucial condition for financial sustainability.

The total income raised follows a positive growth trend, reflected in a modest increase of the total income raised over the previous year (2019: €1,065,656 vs. 2018: €975,320). The overall increase in expenditures, compared to 2018, is about 26% (2019: 1,020,002 vs. 2018: €812,415). The organizational budget confirms MWB's concentration on costs of objectives (89% of total expenditures spent on objectives). These include MWB's projects and programs, its training and development program, and its advocacy and awareness work. This increase is in line with the organizational strategy and 2019 budget: Musicians Without Borders achieved its objectives, realizing 99% of what had been planned.

The positive result has allowed the MWB to consolidate its reserves, which ensures the organization's operations in case of any future adverse financial situation. The organization commits to maintain the reserves appropriate to the organizational budget for its own mid-term sustainability. The budget's growth, and the programmatic growth it reflects, also implies larger commitments and increased risks. The organization recognizes the importance of building a more stable base of resources and not being dependent on day-to-day fundraising, especially as MWB is committed to multiple-year grants and partnerships in vulnerable contexts: unexpected changes or urgency to respond to may arise at any moment.

Musicians Without Borders is entering in a new strategic plan cycle from 2020. As we continue our steady programmatic growth, 2020 will also be a year of planning and reorganization for the coming 3-year period. We are proud of the positive trend of the past years, giving the organization the necessary strong foundation upon which to build for the coming years. We are proud of the organization's development, as Musicians Without Borders celebrated its 20th Anniversary in 2019. Above all, we are proud of the contribution we are able to make, using the power of music to contribute to bridge divides, connect communities and heal the wounds of war.

For more information about the foundation, its organization, activities and events, please refer to Musicians Without Borders' Annual Report 2019, published on our website.

Musicians Without Borders
AMSTERDAM

BALANCE SHEET AS AT

ASSETS	December 31, 2019		December 31, 2018	
	€	€	€	€
Current Assets				
Receivables and prepayments	(1)	62,530		75,797
Cash at Bank	(2)	323,320		255,941
TOTAL ASSETS		<u>385,850</u>		<u>331,738</u>

DECEMBER 31, 2019

	December 31, 2019		December 31, 2018	
	€	€	€	€
LIABILITIES				
Equity	(3)			
General reserve		115,346		127,759
Allocation funds and reserves		192,570		134,503
		307,916		262,262
Current liabilities	(4)			
		77,934		69,476
TOTAL EQUITY AND LIABILITIES		385,850		331,738

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR 2019

	Actual 2019 €	Budget 2019 €	Actual 2018 €
<u>INCOME</u>			
Income own fundraising	(5) 826,449	776,894	814,872
Income from governments	(6) 239,207	210,280	160,448
Total income	1.065,656	987,174	975,320
<u>EXPENSES</u>			
Expenditures on objectives	(7)		
- Information and education	137,139	76,457	121,555
- Music projects	765,970	839,661	600,198
Expenditures to generate income	(7)		
- Costs of direct fundraising	73,795	75,262	50,686
- Costs of bank accounts	2,572	2,704	2,533
Management and administration	(7)		
- Costs of management and administration	40,526	40,867	37,443
Total expenses	1.020,002	1.034,951	812,415
Result	45,654	-47,777	162,905
Withdrawal allocation funds and reserves 2019	134,503	67,000	44,733
Allocation funds and reserves projects 2019	-192,570		-134,503
<u>Added general reserve</u>	-12,413	19,223	73,135
Appropriation of result:			
Added / charged to allocation funds and reserves	58,067		89,770
Added / charged to general reserves	-12,413		73,135
	45,654		162,905

	Actual 2019 %	Budget 2019 %	Actual 2018 %
Total costs of direct fundraising in % of income from direct fundraising	9	10	7
Total costs of management and administration in % of total income	4	4	4
Total expenditures on objectives in % of total income	85	93	74
Total expenditures on objectives in % of total expenditures	89	89	89

Result appropriation

Following the result appropriation proposed by the Executive Board and pursuant to the Articles of association the result of 2019 (€ 45,654) will be processed as follows:

	2019 €	2018 €
Added to allocation funds and reserves	192,570	134,503
Withdrawal from allocation funds and reserves	-134,503	-44,733
	58,067	89,770
Addition to general reserve	-12,413	73,135
<u>Result</u>	45,654	162,905

CASH FLOW OVERVIEW 2019

	2019		2018	
	€	€	€	€
Cash flow from operational activities				
Result		45,654		162,905
Depreciations		-		-
		45,654		162,905
<u>Changes in working capital:</u>				
- changes in receivables and prepayments	13,267		5,740	
- changes in current liabilities	8,458		7,015	
		21,725		12,755
		67,379		175,660
<u>Cash flow from investment activities</u>				
Investments tangible fixed assets	-		-	
		-		-
<u>Net cash flow</u>		67,379		175,660
Opening balance cash and cash equivalents		255,941		80,281
Closing balance cash and cash equivalents		323,320		255,941

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 2019 and the actual account 2019.

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 "management and administration".

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>31.12.2019</u>	<u>31.12.2018</u>
	€	€
Receivables and prepayments	(1)	
The receivables and prepayments are specified as follows:		
Benefits, funds, donations still to receive (1.1)	33,438	43,716
Other receivables and prepayments (1.2)	<u>29,092</u>	<u>32,081</u>
Total	<u><u>62,530</u></u>	<u><u>75,797</u></u>
A provision for doubtful receivables is unnecessary.		
Benefits, funds, donations still to receive (1.1)		
Receivables for the projects:	31,090	37,311
Total amount for general organizational costs:		
Contributions and pledges	1,214	2,820
Donations and gifts	1,134	3,585
	<u>33,438</u>	<u>43,716</u>
Other receivables and prepayments (1.2)		
Prepayments for the projects	23,805	29,475
General costs (deposit, insurance, telephone and website domain registration)	5,246	2,571
Other receivables	<u>0,041</u>	<u>0,035</u>
	<u><u>29,092</u></u>	<u><u>32,081</u></u>

	31.12.2019	31.12.2018
	€	€
Cash at bank (2)		
Petty cash HQ office	1,622	3,631
Petty cash projects	2,486	0,365
ING Bank - operating account <i>NL 11 INGB 0008 1148 42</i>	19,480	23,958
Rabobank (3)	5,502	3,081
Triodos bank (3) <i>NL43TRIO0390271586</i>	291,772	219,557
Paypal	2,458	5,349
	323,320	255,941

The cash is freely available to the foundation.

Equity (3)

	Actual 2019	Actual 2018
	€	€
General reserve		
Opening balance January 1	127,759	54,624
Withdrawal from general reserve in the year to allocation reserve	-12,413	73,135
Closing balance December 31	115,346	127,759

Allocation funds and reserves

Opening balance January 1	134,503	44,733
Addition to allocation funds	30,567	93,641
Addition to allocation reserve	27,500	-3,871
Closing balance December 31	192,570	134,503

Allocation funds and reserves

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 2019. The Executive Board may remove the restriction on spending. The allocated funds earmarked by donors must be spent on a specific purpose.

	<u>Actual 2019</u>	<u>Actual 2018</u>
	<u>€</u>	<u>€</u>
The allocation funds and reserves are specified as follows:		
<i>Allocation funds</i>		
Western Balkans - Mitrovica Rock School - music connects	57,549	71,094
Palestine Community Music	19,942	7,524
Rwanda Youth Music	46,771	21,781
Welcome Notes Netherlands	27,000	0,420
Armonia Cuscatleca	2,995	6,747
El Salvador - Soy Música	0,000	13,137
Training courses	2,025	0,000
Other funds	6,288	11,300
	<u>162,570</u>	<u>132,003</u>
<i>Allocation reserves</i>		
Art. 27	20,000	0,000
Rwanda Youth Music	0,000	2,500
Western Balkans - Mitrovica Rock School - music connects	10,000	0,000
	<u>30,000</u>	<u>2,500</u>
TOTAL	<u>192,570</u>	<u>134,503</u>
Current liabilities (4)		
	<u>Actual 31.12.2019</u>	<u>Actual 31.12.2018</u>
	<u>€</u>	<u>€</u>
The current liabilities are specified as follows:		
Operational costs still to pay (4.1)	51,961	39,208
Grants and donations received in advance (4.2)	-	10,377
Personnel liabilities (4.3)	25,973	19,391
Other current liabilities (4.4)	-	0,500
	<u>77,934</u>	<u>69,476</u>
Operational costs still to pay (4.1)		
Accountants payable - project countries	40,063	26,908
Accountants payable - head office	11,898	12,300
Total operational costs still to pay (4.1)	<u>51,961</u>	<u>39,208</u>

	Actual 31.12.2019 <u>€</u>	Actual 31.12.2018 <u>€</u>
Grants and donations received in advance (4.2)		
Donations received for project and development	-	10,377
Other donations received in advance	<u>-</u>	<u>-</u>
Total benefits, funds, donations received in advance (4.2)	<u>-</u>	<u>10,377</u>
 Personnel liabilities (4.3)		
Funds for holiday allowance	14,121	10,046
Employment taxes	<u>11,852</u>	<u>9,345</u>
Total other current liabilities (4.3)	<u>25,973</u>	<u>19,391</u>
 Other current liabilities (4.4)		
Other payable	<u>-</u>	<u>0,500</u>
Total other current liabilities (4.4)	<u>-</u>	<u>0,500</u>

Obligations that are not included in the balance sheet.

The annual liability for rent of the main office was € 10,967.

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

The notice period is three months.

NOTES TO THE STATEMENT OF INCOME AND EXPENSES FOR THE YEAR 2019

	2019	Budget 2019	2018
	€	€	€
Income own fundraising (5)			
Donations and gifts	714,306	667,340	674,368
Contributions and pledges	53,966	63,000	58,392
Other income own activities	50,027	44,154	71,404
Other income	1,371	-	1,256
Merchandise	0,752	2,400	0,004
Donations in-kind	6,027	-	9,448
	826,449	776,894	814,872
Total income own fundraising	826,449	776,894	814,872
Income own fundraising	2019		2018
	€		€
Single donations individuals	113,715		82,530
Gift funds and foundations	521,108		541,226
Contributors (friends, pledge)	53,966		58,392
Gifts companies, service club, schools	65,089		71,404
Partner organizations	10,464		9,448
Other income own activities	53,957		42,776
Merchandise - t-shirts	0,752		0,004
Donations In-kind	6,027		7,836
Other income	1,371		1,256
	826,449		814,872
Total income own fundraising	826,449		814,872
Income from governments (6)			
Austrian Embassy in Pristina, Kosovo	0,000		0,814
Australian Embassy in Vienna, Austria	0,000		0,505
Netherlands Enterprise Agency	205,188		153,893
German Embassy in Pristina, Kosovo	34,019		5,236
	239,207		160,448
Total income from governments	239,207	210,280	160,448

Expenses (7)	Objectives		Fundraising		
	Information and education	Music projects	Costs of direct fundraising	Costs of bank accounts	Costs of Overhead and administration
	€	€	€	€	€
Work done by third parties	9,334	30,162	6,224	-	0,300
Staff costs (7.1)	56,595	246,666	57,170	-	30,074
Bank costs (depreciation) and interest	-	-	-	2,572	-
Office and general costs	15,116	11,570	10,401	-	10,152
Project costs	56,094	477,572	-	-	-
	<u>137,139</u>	<u>765,970</u>	<u>73,795</u>	<u>2,572</u>	<u>40,526</u>

	Total		
	Total 2019	Budget 2019	Total 2018
	€	€	€
Work done by third parties	46,020	56,000	72,899
Staff costs (7.1)	390,505	361,972	238,619
Bank costs (depreciation) and interest	2,572	2,704	2,533
Office and General costs	47,239	86,539	30,219
Project costs	533,666	527,736	468,145
	<u>1,020,002</u>	<u>1,034,951</u>	<u>812,415</u>

	2019	2018
	€	€

Staff costs (7.1)

Salaries and wages	332,784	205,779
Social security and pension	57,477	29,975
Other	0,244	2,865
	<u>390,505</u>	<u>238,619</u>
	<u>fte's</u>	<u>fte's</u>
Employees	<u>7,1</u>	<u>4,4</u>

Salaries and wages management

A breakdown of the salaries and wages of the management 2019:

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

Employment

Contract: permanent
Hours: 40
Part-time rate: 100
Period: 01.01.2019 - 31.12.2019

Salary	€	Social security (wg partl)	3,900
		Taxable allowance	-
Salary	50,616	Pensions (wg partl)	9,996
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.

Appropriation of result

On March 4 2019 , the Supervisory Board of Stichting Musicians without Borders, pursuant of the Article of Association, has discussed and approved the Financial Statement of 2019, including the appropriation of the result as proposed by the Executive Board.

Subsequent events

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