

MasterPeace Foundation

located, Utrecht

Report on the annual accounts
2016

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1. MANAGEMENT BOARD'S REPORT

1.1 DIRECTORS REPORT

Nelson Mandela:

“Sometimes it falls upon a generation to be great, you can be that generation”



General:

The MasterPeace Foundation represents civil society. We actively engage tens of thousands around the world via projects that prevent conflicts and conflict escalation.

Our Vision and Mission:

The world has 7 billion talents and not 7 billion issues. We mobilize talents to create a sustainable future with less conflict

Our structure:

We use our growing network and send out calls via social media to new networks to invite people and networks to start a club. Our criteria are the core values of positivity and impartiality. We expect that every club has a minimum of 4 core team members who organize a minimum of 4 projects per year.

Every club of volunteers in whatever country or city receives a MasterPeace license that is evaluated per year via our Monitoring and Evaluation System.

Every club describes in a structured format their drive and ambition to realize local change. Our core team (staff in Utrecht and Cairo) focuses on guiding the clubs the best we can by facilitating these roadmaps. The best way to do this is understanding the local needs and mobilize global and regional partners and create global campaigns.

As we are one of the fastest growing peace movements we learned that decentralizing the supporting role of the core team works best. Our regional hub in Latin America proves that it is best to address more regional issues. We therefore decided to start a Regional hub in Eurasia, located in Tbilisi-Georgia who facilitates our growth in their area and in their role they report to the Core team.

Our projects

Our volunteers and team realized ca 200 project via 3 types of activities:



We mobilize people in a creative and innovative way, organize local dialogues and create perspective as the lack of perspective is a big cause of conflict. We monitor our projects in our Monitoring and evaluation System via the Theory of Change on Input, Output, Outcome and Impact. As we are grassroots every club decides on the types of projects. As MasterPeace foundation we offer our support via knowledge management, partnership and coaching focused on 3 Sustainable Development Goals:



Utrecht, 28 September 2017

2. FINANCIAL STATEMENTS

2.1 BALANCE SHEET AS AT 31 DECEMBER 2016

		31-12-2016		31-12-2015		
		€	€	€	€	
ASSETS						
Current assets						
Receivables						
Trade receivables	1	1.513		34.182		
Accruals and prepaid expenses	2	2.815		3.601		
		<hr/>		<hr/>		
			4.328		37.783	
Cash	3		120.871		28.605	
			<hr/>		<hr/>	
			125.199		66.388	
			<hr/>		<hr/>	

**MasterPeace Foundation
Utrecht**

		31-12-2016		31-12-2015	
		€	€	€	€
LIABILITIES					
Equity	4				
Other reserve	5		65.834		7.211
Current liabilities, accruals and deferred income					
Accounts payable		(1.020)		1.124	
Taxes and social security charges	6	16.384		27.188	
Other liabilities and accrued expenses	7	44.001		30.865	
			59.365		59.177
			125.199		66.388

2.2 STATEMENT OF ACTIVITIES FOR THE YEAR 2016

		Actual 2016	Budget 2016	Actual 2015
		€	€	€
Benefits	<i>8</i>			
Revenue from founding partners	<i>9</i>	370.000	75.000	295.000
Revenue from funding partners	<i>10</i>	5.810	-	89.665
Revenues from donations	<i>11</i>	181.657	280.000	307.022
Other funds	<i>12</i>	-	250.000	250.000
		<u>557.467</u>	<u>605.000</u>	<u>941.687</u>
Expenses				
Personnel expenses	<i>13</i>	225.949	254.000	175.112
Depreciation of intangible and tangible fixed assets		-	-	1.618
Project costs		205.204	-	340.277
Other operating expenses	<i>14</i>	64.341	256.000	56.284
Total operating expenses		<u>495.494</u>	<u>510.000</u>	<u>573.291</u>
Operating result		61.973	95.000	368.396
Interest and similar expenses	<i>15</i>	(3.350)	-	(4.156)
Net result		<u>58.623</u>	<u>95.000</u>	<u>364.240</u>
APPROPRIATION OF RESULT				
Other reserve		<u>58.623</u>		<u>364.240</u>

2.3 NOTES TO THE FINANCIAL STATEMENTS

ENTITY INFORMATION

Registered address and registration number trade register

The registered and actual address of MasterPeace Foundation is Catharijnesingel 55, 3511 GD in Utrecht Nederland. MasterPeace Foundation is registered at the trade register under number 34386933.

GENERAL NOTES

Description of the most important activities of the entity

The activities of MasterPeace Foundation consist mainly of: MasterPeace is a new, international peace movement that actively engages millions of people and businesses with music, art and events in reducing conflicts and building peace.

GENERAL ACCOUNTING PRINCIPLES

ACCOUNTING POLICIES FOR THE BALANCE SHEET

Property, plant and equipment

Tangible fixed assets are valued at acquisition costs or production costs plus additional costs less straight-line depreciation based on the expected life, unless stated otherwise. Impairments expected on the balance sheet date are taken into account.

Subsidies on investments will be deducted from the historical cost price or production cost of the assets to which the subsidies relate.

Impairment of property, plant and equipment

Receivables

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

ACCOUNTING POLICIES FOR THE INCOME STATEMENT

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

ACCOUNTING POLICIES FOR THE CASH FLOW STATEMENT

2.4 NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2016

FIXED ASSETS

Tangible fixed assets

	<u>Other fixed assets</u> €
<u>Balance as at 1 January 2016</u>	
Acquisition costs	19.595
Cumulative depreciation	(19.595)
	<hr/>
Book value as at 1 January 2016	-
	<hr/> <hr/>
Movements	
Balance movements	-
	<hr/> <hr/>
<u>Balance as at 31 December 2016</u>	
Book value as at 31 December 2016	-
	<hr/> <hr/>
Depreciation percentages	25% - 50%
	<hr/> <hr/>

CURRENT ASSETS

Receivables

Receivables > 1 year

There are no receivables with a remaining term exceeding one year.

	<u>31-12-2016</u> €	<u>31-12-2015</u> €
1 Trade receivables		
Trade receivables	1.513	34.182
	<hr/> <hr/>	<hr/> <hr/>
	<u>31-12-2016</u> €	<u>31-12-2015</u> €
Other receivables, prepayments and accrued income		
Accruals and prepaid expenses	2.815	3.601
	<hr/> <hr/>	<hr/> <hr/>

	<u>31-12-2016</u>	<u>31-12-2015</u>
	€	€
3 Cash		
Other banks	120.871	28.605
	<u>120.871</u>	<u>28.605</u>

4

	<u>2016</u>	<u>2015</u>
	€	€
5 Other reserve		
Balance as at 1 January	7.211	(357.029)
Appropriated of result	58.623	364.240
	<u>65.834</u>	<u>7.211</u>
Balance as at 31 December	<u>65.834</u>	<u>7.211</u>

CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME

	<u>31-12-2016</u>	<u>31-12-2015</u>
	€	€
6 Taxes and social security charges		
Value added tax	4.959	23.139
Wage tax	11.425	4.049
	<u>16.384</u>	<u>27.188</u>

	<u>31-12-2016</u>	<u>31-12-2015</u>
	€	€
7 Other liabilities and accrued expenses		
Holiday allowance	8.689	5.303
Payable to related party	25.562	25.562
Net wages	9.748	-
Accruals and deferred income	2	-
	<u>44.001</u>	<u>30.865</u>

2.5 NOTES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR 2016

	Actual 2016 €	Budget 2016 €	Actual 2015 €
8 BENEFITS			
Revenue from founding partners	370.000	75.000	295.000
Revenue from funding partners	5.810	-	89.665
Revenues from donations	181.657	280.000	307.022
Other funds	-	250.000	250.000
	<u>557.467</u>	<u>605.000</u>	<u>941.687</u>
9 REVENUE FROM FOUNDING PARTNERS			
Triodos Foundation	-	-	75.000
IKV Pax Christi	320.000	-	50.000
Corio N.V.	-	-	75.000
Vfonds	-	75.000	75.000
Cordaid	-	-	20.000
Other government grants and subsidies 20	50.000	-	-
	<u>370.000</u>	<u>75.000</u>	<u>295.000</u>
10 REVENUE FROM FUNDING PARTNERS			
Vfonds 'break-trough' programm	-	-	75.000
Other	5.810	-	14.665
	<u>5.810</u>	<u>-</u>	<u>89.665</u>
11 REVENUES FROM DONATIONS			
Revenue small business & corporates	103.681	250.000	238.750
Donations small business & corporates	62.120	-	33.414
Various donations	-	-	9.930
Revenue events	15.856	30.000	24.928
	<u>181.657</u>	<u>280.000</u>	<u>307.022</u>
12 OTHER FUNDS			
Dutch National Postcode Lottery (via IKV Pax Christi)	-	250.000	250.000
	<u>-</u>	<u>250.000</u>	<u>250.000</u>
	Actual 2016 €	Budget 2016 €	Actual 2015 €
13 PERSONNEL EXPENSES			
Wages and salaries	151.475	204.000	116.679
Social security charges and pensions cost	25.449	-	19.470
Other staff expenses	49.025	50.000	38.963
	<u>225.949</u>	<u>254.000</u>	<u>175.112</u>

Average number of employees

2016

Amount
3,00

Average number of employees
2015

Amount
3,00

Average number of employees

Actual 2016	Budget 2016	Actual 2015
€	€	€

14 OTHER OPERATING EXPENSES

Other operational costs

64.341	256.000	56.284
Actual 2016	Budget 2016	Actual 2015
€	€	€

Other operational costs

Travel costs	590	-	3.720
General communications costs	7.915	5.000	6.669
Conferences, meetings and presentations	14.690	5.000	338
Indirect personell costs	3.061	-	7.383
Accountants, Insurance	683	-	6.934
Office and general costs	37.402	246.000	31.240
	<u>64.341</u>	<u>256.000</u>	<u>56.284</u>
	Actual 2016	Budget 2016	Actual 2015
	€	€	€

15 INTEREST AND SIMILAR EXPENSES

Interest tax authorities	-	-	239
Interest other liabilities	-	-	2.736
Other interest expenses	3.350	-	1.181
	<u>3.350</u>	<u>-</u>	<u>4.156</u>

Analysis of difference realization with budget

	Actual 2016	Budget 2016	Difference	
<i>x 1.000</i>	€	€	€	%
Benefits	557.467	605.000	(47.533)	(7,9)
	557.467	605.000	(47.533)	(7,9)
Personnel expenses	225.949	254.000	(28.051)	(11,0)
Project costs	205.204	-	205.204	-
Other operating expenses	64.341	256.000	(191.659)	(74,9)
Total operating expenses	495.494	510.000	(14.506)	(2,8)
Operating result	61.973	95.000	(33.027)	(34,8)
Financial income and expense	(3.350)	-	(3.350)	-
Net result	58.623	95.000	(36.377)	(38,3)

Utrecht, 28 September 2017
MasterPeace Foundation

Heba Ramzy
Chairwoman

3. OTHER INFORMATION

3.1 Statutory provision regarding appropriation of result

In the company statutory regulations the following has been presented concerning the appropriation of result:

INDEPENDENT AUDITOR'S REPORT

To: The shareholders of MasterPeace Foundation

A. Report on the audit of the financial statements 2016

Our opinion

We have audited the financial statements 2016 of MasterPeace Foundation, based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of MasterPeace Foundation as at 31 December 2016, and of its result for 2016 in accordance with RJ 640 nonprofit organizations.

The financial statements comprise:

1. the balance sheet as at 31 December 2016;
2. the statement of activities; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of MasterPeace Foundation in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of the board for the financial statements

The board is responsible for the preparation of the special purpose financial information in accordance with RJ 640 nonprofit organizations. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the special purpose financial information that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the special purpose financial information, the board is responsible for assessing the entity's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the special purpose financial information using the going concern basis of accounting unless the board either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The board should disclose events and circumstances that may cast significant doubt on the entity's ability to continue as a going concern in the special purpose financial information.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this special purpose financial information. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the special purpose financial information, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board;
- Concluding on the appropriateness of the board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the special purpose financial information, including the disclosures; and
- Evaluating whether the special purpose financial information represents the underlying transactions and events free from material misstatement.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 28 September 2017

Londen & Van Holland


K.J. Schouten