

MasterPeace Foundation

located, Utrecht

Report on the annual accounts
2018

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1. AUDITOR'S REPORT

To the Board of
MasterPeace Foundation

Dear Directors,

1.1 SCOPE OF ENGAGEMENT

Upon your request we have audited the financial statements 2018 of MasterPeace Foundation, with balance sheet counts of € 162.727 and the statement of activities closing with a result of €5.631.

We refer to the other information for our audit opinion.

Amsterdam, 7 May 2019

Londen & Van Holland
Registeraccountants en Belastingadviseurs


drs. K.J. Schouten RA

2. MANAGEMENT BOARD'S REPORT

Annual Report 2018 MasterPeace Foundation

Directors Report

Nelson Mandela:

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



The MasterPeace club leaders joined together during our Global Bootcamp in Medellin- Colombia



General:

The MasterPeace Foundation represents civil society. We actively engage tens of thousands mainly youngsters around the world via projects based on local ownership with great social impact in communities in more than 40 countries

The Urgency:

When you read the newspaper, watch the news and see the posts on Facebook we are confronted with mainly negative news and that's no fake news. The global facts are exponential. The complexity in our globalizing society is so huge that we cannot just "outsource" the search for solutions. This search and ACTION takes YOU and ME



Our Vision and Mission:

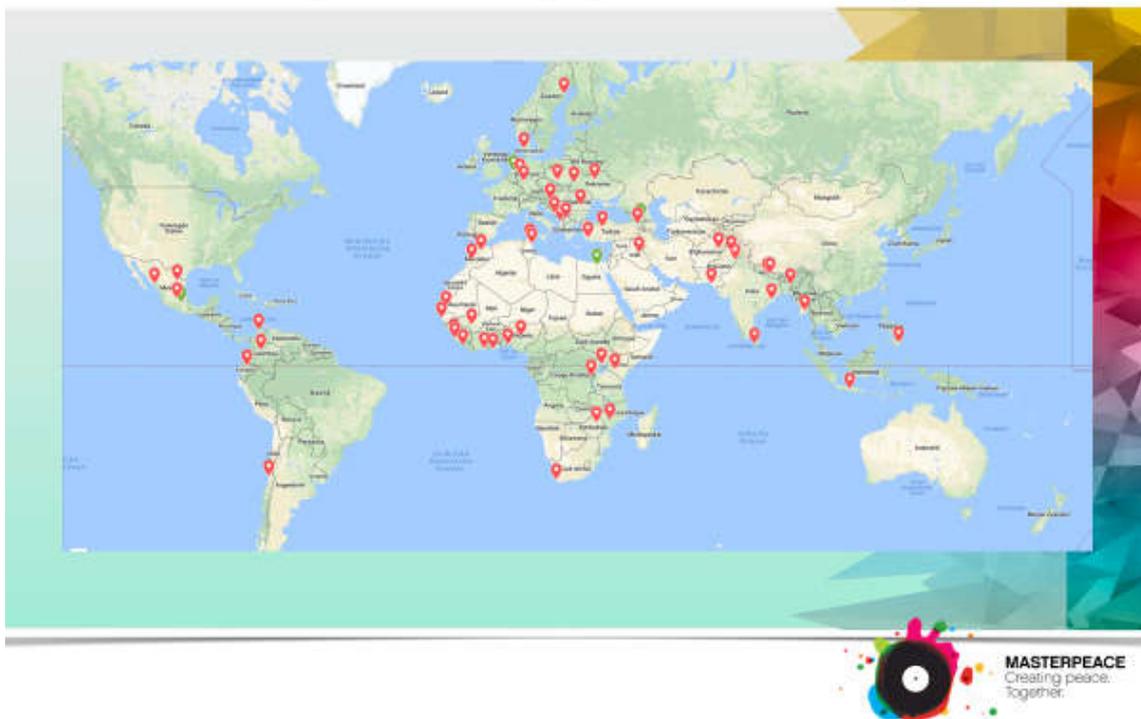
Our world has 7 billion talents, not 7 billion issues.

We mobilize talents to create a sustainable future with less conflict.

Our answer to the complex dilemma's is that it takes YOU and ME. Lets connect all positive dots and we can be successful to achieve this sustainable future. Success is maybe just a drop on a boiling plate though our growth in quality and quantity means we believe mean more than one drops!

Teams and NGO's who feel aligned with our ambition and values are more than welcome. (
www.masterpeace.org/clubs/)

50 clubs act in 40 countries
In 2018 they realized 350 projects for local change



Our Model:

MasterPeace believes in values and value. We create concepts and propositions that add value to our partners to the benefit of civil society.

We find our partners in business, education, media and family funds. We are not subsidized by a government. We do not use consumer marketing which in our opinion is more relevant to the NGO's that are focused on emergency aid. Our legal entity is a Foundations, based in Utrecht, The Netherlands. We voice civil society and act as a social enterprise.

The MasterPeace Foundation in Utrecht- The Netherlands is the core team of our grassroots movement. This core team has a double role. In The Netherlands we realize projects with impact, generate funding to cover the cost in order to enable us to provide a free of charge license to NGO's / CSO's / Social enterprises and built our network with local, regional and global impact. On top of this in The Netherlands we also test and pilot concepts that can be scaled on a global level.

The financial budget of the MasterPeace Foundation is ca. Euro 700.000; With all our clubs we represent a value of ca euro 5.000.000,-.

Our structure:

Our network is growing, mainly via word of mouth by our value driven network but also via direct applications of people or organizations that have seen our projects and impact.

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 4 projects or more with impact per year.

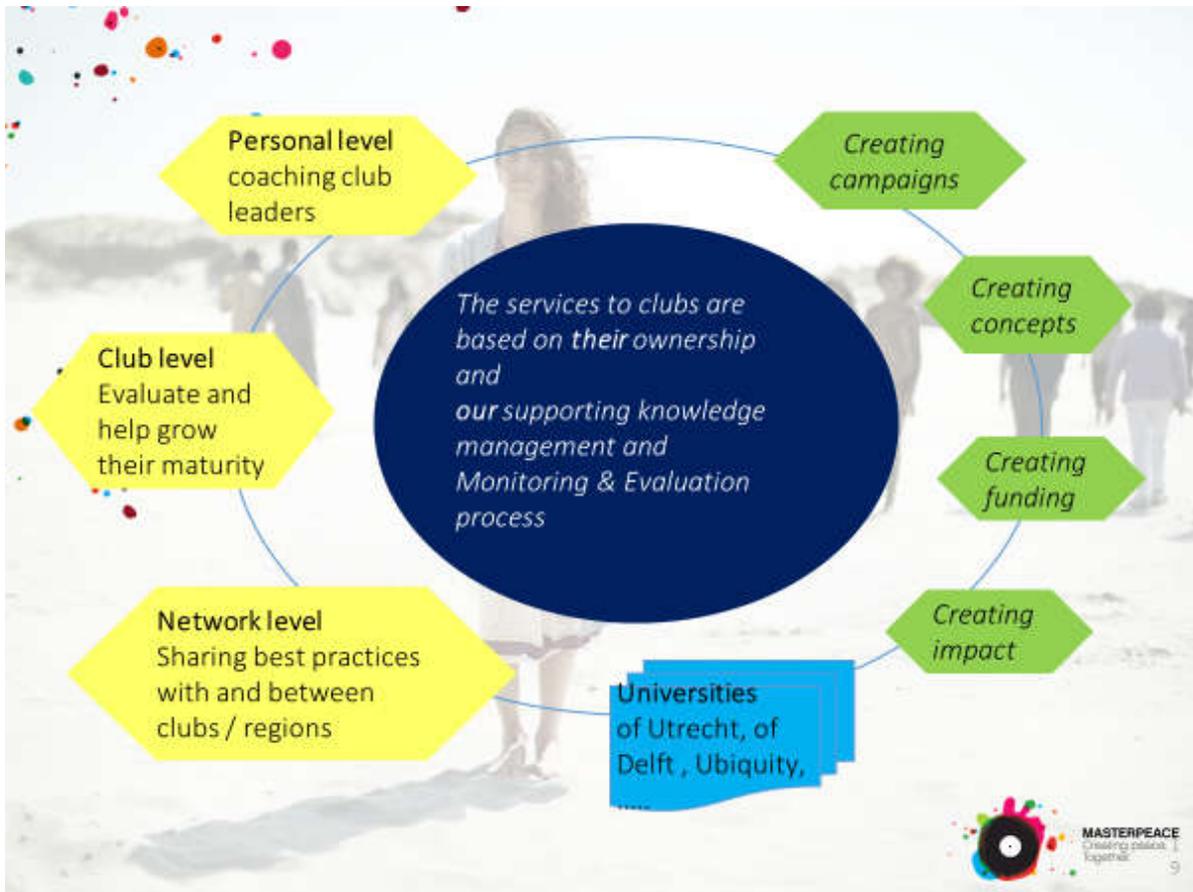
The NGO / CSO / Social enterprise receives a MasterPeace license for free that is evaluated per year via our Monitoring and Evaluation System. We call these licensed legal entities MasterPeace clubs. Every club describes in a structured format their SDG related projects, drive and ambition to realize local change.

The monitoring of all projects provides the core team with insights on local and regional challenges and the best practices to create break through perspectives. The core team will share the best practice solutions to the clubs who can benefit from this knowledge.

In that way the MasterPeace grassroots movement can be seen as an inspirational knowledge network of passionate people who work day and night for local social impact

When you visualize our model it's "a Pyramid Upside Down". Our core team focusses on guiding the clubs the best we can by facilitating their ambition, strategy and projects. We do not donate money to the clubs as we believe the power is "in providing the rod and not the fish".

“Creating peace. Together” is our pay off. We support as a shared service to the clubs services by *“Creating campaigns. Together”*; *“Creating concepts. Together”* and *“Creating funding. Together”*



Our projects

All together we realized in 2018 ca. 350 project via 3 types of activities; this implicates a growth of ca 30 %!

We encourage you to have a look at <http://www.masterpeace.org/stories> to understand our projects and impact on a local and regional level.

Our projects focus on three types of activities:

MOBILIZE AND INSPIRE
YOUNG LOCAL CHANGE MAKERS VIA MUSIC, ART AND PLAY

ORGANIZE DIALOGUES
AND BRING OPPOSITES TOGETHER

CREATE PERSPECTIVE
VIA BOOTCAMPS, E -LEARNING EN SOCIAL ENTERPRISES

We mobilize people in a creative and innovative way, organize local dialogues and create perspective as **the lack of perspective is THE 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 grassroot every club decides on a local level on the types of projects. As MasterPeace foundation we offer our support via knowledge management, partnership and coaching focused on 3 Sustainable Development Goals.

The fundament is the Peace and Justice. Education is key to facilitate and help youngsters grow in self-esteem and skills. Gender is in many countries an absolute dilemma that hinders that man and woman have the possibility to use the talents that have been given. The Urbanization is a bigger trend that is relevant as our projects support underprivileged communities to create perspective. As our vision is that the lack of perspective is the root cause of polarization, extremism and conflicts.

4 QUALITY EDUCATION

5 GENDER EQUALITY

11 SUSTAINABLE CITIES AND COMMUNITIES

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Awarding Work

MasterPeace was awarded the “GLOBAL PEACE LEADERSHIP & EXCELLENCE AWARD” of the prestigious World CSR Congress. The summit was held in Mumbai- India the 17th and 18th of February as a recognition for MasterPeace Foundation change-makers efforts in 40 countries for their local impact.

The prestigious award is given by ‘World CSR Day’ a leading global name based in different cities, which recognizes and honors organization’s & individuals for outstanding, innovative and world-class products, services, projects and programmes implemented in the past or present. These projects demonstrate the organization leadership, sincerity and on-going commitment in incorporating ethical values, compliance with legal requirements, and respect for individuals, communities & the environment in the way they do business.

MasterPeace joined other global players such as Corporate Sustainability Director, Dell, Corporate Services & CSR, Tata Communications, Environment Department, Dubai Municipality, Corporate Social Responsibility, Societe Generale Global and many others.

The moment was witnessed by around 500 attendees from 33 countries representing the best efforts in CSR, which brought some of the top names in both business and civil society. The team of the well-known in regional CSR spheres, Dr.Bhatia Founder, World CSR Day at UN AIDF Forum, Bangkok appreciated our principles to fight conflicts based on positivity and impartiality.

Special interest was dedicated to our model of connecting local change-makers via our global movement and support them with coaching, creating campaigns, concepts and funding together was seen as unique and innovative. We shared the believe that CSR, SDG’s, business and civil society can and will create the bigger impact.

“It was such a personal honor to have a key-note speech on behalf of all the MasterPeace club and team members! My title “7 billion talents, not 7 billion issues” was well understood”

Through our work in MasterPeace, I explained our 3 focus activities : *a)* using soft power, music, art, dance and sport to inspire and connect people in order to have *b)* a dialogue with multi-stakeholders on *c)* how to create local perspective in an inclusive society, which was synergy with the global trends of building sustainable local framework that. I was honored to voice the power of all our clubs when I explained how we act on four continents and realized in total 350 projects in 2018.

Panning quickly around the world, we could explain our work more concretely with zooming on projects like ‘Walls of Connection’ a project and campaign we run for the past few years and still sparks interest, as some global leaders build many physical and mental walls; our answer to positively create in less than 6 month in 30 cities around the world 170 Murals beautiful bringing both sides of the wall together; asking youngsters to visualize their dreams and hope for connection, our “Walls of Connection”



In Europe with the growing refugee crisis, in MasterPeace we saw them for their talents and not for their problems. In Germany we use storytelling with stereotyped refugee to show that they also do have talents like you and me. In The Netherlands, we use education to inspire youngsters to use their talents, not only for their personal growth, but to contribute to their classmates, to their school and to their neighborhoods.

In Albania, Bosnia Herzegovina, Morocco and Georgia we play music and use dialogue with youngsters to help them grow personally part of a minority group, developing the cultural sectors to be able to grow and effectively create social impact.

Taking a spin around the world, we were proud to showcase some examples from our teams in Mexico, Colombia and Ecuador who use music, arts and dance to inspire and connect in a context of heavy drugs issues and poverty; I shared the impact of sports in countries like Burundi, Zimbabwe and Malawi when we bring via soccer tournaments, vulnerable youngsters and train their trainers especially on dialogue; I shared the success of our leadership summits in Kenya, Morocco and Tunisia on how we fought poverty via education, building schools, training teachers and providing adequate materials in Asian countries like Bangladesh, Pakistan, India and Nepal.

This moment came in the dawn of the suicide attack in southern part of India-administered Kashmir, the worst such attack in two decades of Kashmir conflict to show the urgency of MasterPeace mission and work, our message of Peace couldn't be more timely. My final call that the pressure on all our society are immense ; It takes YOU and ME to ACT!

The job we have is a passion and is rewarding to all who donate their talents to create a sustainable future with less conflict. A deep bow to all !

Utrecht, 10th of April 2019



Aart Bos

Global Leadership MasterPeace Foundation

3. FINANCIAL STATEMENTS

3.1 BALANCE SHEET AS AT 31 DECEMBER 2018

(After proposal distribution of result)

		31-12-2018		31-12-2017	
		€	€	€	€
ASSETS					
Fixed assets					
Current assets					
Receivables					
Taxes and social security charges	1	4.180		-	
Other receivables, prepayments and accrued income		2.573		2.573	
			6.753		2.573
Cash and cash equivalents	2		155.974		107.764
			162.727		110.337

		31-12-2018		31-12-2017	
		€	€	€	€
LIABILITIES					
Foundation capital					
Other reserve	3		92.601		86.970
Current liabilities, accruals and deferred income					
Taxes and social security charges	4	-		15.741	
Accruals and deferred income		70.126		7.626	
			70.126	23.367	
			162.727	110.337	

3.2 STATEMENT OF ACTIVITIES FOR THE YEAR 2018

		Actual 2018	Budget 2018	Actual 2017
		€	€	€
Benefits	5			
Revenues from business Partners	6	459.321	430.000	198.150
Revenues from family funds		92.500	87.500	200.952
Revenues from governments		128.645	-	3.450
Other revenues		93	-	91.978
		<u>680.559</u>	<u>517.500</u>	<u>494.530</u>
Expenses				
Personnel expenses	7	233.573	220.000	222.451
Project costs		376.483	200.000	175.671
Other operating expenses	8	60.943	80.000	72.515
		<u>670.999</u>	<u>500.000</u>	<u>470.637</u>
Operating result		9.560	17.500	23.893
Interest and similar expenses	9	(3.929)	-	(2.757)
Net result		<u>5.631</u>	<u>17.500</u>	<u>21.136</u>
APPROPRIATION OF RESULT				
Other reserve		<u>5.631</u>		<u>21.136</u>

3.3 CASH FLOW STATEMENT FOR THE YEAR 2018

Cash flow from operating activities

Operating result	9.560	23.893
<i>Changes in working capital</i>		
Trade receivables	-	1.513
Other accounts receivable	(4.180)	-
Accruals and prepaid expenses	-	240
Current liabilities, accruals and deferred income (excluding banks)	46.759	(35.996)
	<u>42.579</u>	<u>(34.243)</u>
Cash flow from business activities	52.139	(10.350)
Interest paid	(3.929)	(2.757)
Cash flow from operating activities	48.210	(13.107)
Movements cash	48.210	(13.107)
	<u><u>48.210</u></u>	<u><u>(13.107)</u></u>
Turnover movement cash and cash equivalents		
Balance as at beginning of financial year	107.764	120.871
Movements during financial year	48.210	(13.107)
Balance as at financial year end	<u><u>155.974</u></u>	<u><u>107.764</u></u>

3.4 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 Chamber of Commerce under number 34386933.

GENERAL NOTES

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.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of MasterPeace Foundation make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

GENERAL ACCOUNTING PRINCIPLES

The accounting standards used to prepare the financial statements

The financial statement is drawn up in accordance with general accepted accounting principles and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

ACCOUNTING PRINCIPLES

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 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.

3.5 NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2018

ASSETS

CURRENT ASSETS

Receivables

Receivables > 1 year

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

	31-12-2018	31-12-2017
	€	€
1 Taxes and social security charges		
Value added tax	4.180	-
	4.180	-
2 Cash and cash equivalents		
Triodos Bank	155.974	107.764
	155.974	107.764

LIABILITIES

3 Other reserve

	2018	2017
	€	€
Balance as at 1 January	86.970	65.834
Appropriation of result	5.631	21.136
	92.601	86.970

CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME

	31-12-2018	31-12-2017
	€	€
4 Taxes and social security charges		
Value added tax	-	1.502
Wage tax	-	14.239
	-	15.741

3.6 NOTES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR 2018

	Actual 2018	Budget 2018	Actual 2017
	€	€	€
5 BENEFITS			
Revenues from business Partners	459.321	430.000	198.150
Revenues from family funds	92.500	87.500	200.952
Revenues from governments	128.645	-	3.450
Other revenues	93	-	91.978
	680.559	517.500	494.530
	Actual 2018	Budget 2018	Actual 2017
	€	€	€

7 PERSONNEL EXPENSES

Wages and salaries	192.203	187.000	190.928
Social security charges and pensions cost	41.370	33.000	31.523
	233.573	220.000	222.451

Average number of employees

2018

Average number of employees
2017

Number
4,00

Average number of employees

Number
3,00

	Actual 2018	Budget 2018	Actual 2017
	€	€	€

8 OTHER OPERATING EXPENSES

Other staff expenses	(17.820)	80.000	(8.438)
Other operational costs	78.763	-	80.953
	60.943	80.000	72.515

	Actual 2018 €	Budget 2018 €	Actual 2017 €
9 INTEREST AND SIMILAR EXPENSES			
Bank charges	3.929	-	2.757

Utrecht, 7 May 2019
MasterPeace Foundation

H. Ramzy
Boardmember

4. OTHER INFORMATION

4.1 INDEPENDENT AUDITOR'S REPORT

To: The shareholders of MasterPeace Foundation

A. Report on the audit of the financial statements 2018

Our opinion

We have audited the financial statements 2018 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 2018, and of its result for 2018 in accordance with RJ 640 nonprofit organizations.

The financial statements comprise:

1. the balance sheet as at 31 December 2018;
2. the statement of activities for 2018; 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 less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of 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 and fair presentation of the financial statements 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 financial statements that are free from material misstatements, whether due to fraud or error.

As part of the preparation of the financial statements, 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 financial statements 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 financial statements.

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 financial statements. 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 among others:

- Identifying and assessing the risks of material misstatements of the financial statements, 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 misstatements 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 financial statements 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 financial statements, including the disclosures; and
- Evaluating whether the financial statements represents the underlying transactions and events free from material misstatements.

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, 7 May 2019

Londen & Van Holland
Registeraccountants en Belastingadviseurs


drs. K.J. Schouten RA