

Annual Account 2013



Cover Photo: Tom Daams, Having a mission, Aleppo (Syria)
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Contents of 2013 Financial Report and Annual Accounts

| | |
|---------------------------------------------------------------------|----|
| Introduction | 4 |
| Guidelines Used | 4 |
| Notes on Legal Persons | 4 |
| Freedom from Fear Alliance | 5 |
| Communities of Change Alliance | 7 |
| Quality of the Administrative Procedures | 7 |
| Explanation of the Balance | 8 |
| Explanation of the Statement of Receipts and Charges | 10 |
| Financial result | 16 |
| Expectations for the future | 16 |
| | |
| Consolidated balance | 20 |
| Statement of income and expenditure | 22 |
| Cash flow statement | 23 |
| Notes to the financial statement | 24 |
| Explanation of the balance sheet | 27 |
| | |
| Financial Statement Stichting <i>PAX</i> | 39 |
| Statement of income and expenditure Account | 42 |
| Cash flow statement | 43 |
| Notes to the financial statement | 44 |
| Explanation of the balance and income and expenditure account | 47 |
| Independent Accountant's Audit Report | 57 |
| | |
| <u>Annexes:</u> | |
| Financial statement Stichting Interkerkelijk Vredesberaad (IKV) | 59 |
| Statement of income and expenditure Account | 62 |
| Cash flow statement | 63 |
| Notes to the financial statement | 64 |
| Explanation of the balance and income and expenditure account | 66 |
| | |
| Financial statement Vereniging Vredesbeweging Pax Christi Nederland | 71 |
| Statement of income and expenditure Account | 74 |
| Cash flow statement | 75 |
| Notes to the financial statement | 76 |
| Explanation of the balance and income and expenditure account | 78 |
| | |
| Financial statement Stichting Katholieke Vredesbeweging | 83 |
| Statement of income and expenditure Account | 86 |
| Cash flow statement | 87 |
| Notes to the financial statement | 88 |
| Explanation of the balance and income and expenditure account | 91 |

1. Introduction

The 2013 consolidated annual accounts are part of our annual reporting and contain the total and complete set of financial data for the following legal persons:

- Peace Movement PAX Netherlands Foundation
[Stichting Vredesbeweging PAX Nederland , (hereinafter referred to as: PAX)]
- Interchurch Peace Council Foundation
[Stichting Interkerkelijk Vredesberaad, hereinafter referred to as: IKV]
- Peace Movement Pax Christi Netherlands Association
[Vereniging Vredesbeweging Pax Christi Nederland, hereinafter referred to as: Pax Christi]
- Catholic Peace Movement Foundation
[Stichting Katholieke Vredesbeweging , hereinafter referred to as: STIKAV]
- Pax Christi Horn of Africa Trust

Their shared mission is to work with civilians and partners in areas of conflict to protect civilians, to prevent and end armed violence and to build peace with justice. You can find a comprehensive explanation of our mission and goals and a detailed account of the content of our work in our annual report. This report is available free of charge from www.paxforpeace.nl. The 2013 annual report and the annual accounts are available in a digital format primarily for environmental reasons. A printed copy can be obtained on request, also free of charge.

2. Guidelines Used

The 2013 consolidated annual accounts, like the separate annual accounts for the PAX, have been drafted consistent with the Council for Annual Reporting (=RJ)'s Directive 650 governing fundraising institutions (hereinafter referred to as RJ 650) which the Council published in January 2011. For other Dutch legal persons, the report was drafted in accordance with RJ 640.

3. Notes on Legal Persons

PAX

The 20th January 2014 the statutory name of IKV Pax Christi 'IKV Pax Christi Collaborative Partnership Foundation' has been changed into 'Peace Movement PAX Netherlands Foundation'.

Since 2007, all peace work done by the Interchurch Peace Council Foundation (IKV) and the Peace Movement Pax Christi Netherlands Association (Pax Christi) have been combined in PAX. PAX carries out all peace programmes; it is also the employer of all staff members. PAX's Board of Directors is appointed in accordance with its articles of association. It consists of a managing director and one director. The Board of Directors must render account to PAX's Supervisory Board for the policy it pursues. PAX's Supervisory Board appoints and dismisses the Board of Directors.

The Board of Directors bases its annual plan and budget on the strategic long-range plan and long-range budget and the new insights and expectations. The annual plan and budget describes objectives, peace programmes, intended results as well as the people deployed and resources used in them. The annual plan and budget are submitted to PAX's Supervisory Board for approval.

Within six months of the end of the financial year, the Board of Directors drafts the annual accounts in accordance with RJ 650. The annual accounts require approval from the Supervisory Board.

Regarding the accountability for the content of the work of the Board of Directors and the Supervisory Board in 2013, we refer you to our annual report, which includes the accountability statement as per

guidelines of the independent Dutch Central Bureau for Fundraising [Centraal Bureau voor de Fondsenwerving, hereinafter referred to as: CBF]

Peace Movement Pax Christi Netherlands Association (Pax Christi) and the Interchurch Peace Council Foundation (IKV)

Pax Christi (established in 1948) and IKV (established in 1966) continue to exist as separate peace organisations with their own identity and distinct characteristics even after they combined their peace work in 2007. They are the *PAX* Foundation's primary commissioning bodies.

IKV's board builds on its ecumenical identity and Pax Christi's Membership Council on its Roman Catholic identity to inspire the work organisation with perspectives on current peace issues and thus to provide a broad orientation for the strategic development of their peace work. IKV and Pax Christi each appoint three members to the *PAX* Supervisory Board.

Catholic Peace Movement Foundation (STIKAV)

The Catholic Peace Movement Foundation (STIKAV) manages the property located at Godebaldkwartier 74 in Utrecht, the Netherlands, where *PAX*'s headoffice is housed. For this purpose, the foundation has signed a lease agreement for a symbolic amount with the legal owner of the property, the congregation Sisters of the Eucharist. The lease runs to 2028. One of the provisions in the contract is that STIKAV will be the beneficiary should the property be sold. To underpin consistency in policy and the connection of the various legal persons, the *PAX*'s Board of Directors is the board to STIKAV as well... Pax Christi's Supervisory Board supervises STIKAV's board as well.

Pax Christi Horn of Africa Trust

Pax Christi has established a foundation for its work in the Horn of Africa. The management, organisation and financing of the Pax Christi Horn of Africa Trust, which is based in Kenya, are closely linked to the other legal persons named. As the activities stopped in 2010 there are no annual accounts included anymore in this overview. This entity is a dormant organisation at this moment.

4. Freedom from Fear Alliance

On 1 January 2011 *PAX*, Amnesty International Netherlands, Free Press Unlimited and the Global Partnership for the Prevention of Armed Conflict (GPPAC) established the Freedom from Fear Alliance. *PAX*, Amnesty International Netherlands, Free Press Unlimited and GPPAC are recognised experts in their fields. This alliance is no legal entity. It has set up four programmes, each of which has several subprogrammes. These foster peace, human rights and freedom for civilians and communities in countries that have to contend with dominant security problems. The programmes 1 and 2 will help civilians, communities and civil society organisations in fragile and repressive states to set up programmes aimed at protecting security and human rights and at enlarging democratic space. Programme 3 focuses on campaigns and interventions to promote security and disarmament as well as foreign and defence policies aiming protecting and enhancing the human security of civilians in fragile and repressive states. In programme 4 the first 3 programmes are supported by pleading international networks of civil society organisations to convince international and regional intergovernmental organisations to put conflict prevention first.

| The Freedom from Fear Alliance's Programmes | | |
|---------------------------------------------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Programmes | Parties to the Alliance | Subprogrammes |
| 1. Human Security and Human Rights in Fragile States | PAX Amnesty International | Bosnia (Srebrenica) Colombia Democratic Republic of Congo (DRC) Kosovo Uganda Palestinian Territories Serbia* Sudan South Sudan*** |
| 2. Human Security and Human Rights in Repressive States | PAX Free Press Unlimited | Armenia Azerbaijan Georgia Iraq Lebanon Morocco** Syria |
| 3. Security and Disarmament | PAX | Nuclear Disarmament Human Security Inhumane Weapons DDR /SSR |
| 4. Networks for Conflict Prevention | GPPAC PAX | Regional Action & Network Strengthening Action Learning Policy & Advocacy Public Outreach |

Table 1 The Freedom from Fear Alliance's Programmes and Subprogrammes

* The Serbian subprogramme ended in 2013.

** The Moroccan subprogramme phase out started in 2011 as a result of cutbacks at the Ministry of Foreign Affairs. In 2013 this program financially ended by the closure of an EU financed project.

*** From 2014, the Sudan program's financial reporting is split into a program and a Sudan South Sudan Programme.

The alliance has obtained a grant for the years 2011 through 2015 from the Dutch Ministry of Foreign Affairs under the new co-financing system (MFS II) for 2011 - 2015.

| 2011 t/m 2015 | PAX | Amnesty International | GPPAC | Free Press Unlimited | Total Alliance |
|---------------|--------|-----------------------|-------|----------------------|----------------|
| Total | 30,708 | 3,532 | 8,203 | 2,491 | 44,934 |
| 2013 | 6,109 | 703 | 1,632 | 496 | 8,940 |

Table 2 Amount of MFS II grant to the Freedom from Fear Alliance (amount x € 1000)

PAX is the leading party for the Freedom from Fear Alliance. It bears legal and economic responsibility before the Ministry of Foreign Affairs for all alliance parties in compliance with MFS II grant requirements.

Financial accountability in this annual account 2013 is restricted to the programmes in which PAX participated in 2013.

5. Communities of Change Alliance

PAX also takes part in the Communities of Change Alliance for which Cordaid is the leading party. In it, we carry out a programme dealing with mining, mineral ores and conflict. This alliance, too, is no legal entity.

For this programme, PAX receives the following amounts for the years 2011 through 2015 under the 2011-2015 MFS II system

| 2011 – 2015 budget | PAX |
|--------------------|-----------|
| Total | 3,360,000 |
| 2013 | 672.000 |

Table 3 Amount of MFS II grant to the Communities of Change Alliance (amount x € 1000)

6. Quality of the Administrative Procedures

PAX has imposed stringent requirements on its ability to track and render account for financial resources, all the more because the organisation works with private and public funds.

The 2012 yearly accountant's audit suggested specific improvements on documentation of monitoring concerning different donor requirements and allocation of funds to specific projects. Additional attention was suggested on evaluation and registration of organisational skills of implementing partners, uniformity in hard copy project filing in the project administration and electronic registration of the access rights in our administrative system. These suggestions have been followed up in 2013.

The process of financial project administration and monitoring will be further improved in 2014 by realising a better fit with the primary process and gaining deeper insights and control over the specific project risks. Also the internal financial reporting will be upgraded by creating a more adequate monthly reporting cycle.

Quality systems and quality marks

Dutch Quality Institute (INK) model

PAX uses quality systems as to ensure quality standards in its working process. PAX uses the INK model as a frame of reference for organising its result areas and as an instrument for developing plans and monitoring improvements to and renewal of its organisation.

ISO Quality system

PAX considers INK's quality management system an instrument to enhance our quality, while we use the ISO quality system to measure this quality periodically and to have it verified externally.

PAX is fully ISO-certified (ISO 9001:2008). This means that PAX has a documented quality-management system consisting of quality requirements, specified objectives and standard tasks and procedures. Adopting this ISO norm as standard enables us to guarantee internal process management and improve our ability to monitor our activities fully. We view ISO and the audits made to acquire its certification a valuable next step on the path to improvement set out in the INK model. Every year there are internal audits, a management assessment and external audits of our procedures, the latter by an authorised certification bureau. In 2012 the external auditor approved our quality system and renewed the ISO-certificate to 2015.

Association of Fundraising Organisations (VFI)

PAX is a member of the Association of Fundraising Organisations (VFI) and complies with all of VFI's codes of conduct, including

- VFI Code of Conduct.

- Good Governance Code. The Dutch Central Fundraising Bureau (CBF) monitors compliance.
- Guidelines for the Reserves of Charitable Organisations
- The Guideline for Remuneration for Directors of Charitable Institutions.
- The ENP-VFI Directive on the Settlement of Estates
- The VFI recommendation on cost allocation management and administration
- Practical guide to responsible asset management

CBF

In addition, *PAX* holds certification from the Dutch Central Bureau for Fundraising (CBF) The Good Governance for Good Causes Code has been a part of this quality mark since 2008. The quality mark means that the Dutch Central Fundraising Bureau periodically and independently checks whether *PAX* meets its criteria and principles regarding:

1. management and supervision
2. procedure
3. fundraising, public information and communication
4. disbursement of resources
5. accountability toward stakeholders.

After its 2012 audit the CBF renewed the CBF-certificate to 2015.

Corporate social responsibility

Building on its mission and objectives, *PAX* pursues corporate social responsibility. For explanatory remarks we refer to our annual public report.

7. Explanation of the Balance

Assets

Assets as of 31 December 2013 had increased compared to 2012 due to advanced and unused payments of funds from various grants. There are more receivables and more cash or cash equivalents.

Liabilities

Special purpose fund

The special purpose fund for our objectives contains interest received on MFS II resources and can be used for MFS II objectives.

Reserves policy

PAX complies with the guidelines of the Association of Fundraising Institutions (VFI) for the reserves of charitable organisations, which is part of the CBF regulations. In accordance with the directive, *PAX* used a PricewaterhouseCoopers model in 2010 to analyse its risks for 2011 to 2015 and the continuity reserve that would be desirable to counterbalance those risks. Based on this analysis, the Board of Directors set the desired amount of the continuity reserve in 2010, which was approved by the Supervisory Board at the end of November 2010. No changes were made in 2013.

This decision did not change in 2013, as there were no circumstances that required the risk analysis to be revised. The IKV and Pax Christi are therefore equal guarantors for covering risks up to € 2,320,000, i.e. € 1,160,000 for each partner.

The STIKAV supports Pax Christi's guarantee. The assets that the two legal entities provided for this purpose total € 276,000. The remaining guarantee is covered by the established forced-sale value of the office building under STIKAV management. Under the long-term lease that runs through to 2028, the STIKAV will be the beneficiary of the proceeds of the property should it be sold. The valuation (forced-sale value) was newly indicated in 2012 and fixed, still in excess of Pax Christi's total guarantee. IKV's own assets cover IKV's guarantee.

PAX has few options for building up its own assets because MFS grant conditions forbid it from doing so by MFS funds. In 2013 the continuity reserve remained on the same level as 2012 and substantially below the maximum norm in the VFI directive. The norm was not achieved in 2013 nor will it be achieved in the coming years.

Responsible asset management

IKV, Pax Christi (including its supporting foundations) and PAX owe it to their mission and their social constituency to manage their assets in a socially responsible way. That means that, in addition to financial criteria, non-financial and ethical criteria play an important role in the choices we make when it comes to managing our financial resources.

Responsible asset management entails the following for us:

1. *Practice what you preach:* PAX applies the same principles to its own investments as the principles it urges companies to adopt.

In 2013, PAX continued to play a role in fostering corporate social responsibility. This included applying the Voluntary Principles on Security and Human Rights and making public investments by banks and institutional investors in the weapons industry and arms trade, especially investments in inhumane weapons (cluster munitions), nuclear weapons and illegal trade in arms (arms control). In a similar vein, a special Foundation on Voluntary Principles has been set up, in which PAX, its corporate partners and the Dutch government all take part. Our participation in the Fair Banking Guide (Eerlijke Bankwijzer) reinforces our collaboration with Oxfam Novib, Amnesty International, Milieudefensie [=Friends of the Earth Netherlands] and FNV Mondiaal [=part of the FNV trade union confederation]. This guide encourages banks to adopt socially responsible business practices.

2. Within these ethical norms, our partnership's basic principle for asset management and investment is to maintain the value of the principle at the highest possible yield. PAX has opted for very risk-averse asset management. It does not invest in shares or bonds, listed or unlisted. In view of the instability of the Dutch banking sector, PAX decided to minimise risks (e.g. from banks) by spreading its assets over accounts with more diverse banks. This minimisation of risks influenced the total amount of interest.

Short-term debts

Subsidy commitments risen strongly as a result of new fundraising, for which advances have been received at the end of 2013.

Grant commitments have risen strongly in line with the stable increase of spending.

8. Explanation of the Statement of Receipts and Charges

Income: available for objectives

The strategic long-range plan for 2011-2015 contains the following assumptions regarding fundraising:

- income from private and institutional fundraising will grow at an average rate of 10% per year for the next five years
- cost of private fundraising will not exceed 25% of the proceeds from private fundraising
- dependence on a single source (MFS) will preferably be kept below 50% and will certainly not exceed 75%. Our aim is to have at least 5 sources of income, each providing at least 10% of our income.

The total income achieved for 2013 is € 13,642,860, which is € 1,319,670 more than 2012. If we exclude the amounts relating to our Freedom from Fear Alliance partners, the income achieved in 2013 is € 10,812,650.

The total of programme activities financed by Dutch government funds increased by € 808.826. Private and institutional income increased by € 424.735. Institutional fundraising increased substantially as we partnered with various new donors.

Fundraising

Private sector fundraising

By private sector fundraising we mean income from individual members of the general public, e.g. in the form of membership fees, donations or legacies.

Consolidating the amount of this income requires increasingly more effort. The amount can remain stable by specially focusing on target groups. Specific effort continues to be put into integrating these fundraising efforts into our increased campaigning effort.

Total income from private sector fundraising comes from:

- occasional donations
- regular donations/contributions
- collections
- sales of materials for peace work activities
- legacies.

The Peace Week [Vredesweek] collection shows a moderate increase. Contributions and donations however show an increase, whilst legacies show a decline. Whilst PAX is implementing a legacies strategy since a number of years, revenues vary substantially from year to year and investments should be evaluated over a longer time period.

The total amount of private fundraising in 2013 was € 767.969. We exceeded the budgeted target of € 600,000 and the income in 2012. For 2014, we have budgeted this cautiously at € 650,000.

Institutional fundraising

The target for the forthcoming 5 years is to achieve a 10% increase in institutional funding each year. The reinforcement from 2011 continued into 2013. We strengthened relations with existing major institutional donors, successfully approached new funds from within the Netherlands and abroad and submitted a greater number of proposals to institutional funds for peace activities.

The spending on institutional fundraising including income from third parties rose to € 1,926,343 in 2013, which is almost 20% more than in 2012. There is a steady line of continued increase, for in 2012 there was also an increase of 20% realised.

Larger amounts of disbursement per institutional donor in 2013 are depicted in table 4

| Larger institutional donations disbursed in 2013 | |
|---------------------------------------------------------|-----------|
| Adessium | € 567,000 |
| Postcode Lottery | € 500,000 |
| Swiss Government | € 576,000 |
| European Union | € 428,000 |
| V-Fonds | € 150,000 |

Table 4. Larger institutional donations disbursed in 2013

Ministry of Foreign Affairs Grants

As indicated above, the strategic long-term plan contains certain benchmarks in order to monitor the achievement of our strategic ambitions. Diversification of funds is a key ambition, as is partially reflected in the comparison table below.

| | Benchmarks | Achieved in 2012 | Budget 2013 | Achieved in 2013 | Budget 2014 |
|---|----------------------|-------------------------|--------------------|-------------------------|--------------------|
| 1 | MFS II Subsidy | 74% | 79% | 72% | 73% |
| 2 | Non MFA contribution | 26% | 21% | 28% | 27% |

Table 5. Consolidated benchmarks for income diversification

When calculating the benchmarks, the MFS II contribution is treated as a percentage of total income. To ensure the integrity of the figures and their comparability with those of preceding years, in our calculations we used the portion of the MFS II grant that PAX managed and used for its own activities, i.e. apart from the MFS II grant disbursed by the parties to the alliance. Funding that was received from the Ministry indirectly is not included in the calculation: neither in the “other contribution” part, nor in the MFS subsidy itself. In absolute figures, compared to 2012 PAX used more MFS2 funds in 2013. The total amount used for activities were higher than in 2012. This means we used a higher percentage other funding compared to last year.

For reasons that are inherent to the grant, the MFS II amounts in the annual accounts include the share for which PAX is responsible as the leading alliance party. This comes to € 2,830,210, which has therefore been excluded when calculating this percentage. This applies to both income and expenditures.

NB. Benchmark 1:

The MFS II grant represents 72% of total expenditures. That means that MFS II funds finance 72% of PAX's activities. This percentage includes funds received through the Communities of Change Alliance (7% CoC, 65% FFF).

NB. Benchmark 2:

This percentage represents the Non Ministry of Foreign Affairs share in total income. This private input represents funds that do not come directly (MFS II) or indirectly from the Dutch Ministry of Foreign Affairs.

Over 2013, this part for PAX came to 28%. This is 33% higher than was projected for 2013.

This can be explained by various factors influencing this benchmark:

1. In 2011 there was a serious delay in starting up programmes funded by MFS II. Comparatively more was spent in 2012 (half a million) and slightly more in 2013 (0,2 mln), which creates an upward tendency on the percentage.
2. In addition to some new institutional donors, *PAX* identified many funding opportunities from different funds from MFS II and indirect funds from the Dutch Ministry of Foreign Affairs. This reduces our dependence on MFS II and supports *PAX*'s strategic position. It does not reduce the relative dependence on Dutch Governmental funds. Based on strategic considerations, however, the first of these was considered to be more important.
In 2013, *PAX* has spend a total of € 992.199 of non-MFS II funds from the Dutch Government, which was € 808.826 more than in 2012. This contribution will grow to about € 2,200,000 budgetted in 2014, € 2,700,000 including an awarded strategic partnership tender with the Dutch Government on The Horn of Africa.

PAX will continue to invest in maintaining present donors and explore new sources of income. At the same time, we will continue our efforts on our strategic positioning. This is expected to have a similar influence on the benchmarks for 2014.

Income from third parties

Following a proposal that we presented to the National Postcode Lottery (NPL) in 2011, the NPL invited us to become a beneficiary for a period of five years. In 2013, we were awarded a € 500,000 grant.

Interest

In 2012, *PAX* received € 56,326 in interest on liquid assets. € 36,384 of this interest was received on MFS II resources. As is required by the conditions of the grant, this interest was retained in a special-purpose fund. The remaining interest is available for different purposes, as donors increasingly insist that interest received on advanced grants should be used for the respective specific project. An interest result of € 19,942 will be available through our own resources for our objective.

Expenses disbursed for our objectives

In 2013 after an organisation-wide midterm-review of its programmes, *PAX* decided to phase out its intervention in the Caucasus region (Armenia, Azerbeidzjan, Georgia) altogether. Despite the merits and results achieved by the Caucasus programme, it was felt that insufficient perspective of foreseeable conflict-transformation impact did exist, given both the political deadlock and our limited resources. Our programmatic withdrawal will take place in the course of 2014. The Dutch Ministry of Foreign Affairs has given permission to invest the financial resources that thus come available in activities that will have an area greater impact on conflict resolution.

- Whilst the MFS II grant runs until 2015, the Dutch Government is issuing more and more tenders for specific fields of intervention, closely linked to actual contextual developments. *PAX* appears well positioned to respond to these tenders, as underpinned by the awarding of the strategic partnership for The Horn of Africa. Nevertheless, combining and integrating our long-term strategy with the shorter-term dynamic of tenders presents a challenge.

Expenditures on objective

In this section we will explain the expenditures that *PAX* has made for the activities that it manages.

Table 7 shows *PAX*'s expenditures on each programme and sub-programme in comparison with its 2013 budget. Table 6 provides a brief explanation of these figures for each sub-programme where relevant. In

comparison to 2012 spending in 2013 rose with € 1,2 mln from € 7,3 mln to € 8,5 mln. However the ambition of the budget of € 9,7 mln was underscored with a same amount of € 1,2 mln.

The main cause of the budget underscore is the delay in start up's of different new programmes. To see a more extensive elaboration on the results, please consult our Public Report.

| Programmes | Sub-programmes | Performance | Explanation |
|---------------------------------------------------------|-------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Human Security and Human Rights in Fragile States | Bosnia (Srebrenica) | Slightly over budget | |
| | Colombia | Under budget | Lower personnel cost then budgeted |
| | DR Congo | Under budget | Lower personnel cost then budgeted and part of programme halted due to context. |
| | Kosovo | Over budget | Programme impact will be evaluated in 2014. |
| | Uganda | Under budget | Lower personnel cost then budgeted |
| | Palestinian Territories | Under budget | . Lower personnel cost then budgeted due to involvement in Syria programme |
| | Serbia | Not planned for | Programme cost extended into early 2013; ended in 2013 |
| | Sudan and South Sudan | On budget | Programme implementation on track |
| 2. Human Security and Human Rights in Repressive States | Armenia | Slightly over budget | In line with Midtermreview; programme to be phased out in 2014 |
| | Azerbaijan | Under budget | In line with Midtermreview; programme to be phased out in 2014 |
| | Georgia | Under budget | In line with Midtermreview; programme to be phased out in 2014 |
| | Iraq | Under budget | The violent context continues to pose challenges in programme implementation. Increase of implementation capacity is considered in 2014. |
| | Lebanon | Slightly over budget | Spill over of Syria conflict required additional attention on Lebanon. |
| | Morocco | Not planned for | End of programme. |
| | Syria | Exceeded | Civil war in Syria continues to posed many challenges. This nevertheless led to greater commitment to advocacy activities and to additional programme activities. The original budget was exceeded as substantial additional funds were realised. |

| | | | |
|-------------------------------------|------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------|
| 3. Security and Disarmament | Human Security | Slightly over budget | |
| | Inhumane Weapons | Over budget | Programme activities implemented as planned. More indirect costs were charged than expected in original budget. |
| | DDR/SSR | Slightly under budget | |
| | Nuclear Disarmament | Under budget | Programme activities implemented as planned. Fewer indirect costs charged in accordance with original budget. |
| 4. Networks for Conflict Prevention | Regional Action & Network Strengthening: | Slightly over budget | |
| | Action Learning: | | |
| | Policy & Advocacy | | |
| | Public Outreach | | |

Table 6. Explanation of Sub-programmes

| Programme expenditures | 2012 | 2013 | 2013 | 2014 |
|--------------------------------------------|--------------------|---------------|--------------------|---------------|
| Consolidated | <i>Final spend</i> | <i>Budget</i> | <i>Final spend</i> | <i>Budget</i> |
| Human Security in Fragile States | 3,459 | 4,951 | 3,550 | 5,430 |
| Srebrenica * | 162 | 149 | 173 | 223 |
| Colombia | 595 | 1,033 | 828 | 1,012 |
| DR Congo | 721 | 777 | 510 | 812 |
| Kosovo | 338 | 286 | 420 | 84 |
| Uganda | 231 | 311 | 184 | 419 |
| Palestinian Territories | 349 | 372 | 116 | 474 |
| Sudan / South Sudan ** | 1,063 | 1,350 | 1,319 | 75 |
| South Sudan ** | | - | | 1,531 |
| Human Security in Repressive States | 1,458 | 2,350 | 2,097 | 2,713 |
| Armenia | 106 | 175 | 184 | 8 |
| Azerbaijan | 108 | 175 | 117 | 8 |
| Georgia | 201 | 492 | 245 | 33 |
| Iraq | 499 | 886 | 466 | 1,206 |
| Lebanon | 107 | 218 | 294 | 252 |
| Syria | 418 | 403 | 791 | 1,207 |
| Security & Disarmament | 1,669 | 1,370 | 1,560 | 2,028 |
| Nuclear Disarmament * | 321 | 876 | 432 | 720 |

| Programme expenditures | 2012 | 2013 | 2013 | 2014 |
|----------------------------------------------------------------------------------------|--------------|--------------|--------------|---------------|
| Inhumane Weapons | 790 | 463 | 662 | 774 |
| Human Security *** | 346 | 268 | 299 | 534 |
| DDR/SSR | 212 | 185 | 167 | |
| | | | | |
| Networks for Conflict Prevention | 134 | 614 | 646 | 408 |
| Network-strengthening | 134 | 614 | 646 | 408 |
| | | | | |
| Total for the 4 programmes | 6,720 | 9,035 | 7,853 | 9,779 |
| | | | | |
| Communities of Change Alliance | 675 | 672 | 674 | 800 |
| | | | | |
| Total for the Freedom from Fear Alliance and the Communities of Change Alliance | 7,311 | 9,706 | 8,527 | 10,579 |

Table 7. Programme Expenditures

* Not with MFS resources

**Since 2014 South-Sudan's financial reporting is split from the Sudan programme

***Since 2014 the subprogrammes of Human Security and DDR/SSR are integrated

Management and administration

PAX uses benchmarks to achieve efficient and cost-effective management and administration.

The target figures set out in our long-range estimate are reviewed in the light of actual developments before being fixed in our annual budget. Over the course of the year, periodical management reports paint a picture that team leaders can use to render account to the Board of Directors and that the Board of Directors can use to render account to the Supervisory Board.

Benchmarks are listed in the following table, and an explanation of each one is given in the text that follows. Calculations are based on the consolidated figures.

| Efficiency benchmarks | Final result 2012 | Budget 2013 | Final result 2013 | Budget 2014 |
|----------------------------------------|--------------------------|--------------------|--------------------------|--------------------|
| 1 Costs of fundraising | 17% | 24% | 27% | 25% |
| 2 Costs of Management & Administration | 8% | 7% | 7% | 6% |
| 3 Spent on objectives | 87% | 89% | 89% | 91% |

Table 8. Efficiency Benchmarks

NB. Benchmark 1:

The costs of private fundraising as a percentage of the yield of private fundraising. The CBF maximum averages at 25% over 3 years. PAX remains within the set conditions. The calculation of the 2013 percentage of 26,8% was negatively influenced by a change in allocation method. This change will be reversed in 2014.

NB. Benchmark 2:

Management and administration costs as a percentage of total outlay, including the cost inherent to being the leading party, are 7.1% and therefore almost on target of the 7% budgeted.

NB. Benchmark 3:

Expenditure on objectives as percentage of total expenditure (excluding exceptional expenses). This index shows how much income is spent directly on activities to reach our objectives. 89,4% is almost on the target of 90%.

Pay and Salaries

The members of the Supervisory Board, IKV's Board and Pax Christi's Membership Council are all volunteers. They receive no salary or attendance fees. Travel expenses are repaid for the costs incurred.

The Supervisory Board sets the remuneration for members of the Board of Directors. It also gives each member of the Board of Directors an annual performance interview. The salaries of members of the Board of Directors, like the salaries of the Management Team and all other staff members fall well below the maximum pay for Board Members according to the VFI recommendation for remuneration for directors of charitable institutions. And they therefore also fall well below the level of pay scale 19 set in the Civil Servants' Pay Decree (BBRA). For the implementation of the 'Wet normering bezoldiging toefunctionarissen in de (semi)publieke sector (WNT)' PAX has complied with the 'Beleidsregel toepassing WNT' and used this policy as a frame in the preparation of the financial accounts.

For an itemisation of Board Members' salaries and remuneration for the Supervisory Board consistent with the VFI, please consult the relevant section in our annual accounts.

9. Financial Result

The consolidated result for 2013 is € 36.032. This has the following provenance:

- Interest on MFS II awards (interest over 2013) that, according to grant conditions, is stored in a special purpose reserve to be used for MFS II objectives. This is nearly € 36,000.
- The rest of the result is null.

10. Expectations for the future

With the Midtermreview, we entered into the second half of implementing our present strategic framework running till December 2015. This resulted in some shift in strategy and programme priorities. Focus and capacity will continue to be on realizing our objectives amidst the challenges of conflict contexts. The eruption of violence in South Sudan is an example of such challenge.

Our efforts in strengthening social legitimacy of our peace mission appear successful. An example is the growing number of people participating in Peace Embassies. Early 2014, we launched our new name, PAX, as to be more open to an even broader range of people. We trust that this will create an even stronger civil base for our mission and core values.

In 2013 we performed a Future Search conference, as the start to formulating our 2016 till 2020 strategy. This is now resulting in a strategic framework for that period, which will be guiding our efforts in programming and positioning over de coming years.

As the present MFSII grant will come to an end in 2015, we soon expect the Dutch government to submit a more general call for Strategic Partnerships for the year to follow. Present indications are that the final number of partners will be limited to 25 and not restricted to Dutch applicants. Next to that the overall budget is expected to decrease substantially. PAX is confident it is well positioned to apply for

such partnership, but even so, the financial frame will be challenging. Diversification of funds will therefore continue to a major strategic priority in 2014 and the years after. Results are promising till now, donors appreciate the mission and programmes efforts for their relevance, impact, innovation and persistence.



Financial Accounts 2013

Consolidated

Financial Statements 2013

Stichting Vredesbeweging Pax Nederland

woensdag 23 april 2014

BALANCE SHEET

(after appropriation of result)

| | | 31 December 2013 | 31 December 2012 |
|----------------------------------|---|-------------------------|-------------------------|
| | | € | € |
| ASSETS | | | |
| Intangible fixed assets | 1 | 147.854 | 224.402 |
| Tangible fixed assets | 2 | 163.124 | 160.206 |
| Financial fixed assets | 3 | 26.879 | 26.470 |
| Receivables | 4 | 860.981 | 506.935 |
| Cash and Cash Equivalents | 5 | 4.943.822 | 4.158.230 |
| | | <u>6.142.660</u> | <u>5.076.243</u> |

BALANCE SHEET

(after appropriation of result)

| | | 31 December 2013 | 31 December 2012 |
|---------------------------|----|-------------------------|-------------------------|
| | | € | € |
| LIABILITIES | | | |
| Reserves and funds | | | |
| Continuity reserve | 6 | 2.191.090 | 2.191.443 |
| Short term reserve | 7 | 94.805 | 58.421 |
| Provisions | 8 | - | 160.000 |
| Short-term debts | | | |
| Subsidy commitments | 9 | 2.903.806 | 1.628.392 |
| Repayment commitment | 10 | - | 12.606 |
| Other accounts payable | 11 | 276.182 | 309.667 |
| Other liabilities | 12 | 676.777 | 715.714 |
| | | <u>3.856.765</u> | <u>2.666.379</u> |
| | | <u><u>6.142.660</u></u> | <u><u>5.076.243</u></u> |

STATEMENT OF INCOME AND EXPENDITURE

| | | Actual | Budget | Actual |
|-----------------------------------------------------------|----|-------------------|-------------------|-------------------|
| | | 2013 | 2013 | 2012 |
| | | € | € | € |
| INCOME | | | | |
| Private fundraising | 14 | 767.969 | 600.000 | 650.029 |
| Grants from Institutional Donors | 15 | 1.426.343 | 2.079.778 | 1.119.548 |
| Income from third parties | 16 | 500.000 | 500.000 | 500.000 |
| Grants from Dutch government | 17 | 8.024.082 | 7.898.999 | 7.121.820 |
| Grants from Dutch government alliance parties | | 2.830.210 | 2.830.210 | 2.830.210 |
| Interest and investment income | | 56.326 | - | 88.330 |
| Other income | | 37.930 | - | 13.253 |
| Total income | | 13.642.860 | 13.908.987 | 12.323.190 |
| EXPENSES | | | | |
| Spent on behalf of the objective | | | | |
| Regional Peace Programme through 2010 | 18 | - | - | 50.844 |
| Human Security and Human Rights in Fragile States | | 4.223.414 | 4.797.971 | 3.895.833 |
| Human Security and a voice in Repressive States | | 2.096.755 | 2.277.364 | 1.638.580 |
| Security & Disarmament | | 1.559.923 | 1.735.642 | 1.668.090 |
| Networks for conflict prevention and Peace Building | | 646.391 | 595.022 | 133.787 |
| Networks for peace building | | 373.401 | - | 143.546 |
| Partners in Masterpeace project | | 250.000 | - | 250.000 |
| Strengthening Civil Society | | 184.257 | 413.000 | 143.211 |
| The Freedom from Fear Alliance parties MFS II liabilities | | 2.830.210 | 2.830.209 | 2.830.210 |
| | | 12.164.351 | 12.649.208 | 10.754.101 |
| Acquisition costs | | | | |
| Cost of private fundraising | 19 | 205.445 | 147.451 | 108.774 |
| Cost of institutional donor fundraising | | 275.227 | 161.328 | 251.661 |
| | | 480.672 | 308.779 | 360.435 |
| Management and administration | | | | |
| Cost of management and administration | 20 | 961.805 | 951.000 | 977.688 |
| Total Expenditures | | 13.606.828 | 13.908.987 | 12.092.224 |
| Result | | 36.032 | - | 230.966 |
| Appropriation of Result | | | | |
| Continuity reserve | | 352- | | |
| Short term reserve | | 36.384 | | |
| | | 36.032 | | |

Cash flow Statement

| | <u>2013</u> | <u>2012</u> |
|------------------------------------------------------|-----------------------|-----------------------|
| | € | € |
| Year End Result | 36.032 | 230.963 |
| Adjusted for | | |
| Depreciations | 131.341 | 184.486 |
| Changes in provisions | 160.000- | 140.035 |
| Interest on income and expenditures | 56.327- | 88.330- |
| Changes in Working Capital | <u>852.454</u> | <u>372.176</u> |
| Cash flow from organisation activities | 803.500 | 839.330 |
| Interest paid/received | 88.330 | 84.230 |
| Cash Flow from operating activities | 891.830 | 923.560 |
| Investment /disinvestment in intangible fixed assets | 27.407- | 53.285- |
| Investment/disinvestment in tangible fixed assets | <u>78.830-</u> | <u>76.189-</u> |
| Cash flow from investing activities | 106.237- | 129.474- |
| repayment of borrowings/take-up of long term debt | <u>N.a.</u> | <u>N.a.</u> |
| Cash flow from financing activities | - | - |
| Changes in Cash and Cash Equivalents | <u><u>785.593</u></u> | <u><u>794.086</u></u> |

Notes to the 2013 Financial Statements

General

The 2013 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations (revised in 2011) and the Ministry of Foreign Affairs' co-financing system II regulations (of Ministry of Foreign Affairs MFSII regulations).

Reporting Period

The statements are based on a reporting period of one year. The fiscal year coincides with the calendar year.

Reporting Directive for Fundraising Institutions

This report has been drawn up in accordance with the 2008 guidelines for fundraising institutions (RJ650) as published by the Dutch Council for Annual Reporting. These guidelines provide the public with clear criteria for assessing fundraising cost ratios, expenditure of funds and whether these funds have been spent on the goals for which they were intended. Compliance with these reporting guidelines is an important precondition for a charity to obtain and retain the seal of approval from the Central Bureau of Fundraising of the Netherlands (CBF). The following consolidated financial statements have been prepared from the accounting records of PAX and in accordance with the organisation's accounting policies.

The consolidated annual report contains the following entities:

- Stichting Vredesbeweging Pax Nederland (PAX)
- Stichting Interkerkelijk Vredesberaad (IKV);
- Vereniging Vredesbeweging Pax Christi Nederland (Pax Christi);
- Stichting Katholieke Vredesbeweging (Stikav);

The consolidation is based on the full consolidation method.

The cash flow statement is prepared using the indirect method

Principles for the Valuation of Assets, Liabilities and Financial Results

General

The principles applied in evaluating assets and liabilities and determining financial results are based on nominal value. Revenues and expenses are matched to the period in which they occurred (according to the matching principle). Revenues from legacy are recorded in the year that their size can be reliably established.

Principles for the Translation of Foreign Currencies

The currency used throughout this report is the Euro (€).

Transactions denominated in foreign currency are translated into the relevant functional currency of the group companies at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into euro's at the applicable exchange rates applying on the transaction date. Translation gains and losses are taken to the profit and loss account as expenditure.

Principles for the Valuation of Assets and Liabilities

Intangible Fixed Assets

Intangible fixed assets (software) are valued at purchase price. Amortization is calculated according to the straight line method in 5 years.

Tangible Fixed Assets

Tangible fixed assets are valued at acquisition price minus depreciation using their estimated economic life time. Any residual value is taken into account.

The annual depreciation is set as basis for the following structure:

- IT equipment: First year 40%, second year 30%, third year 20%, fourth year 10%
- IT software: According to the straight-line method in 5 years
- furniture and other equipment: According to the straight-line method in 5 years
- system for membership records: According to the straight-line method in 5 years
- refurbishing costs: According to the straight-line method in 10 years

Assets with a long life should be tested for impairment in the case of changes or circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.

If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

Financial Fixed Assets

Financial fixed assets relate to certificates of Oikocredit shares which are valued at their nominal value. Every year dividend less management fee added in certificates.

Financial Instruments

Financial Instruments include receivables, cash and cash equivalents, cash and accounts receivables, current liabilities and other liabilities. Financial instruments are initially recognised at fair value. After initial recognition the financial instruments are measured at amortised costs on the basis of the effective interest method. The amortised costs equals the fair value. The fair value is based on the estimated present value of the future net cash flows. Purchased loans and other receivables are measured at amortised costs on the basis of the effective interest method, less impairment losses. Financial commitments that are not held for trading are carried at amortised cost on the basis of the effective interest rate method.

Reserves

The PAX policy on continuity reserve meets the requirements of the CBF.

Special Purpose Reserve

The purpose of the special purpose reserve is determined by the Board.

Special purpose reserves are resources provided for fixed purposes as specified by a third party.

Provisions

Provisions should be valued at the nominal value of the expenses expected to be incurred in settling the liabilities and losses.

A provision is recognised if the following applies:

- the company has a legal or constructive obligation, arising from a past event; and
- the amount can be estimated reliably; and
- it is probable that an outflow of economic benefits will be required to settle the obligation

During 2012 it became clear Stikav had to include an provision due to the foreseen asbestos abatement of a total amount of 160,000 euro. In 2013 the final cost amounted 266,819 euro.

Long Term Debts and Current Liabilities

The valuation of the long-term debts and current liabilities are described under the paragraph financial instruments.

Commitments for which the grants are announced in the book year are fully recorded in that year.

Balance positions for current projects consist of grants yet to be received and costs yet to be paid for these projects.

The start up expenses MFS2 are in a straight-line method in 3 years booked.

Donations and subsidies

In 2006, IKV foundation's ruling body and Pax Christi's Membership Council decided to book the two organisation's income from individuals and institutional funding as the partnership's income. This is done after deducting the resources that the two entities require for their own activities and organisational expenses. Legacies left specifically to IKV or Pax Christi are not included here, nor are results from previous financial years. IKV and Pax Christi contract out the implementation of their programmes and services to PAX

Costs

The organisational expenses are allocated on the basis of actual cost of the number of hours really worked.

- a. Objectives
- b. Cost of fundraising
- c. Management and administration costs

These are specified in the table explaining expense distribution.

Salary top officials

For the implementation of the standards Law remuneration of executives in the (semi) public sector (in Dutch WNT) the institution has complied with the Policy and the application WNT as frame in the preparation of these financial accounts. The WNT Adjustment Act, which is part of this standard framework, adopted by the Senate under ministerial Decree No. 6629 according Staatscourant of March 6, 2014.

Pensions

Pensions are part of the employee benefit. The main principle is that the pension charge to be recognised for the reporting period should be equal to the pension contributions payable to the pension fund over the period. Insofar as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid exceed the payable contributions as at balance sheet date, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future

The pension scheme is financed externally at sector pension Zorg en Welzijn. The coverage of the sector pension as per December 31, 2013 is 109 %.

In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is likely that there will be an outflow of funds for the settlement of the commitments and it is possible to reliably estimate the amount of the commitments. The existence or non-existence of additional commitments is assessed on the basis of the administration agreement concluded with the fund, the pension agreement with the staff and other (explicit or implicit) commitments to staff. The liability is stated at the best estimate of the present value of the anticipated costs of settling the commitments as at balance sheet date.

Consolidated PAX

Explanation of the balance sheet

| | 31 December 2013 € | 31 December 2012 € | | | |
|---------------------------------------------|--------------------------|--------------------------|--------------|------------|-----------|
| 1. Intangible fixed assets | | | | | |
| Balance as at 31/12 | | | | | |
| Software | 126.543 | 213.449 | | | |
| Licences | 21.311 | 10.953 | | | |
| | 147.854 | 224.402 | | | |
| Movement in intangible fixed assets: | | | | | |
| | Software | Licences | Total | | |
| Balance as at January 1 | | | | | |
| Purchase Value | 319.283 | 54.495 | 373.778 | | |
| Accumulated depreciation | 105.834 | 43.542 | 149.376 | | |
| Book value | 213.449 | 10.953 | 224.402 | | |
| Changes in book value | | | | | |
| Purchases | 8.953 | 18.454 | 27.407 | | |
| Disinvestments | 48.526 | - | 48.526 | | |
| Depreciations | 47.333 | 8.096 | 55.429 | | |
| Balance | 86.906- | 10.358 | 76.548- | | |
| Balance as at December 31 | | | | | |
| Purchase Value | 279.710 | 72.949 | 352.659 | | |
| Accumulated depreciation | 153.167 | 51.638 | 204.805 | | |
| Book value | 126.543 | 21.311 | 147.854 | | |
| 2. Tangible fixed assets | | | | | |
| Balance as at 31/12 | | | | | |
| Inventory | | 34.264 | 8.204 | | |
| Installations | | 19.734 | 7.539 | | |
| ICT hardware | | 42.434 | 71.629 | | |
| Renovation | | 66.692 | 72.834 | | |
| | | 163.124 | 160.206 | | |
| Movement in tangible fixed assets | | | | | |
| | Inventory | Installations | ICT hardware | Renovation | Total |
| Balance as at January 1 | | | | | |
| Purchase Value | 192.869 | 14.136 | 500.832 | 275.247 | 983.084 |
| Accumulated depreciation | 184.665 | 6.597 | 429.203 | 202.413 | 822.878 |
| Book value | 8.204 | 7.539 | 71.629 | 72.834 | 160.206 |
| Changes in book value | | | | | |
| Investments | 33.269 | 13.840 | 8.904 | 22.817 | 78.830 |
| Disinvestments | - | - | - | - | - |
| Depreciations | 7.209 | 1.645 | 38.099 | 28.959 | 75.912 |
| Balance | 26.060 | 12.195 | 29.195- | 6.142- | 2.918 |
| Balance as at December 31 | | | | | |
| Purchase Value | 226.138 | 27.976 | 509.736 | 298.064 | 1.061.914 |
| Accumulated depreciation | 191.874 | 8.242 | 467.302 | 231.372 | 898.790 |
| Book value | 34.264 | 19.734 | 42.434 | 66.692 | 163.124 |

Consolidated PAX

Explanation of the balance sheet (cont.)

| | 31 December | 31 December |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| | 2013 | 2012 |
| | € | € |
| 3. Financial Fixed Assets | | |
| Oikoscredit certificates | 26.879 | 26.470 |
| 4. Receivables | | |
| EU | - | 23.766 |
| Payable salaries and pension contributions | 6.018 | - |
| Other donors | 298.768 | 93.292 |
| Subtotal | <u>304.786</u> | <u>117.058</u> |
| Currents accounts alliance partners | 30.435 | 28.062 |
| Accounts receivable Inheritances and legacies | 99.928 | 79.551 |
| Prepaid acquisition cost of MFS II 2011-2015 | - | 47.856 |
| Prepaid amounts and guarantees | 419.150 | 210.985 |
| Other receivables | 6.682 | 23.423 |
| | <u>860.981</u> | <u>506.935</u> |
| 5. Cash and Cash equivalents | | |
| Deposits (term under 3 months) | 3.716.815 | 3.246.132 |
| Credit balances on Dutch Bank accounts | 1.221.683 | 904.427 |
| Cash balance | 5.324 | 7.670 |
| | <u>4.943.822</u> | <u>4.158.229</u> |
| 6. Continuity reserve | | |
| Continuity reserve as at January 1 | 2.191.443 | 1.995.312 |
| Allocation of the result | 352- | 196.131 |
| Balance as at December 31 | <u>2.191.091</u> | <u>2.191.443</u> |
| 7. Short term reserve | | |
| Balance as at January 1 | 58.421 | 34.834 |
| | | 11.246- |
| Allocation of the result * | 36.384 | 34.833 |
| Balance as at December 31 | <u>94.805</u> | <u>58.421</u> |
| <p>*) Interest from MFS II resources that will be disbursed for the objective The 5-year forecast shows that the amount of interest we expect to receive each year is under €100,000. This income will be used for the objective.</p> | | |
| 8. Provisions | | |
| Provision for maintenance costs | 160.000 | 8.719 |
| Donation/withdrawal | 160.000- | 151.281 |
| | <u>-</u> | <u>160.000</u> |

Explanation of the balance sheet (cont.)

| | 31 December 2013 | 31 December 2012 |
|---------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| | € | € |
| 9 Subsidy commitments | | |
| Ministry of Foreign Affairs not spent 2013 MFS II to use in 2014 * | 326.218 | 526.429 |
| Ministry of Foreign Affairs MR Fund not spent in 2013 to use in 2014 | 454.529 | 379.439 |
| Ministry of Foreign Affairs Fund not spent in 2013 to use in 2014 | 177.876 | 136.514 |
| Communities of Change Alliance not spent in 2013 to use in 2014 | 339.965 | 336.531 |
| Cordaid Gender Fund | 156.856 | - |
| Payment obligation allotted grants | 535.836 | 68.441 |
| Other expenses to be paid | 176.075 | 22.053 |
| Prepaid by PSO | - | 35.746 |
| Other prepaid grants by donors | 736.451 | 123.239 |
| | 2.903.806 | 1.628.392 |
| * Under the grant conditions this sum can be spent in the following years of the grant period (through 2015). | | |
| 10 Repayment commitment | | |
| Equity loan IKV donors | - | 12.606 |
| 11 Accounts payable | 276.182 | 309.667 |
| 12 Other short term liabilities | | |
| Taxes and social security contribution | 238.412 | 355.379 |
| Reservation for leave days and holiday allowance | 290.066 | 274.324 |
| Payable salaries and pension contributions | - | 3.323 |
| Other debts, accruals and deferred income | 148.299 | 82.688 |
| | 676.777 | 715.714 |

13. Off-Balance sheet assets and liabilities

- a PAX has € 1,091,588 in commitments to ongoing partner contracts and consultancy contracts.
- b PAX has paid € 15,370 as a guarantee for the rent and possible damage of the meeting rooms at Meeting Plaza. The annual rent amounts € 188,032.
- c PAX rents space from Corio at an annual rate of € 2,224.
- d The scanner/copier machines are leased for € 24,424 per year.
- e The maintenance contract on the KPN telephone system costs € 4,186 per year.
- f The combined cost of the ICT hardware maintenance and software contracts of the outsourced ICT services amount € 67,459 per year.
- g The maintenance contract on the CRM software costs € 3,612 per year.
- h The maintenance contract on the Inventive" administrative system costs € 20,545 per year.
- i The Ministry of Foreign Affairs has granted co-financing system (MFS II) funds for totalling €44,935,967 for the 2011 through 2015 period for the Freedom from Fear Alliance.
- j PAX is leading party in the Freedom from Fear Alliance. As such it bears legal responsibility toward the Ministry of Foreign Affairs for all obligations of the entire alliance.

Consolidated PAX

Explanation of the Income and expenditure account

| | <u>2013</u> | <u>2012</u> |
|---------------------------------------------------|------------------|------------------|
| | € | € |
| 14. Income from private fundraising | | |
| Contributions and donations | 611.075 | 448.307 |
| Legacies | 39.841 | 103.812 |
| Vredesweek Collection | <u>117.053</u> | <u>97.910</u> |
| | 767.969 | 650.029 |
| 15. Income from institutional fundraising | | |
| EU | 47.248 | 23.672 |
| Other domestic donors | 702.715 | 969.251 |
| Foreign donors | <u>676.380</u> | <u>126.625</u> |
| | 1.426.343 | 1.119.548 |
| 16. Income third parties | | |
| Dutch Postcode Lottery regular contribution | 250.000 | 250.000 |
| Dutch Postcode Lottery extra project contribution | <u>250.000</u> | <u>250.000</u> |
| | 500.000 | 500.000 |
| 17. Grants Dutch Government | | |
| <i>Direct</i> | | |
| Ministry of Foreign Affairs (MFS II) | 6.325.660 | 6.143.294 |
| Freedom from Fear Alliance parties | 2.830.210 | 2.830.210 |
| Other direct | <u>992.199</u> | <u>183.373</u> |
| | 10.148.069 | 9.156.877 |
| <i>Indirect</i> | | |
| Communities of Change Alliance | 668.428 | 589.085 |
| PSO | - | 211.776 |
| Other indirect | <u>37.795</u> | <u>5.708-</u> |
| | 706.223 | 795.153 |
| Total grants from Dutch government | 10.854.292 | 9.952.030 |
| Freedom from Fear Alliance parties | <u>2.830.210</u> | <u>2.830.210</u> |
| | 8.024.082 | 7.121.820 |

The Ministry of Foreign Affairs' Subsidy (MFS II) allocated an amount totalling €44,935,967 for the Freedom from Fear Alliance for the period 2011 through 2015

Explanation of the income and expenditure account (cont.)

| <u>2013</u> | <u>2012</u> |
|-------------|-------------|
| % or € | % or € |

18. Spent on behalf of the objective

Expenditures on the objective were subdivided by project over six categories. All costs were ascribed to the programmes.

| Programme costs(x €1,000) | Direct | Indirect | Total |
|------------------------------------------------------------|----------------|----------------|----------------|
| Human Security in Fragile States | 2.808,3 | 1.415,1 | 4.223,4 |
| Human Security in Repressive States | 1.236,7 | 860,1 | 2.096,8 |
| Security & Disarmament | 739,9 | 820,0 | 1.559,9 |
| Networks for conflict prevention | 265,0 | 381,4 | 646,4 |
| Networks for peacebuilding | 144,7 | 228,7 | 373,4 |
| Strengthening Civil Society | 23,8 | 160,4 | 184,3 |
| | <u>5.218,5</u> | <u>3.865,7</u> | <u>9.084,1</u> |
| Partners in Masterpeace project | | | 250,0 |
| The Freedom from Fear Alliance parties' MFS II liabilities | | | <u>2.830,2</u> |
| | | | 12.164,4 |

Allocation is based on logbook results.

Details are shown in Table Itemisation of expenses (page 34)

| | | |
|-----------------------------------------------------------|-------|-------|
| Percentage spent on objective in relation to income. | 89,2% | 87,3% |
| Percentage spent on objective in relation to liabilities. | 89,4% | 88,9% |

19. Cost of private fundraising

The full direct and indirect cost of fundraising is thought necessary to guarantee continuance of fundraising. Consistent with CBF quality mark guidelines, an average of 25% over the past 3 years is the maximum allowed.

| | | |
|-------------------------------------|-------|-------|
| Costs of own fundraising in percent | 26,8% | 16,7% |
|-------------------------------------|-------|-------|

20. Management & administration

Costs incurred for internal management and administration are not charged to the objectives or fundraising, but are listed separately. The separated Secretary Alliance FFF costs included here came to €142,240

| | | |
|-------------------------------------------------------------|------|------|
| Management and administration costs as percentage of total. | 7,1% | 8,1% |
|-------------------------------------------------------------|------|------|

Consolidated PAX

Explanation of the income and expenditure account (cont.)

| | 2013 | 2012 |
|----------------------------------------------------------------|-----------|-----------|
| | € x 1,000 | € x 1,000 |
| Specification of personnel costs | | |
| Gross salaries | 2.893,7 | 2.808,9 |
| Supplements | 487,2 | 498,2 |
| Social security contributions | 450,0 | 458,0 |
| Pension | 371,3 | 349,5 |
| Allocations to projects | 1.347,1- | 848,9- |
| | 2.855,1 | 3.265,7 |
| | | |
| Travel expenses | 126,6 | 101,8 |
| Hired staff | 387,7 | 133,3 |
| Other personnel costs | 252,5 | 178,3 |
| | 766,8 | 413,4 |
| | | |
| Total | 3.621,9 | 3.679,1 |
| | | |
| Average # of FTEs in the Netherlands | 69,9 FTE | 66,8 FTE |
| Number of FTEs on balance sheet date in the Netherlands | 69,2 FTE | 68,6 FTE |
| | | |
| Average # of FTEs Foreign | 9,4 FTE | 6,5 FTE |
| Number of FTEs on balance sheet date foreign | 10,4 FTE | 8,4 FTE |

Consolidated PAX

| | 2013 | 2012 |
|-------------------------------------------------------|--------|---------|
| | € | € |
| Proposal Regarding the Appropriation of Result | | |
| Result | 36.032 | 230.966 |

Motion to adopt and approve

The annual accounts for PAX over 2013 was drafted and signed by the Board of Directors and approved by the Supervisory Board on 23 April 2014, including the already accepted proposal regarding the appropriation of result, as presented on page 22.

Explanation to the Remuneration for the Board of Directors

Itemisation of the director's remuneration as required by VFI

The institution has the Policy application WNT as frame used in the preparation of these financial statements.

| | J. Gruiters | F.J.T. Landmeter |
|-------------------------------------|------------------|------------------|
| Name | J. Gruiters | F.J.T. Landmeter |
| Job position | General Director | Director |
| Type of contract | indefinite | indefinite |
| hours | 36 | 36 |
| Part-time percentage | 100 | 100 |
| Period | 01-01/31-12 | 01-01/31-12 |
| Salary (EUR) | | |
| Annual Income, gross: | | |
| Gross salary | 80.256 | 73.188 |
| Holiday allowance | 6.421 | 5.855 |
| Year-end allowance, 13th/14th month | 6.661 | 6.075 |
| Variable annual income | 0 | 0 |
| Total | 93.338 | 85.118 |
| Employers Social Security costs | 8.314 | 8.314 |
| Taxable Disbursement | 0 | 0 |
| Employers Pension contribution | 11.818 | 10.637 |
| Other (future) benefits | 0 | 0 |
| Severance entitlement | 0 | 0 |
| Total remuneration 2013 | 113.470 | 104.069 |
| Total remuneration 2012 | 113.540 | 104.035 |

Boards of supervisors

The members of the Supervisory board receive no salary, vacation pay or attendance fees for their work. Travel and other expenses are compensated on the basis of cost incurred.

| | | |
|---------------|-------|-------|
| Compensations | 1.580 | 2.848 |
|---------------|-------|-------|

**Table: Itemisation of expenses
in €**

| Expenditures | Fragile states | Repressive states | Security & Disarmament | Networks for Conflict Prevention | Networks for Peacebuilding | Fundraising Private | Fundraising Institutional | Strengthening Civil Society | Management & Administration | Secretary costs Alliance Fff | Total 2013 | Total 2012 |
|------------------------------------------------------|------------------|-------------------|------------------------|----------------------------------|----------------------------|---------------------|---------------------------|-----------------------------|-----------------------------|------------------------------|-------------------|-------------------|
| 1. Grants and contributions | 1.017.498 | 665.036 | 2.989 | 38.195 | - | - | - | 587 | - | - | 1.724.305 | 847.012 |
| 2. Purchases and acquisitions | 1.556.320 | 429.118 | 601.016 | 163.615 | 144.749 | 72.479 | 9.547 | 23.213 | - | 142.240 | 3.142.297 | 3.085.386 |
| 3. Publicity and Promotion | 234.509 | 142.531 | 135.895 | 63.202 | - | - | - | 10 | - | - | 576.147 | 652.779 |
| 4. Personnel | 1.097.356 | 666.959 | 635.903 | 295.747 | - | 102.836 | 206.027 | 124.422 | 599.265 | - | 3.728.515 | 3.679.517 |
| 5. Accommodations | 159.293 | 96.816 | 92.308 | 42.931 | 221.645 | 15.241 | 29.907 | 18.061 | 72.741 | - | 748.943 | 254.875 |
| 6. Office expenses | 20.422 | 12.412 | 11.834 | 5.504 | 3.061 | 1.742 | 3.834 | 2.316 | 24.430 | - | 85.555 | 46.135 |
| 7. General expenses | 831 | 505 | 481 | 224 | 2.301 | 3 | 156 | 94 | 5.851 | - | 10.446 | 39 |
| 8. ICT | 97.937 | 59.524 | 56.753 | 26.395 | - | 9.383 | 18.387 | 11.104 | 43.759 | - | 323.242 | 203.618 |
| 9. Depreciation and interest | 39.248 | 23.854 | 22.744 | 10.578 | 1.645 | 3.761 | 7.369 | 4.450 | 17.536 | - | 131.185 | 190.136 |
| 10. Management costs | - | - | - | - | - | - | - | - | 55.983 | - | 55.983 | 1.673 |
| Total | 4.223.414 | 2.096.755 | 1.559.923 | 646.391 | 373.401 | 205.445 | 275.227 | 184.257 | 819.565 | 142.240 | 10.526.618 | 8.961.170 |
| | 40,2% | 19,9% | 14,8% | 6,1% | 3,5% | 2,0% | 2,6% | 1,8% | 7,8% | 1,4% | | |
| Correction to Regional peace programmes through 2010 | | | | | | | | | | | - | 50.844 |
| Partner in Masterpeace project | | | | | | | | | | | 250.000 | 250.000 |
| Freedom from Fear Alliance parties | | | | | | | | | | | 2.830.210 | 2.830.210 |
| | | | | | | | | | | | 13.606.828 | 12.092.224 |

Explanation to expenses and distribution:

1. Payments to partner organisations with whom we work when carrying out projects.
2. Direct programme costs, i.e. purchasing, hiring, travel and accommodation expenses.
3. Direct programme costs for communication.
- 4.-10. The total cost of the organisation is based on a retrospectively charted hourly rate allocated to the programmes.

**STATEMENT OF INCOME AND EXPENDITURE
2014 BUDGET**

| | Actual 2013 | Budget 2014 |
|-----------------------------------------------------------|-------------------|-------------------|
| | € | € |
| INCOME | | |
| Private fundraising | 767.969 | 650.000 |
| Grants from Institutional Donors | 1.426.343 | 1.931.233 |
| Income joint campaigns | 500.000 | 500.000 |
| Grants from Dutch government | 10.854.292 | 12.174.172 |
| Interest and investment income | 56.326 | 15.000 |
| Other income | 37.930 | 500 |
| Total income | <u>13.642.860</u> | <u>15.270.905</u> |
| EXPENSES | | |
| Spent on behalf of objective | | |
| Human Security and Human Rights in Fragile States | 4.223.414 | 5.430.251 |
| Human Security and a voice in Repressive States | 2.096.755 | 2.712.364 |
| Security & Disarmament | 1.559.923 | 2.028.632 |
| Networks for conflict prevention and Peace Building | 646.391 | 407.496 |
| Networks for peace building | 373.401 | 103.200 |
| Partners in Masterpeace project | 250.000 | 250.000 |
| Strengthening Civil Society | 184.257 | 112.533 |
| The Freedom from Fear Alliance parties MFS II liabilities | 2.830.210 | 2.850.000 |
| | <u>12.164.351</u> | <u>13.894.476</u> |
| Cost of earning | | |
| Cost of private fundraising | 205.445 | 181.162 |
| Costs of institutional donor fundraising | 275.227 | 209.937 |
| | <u>480.672</u> | <u>391.099</u> |
| Management and administration | | |
| Cost of management and administration | 961.805 | 973.130 |
| Total liabilities | <u>13.606.828</u> | <u>15.258.705</u> |
| Result | <u>36.032</u> | <u>12.200</u> |
| Appropriation of Result | | |
| Continuity reserve | 352- | |
| Short term reserve | 36.384 | |
| | <u>36.032</u> | |

Information about the entities

Their shared mission is to work with civilians and partners in areas of conflict to protect civilians, to prevent and end armed violence and to build peace with justice.

Further introduction see page 4.

Stichting Vredesbeweging Pax Nederland (PAX)

The legal form is foundation.

The registered office of the foundation is located in Utrecht.

Executive board

J. Gruiters MSc, managing director

ing. F.J.T. Landmeter, director

Supervisory board

Marieke de Wal, chairwoman

Carla Kuijpers-Groensmit

Marina van Notten

Peter van der Veer

Wieger E. Bakker

Sander Smits-van Oyen

Stichting Interkerkelijk Vredesberaad (IKV)

The legal form is foundation.

The registered office of the foundation is located in Den Haag.

Members

Jack Bogers, chairman interim

Jan Gruiters MSc, director

Ben Schennink

Caecillia van Peski

Cocky de Graaf

Gerrie ter Haar

Lucien van Liere

Mijnke Bosman Huizinga

Patrick Groenewegen

Vereniging Vredesbeweging Pax Christi Nederland (Pax Christi)

The legal form is association.

The registered office of the association is located in Utrecht.

Executive board

J. Gruiters MSc, managing director

ing. F.J.T. Landmeter, director

Members' council

Jan Peters sj, chairman interim

Anita Böcker

Ineke Malsch

Bert van Roermund

Désirée Verweij

Piet Kruizinga

Jan Stuyt sj

Sanneke Brouwers

Stichting Katholieke Vredesbeweging (STIKAV)

The legal form is foundation.

The registered office of the foundation is located in Utrecht.

Executive board

J. Gruiters MSc, managing director

ing. F.J.T. Landmeter, director



Financial Accounts 2013

Financial Statements 2013

PAX

woensdag 23 april 2014

BALANCE SHEET

(after appropriation of result)

| | | 31 December <u>2013</u> € | 31 December <u>2012</u> € |
|----------------------------------|---|---------------------------------|---------------------------------|
| ASSETS | | | |
| Intangible fixed assets | 1 | 147.854 | 224.402 |
| Tangible fixed assets | 2 | 143.390 | 152.667 |
| Current accounts | 3 | 668.696 | 263.128 |
| Receivables | 4 | 632.774 | 328.148 |
| Cash and Cash Equivalents | 5 | 3.155.173 | 2.507.187 |
| | | <u>4.747.887</u> | <u>3.475.532</u> |

BALANCE SHEET

(after appropriation of result)

| | | 31 December 2013 | 31 December 2012 |
|---------------------------|----|-------------------------|-------------------------|
| | | € | € |
| LIABILITIES | | | |
| Reserves and funds | | | |
| Continuity reserve | 6 | 823.940 | 764.276 |
| Short term reserve | 7 | 94.805 | 58.421 |
| Short-term debts | | | |
| Subsidy commitments: | 8 | 2.903.806 | 1.628.392 |
| Other accounts payable | 9 | 276.182 | 309.667 |
| Other Liabilities | 10 | 649.154 | 714.776 |
| | | <u>3.829.142</u> | <u>2.652.835</u> |
| | | <u><u>4.747.887</u></u> | <u><u>3.475.532</u></u> |

STATEMENT OF INCOME AND EXPENDITURE

| | | Actual 2013 | Actual 2012 |
|-----------------------------------------------------------|----|-------------------|-------------------|
| | | € | € |
| INCOME | | | |
| Private fundraising | 12 | 506.216 | 563.084 |
| Grants from Institutional Donors | 13 | 1.382.932 | 1.079.363 |
| Income from third parties | 14 | 500.000 | 500.000 |
| Grants from Dutch government | 15 | 8.024.082 | 7.121.820 |
| Grants from Dutch government alliance parties | | 2.830.211 | 2.830.210 |
| Interest and investment income | | 48.105 | 60.006 |
| Other income | | 37.930 | 13.253 |
| Total income | | <u>13.329.476</u> | <u>12.167.736</u> |
| EXPENSES | | | |
| Spent on behalf of the objective | 16 | | |
| Regional Peace Programme through 2010 | | - | 50.844 |
| Human Security and Human Rights in Fragile States | | 4.223.414 | 3.895.833 |
| Human Security and a voice in Repressive States | | 2.096.755 | 1.638.580 |
| Security & Disarmament | | 1.559.923 | 1.668.090 |
| Networks for conflict prevention and Peace Building | | 646.391 | 133.787 |
| Partners in Masterpeace project | | 250.000 | 250.000 |
| Strengthening Civil Society | | 184.257 | 143.211 |
| The Freedom from Fear Alliance parties MFS II liabilities | | 2.830.211 | 2.830.210 |
| | | <u>11.790.951</u> | <u>10.610.555</u> |
| Acquisition costs | | | |
| Cost of private fundraising | 17 | 205.445 | 108.774 |
| Cost of institutional donor fundraising | | 275.227 | 251.661 |
| | | <u>480.672</u> | <u>360.435</u> |
| Management and administration | | | |
| Cost of management and administration | 18 | 961.805 | 772.177 |
| Total Expenditures | | <u>13.233.428</u> | <u>11.743.167</u> |
| Result | | <u>96.048</u> | <u>424.569</u> |
| Appropriation of Result | | | |
| Continuity reserve | | 59.664 | 389.735 |
| Short term reserve | | 36.384 | 34.834 |
| | | <u>96.048</u> | <u>424.569</u> |

Cash flow Statement

| | <u>2013</u> | <u>2012</u> |
|------------------------------------------------------|-----------------------|-----------------------|
| | € | € |
| Year End Result | 96.048 | 424.567 |
| Adjusted for | | |
| Depreciations | 129.696 | 183.072 |
| Changes in provisions | - | 11.246- |
| Interest on income and expenditures | 48.105- | 60.006- |
| Changes in Working Capital | <u>502.738</u> | <u>328.211</u> |
| Cash flow from organisation activities | 680.377 | 864.598 |
| Interest paid/received | 60.006 | 46.338 |
| Cash Flow from operating activities | 740.383 | 910.936 |
| Investment /disinvestment in intangible fixed assets | 27.407- | 53.285- |
| Investment/disinvestment in tangible fixed assets | <u>64.990-</u> | <u>76.189-</u> |
| Cash flow from investing activities | 92.397- | 129.474- |
| repayment of borrowings/take-up of long term debt | <u>N.a.</u> | <u>N.a.</u> |
| Cash flow from financing activities | - | - |
| Changes in Cash and Cash Equivalents | <u><u>647.986</u></u> | <u><u>781.462</u></u> |

Notes to the 2013 Financial Statements PAX

General

The 2013 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations (revised in 2011) and the Ministry of Foreign Affairs' co-financing system II regulations (of Ministry of Foreign Affairs MFSII regulations).

Reporting Period

The statements are based on a reporting period of one year. The fiscal year coincides with the calendar year.

Reporting Directive for Fundraising Institutions

This report has been drawn up in accordance with the 2008 guidelines for fundraising institutions (RJ650) as published by the Dutch Council for Annual Reporting. These guidelines provide the public with clear criteria for assessing fundraising cost ratios, expenditure of funds and whether these funds have been spent on the goals for which they were intended. Compliance with these reporting guidelines is an important precondition for a charity to obtain and retain the seal of approval from the Central Bureau of Fundraising of the Netherlands (CBF). The following consolidated financial statements have been prepared from the accounting records of PAX and in accordance with the organisation's accounting policies.

Cash flow statement

The cash flow statement is prepared using the indirect method

Principles for the Valuation of Assets, Liabilities and Financial Results

General

The principles applied in evaluating assets and liabilities and determining financial results are based on nominal value. Revenues and expenses are matched to the period in which they occurred (according to the matching principle). Revenues from legacy are recorded in the year that their size can be reliably established.

Principles for the Translation of Foreign Currencies

The currency used throughout this report is the Euro (€).

Transactions denominated in foreign currency are translated into the relevant functional currency of the group companies at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into Euros at the applicable exchange rates applying on the transaction date. Translation gains and losses are taken to the profit and loss account as expenditure.

Principles for the Valuation of Assets and Liabilities

Intangible Fixed Assets

Intangible fixed assets (software) are valued at purchase price. Amortization is calculated according to the straight line method in 5 years.

Tangible Fixed Assets

Tangible fixed assets are valued at acquisition price minus depreciation using their estimated economic life time. Any residual value is taken into account.

The annual depreciation is set as basis for the following structure:

- IT equipment: First year 40%, second year 30%, third year 20%, fourth year 10%
- IT software: According to the straight-line method in 5 years
- furniture and other equipment: According to the straight-line method in 5 years
- system for membership records: According to the straight-line method in 5 years
- refurbishing costs: According to the straight-line method in 10 years

Assets with a long life should be tested for impairment in the case of changes or circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.)

If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

Financial Instruments

Financial Instruments include receivables, cash and cash equivalents, cash and accounts receivables, current liabilities and other liabilities. Financial instruments are initially recognised at fair value. After initial recognition the financial instruments are measured at amortised costs on the basis of the effective interest method. The amortised costs equals the fair value. The fair value is based on the estimated present value of the future net cash flows. Purchased loans and other receivables are measured at amortised costs on the basis of the effective interest method, less impairment losses. Financial commitments that are not held for trading are carried at amortised cost on the basis of the effective interest rate method.

Reserves

The PAX policy on continuity reserve meets the requirements of the CBF.

Special Purpose Reserve

The purpose of the special purpose reserve is determined by the Board.

Special purpose reserves are resources provided for fixed purposes as specified by a third party.

Provisions

Provisions should be valued at the nominal value of the expenses expected to be incurred in settling the liabilities and losses.

A provision is recognised if the following applies:

- the company has a legal or constructive obligation, arising from a past event; and
- the amount can be estimated reliably; and
- it is probable that an outflow of economic benefits will be required to settle the obligation

Long Term Debts and Current Liabilities

The valuation of the long-term debts and current liabilities are described under the paragraph financial instruments.

The start up expenses MFS2 are in a straight-line method in 3 years booked.

Commitments of which the grant is announced in the book year are fully recorded in that year.

Balance positions for current projects consist of grants yet to be received and costs yet to be paid for these projects.

Donations and subsidies

In 2006, IKV foundation's ruling body and Pax Christi's Membership Council decided to book the two organisation's income from individuals and institutional funding as the partnership's income. This is done after deducting the resources that the two entities require for their own activities and organisational expenses. Legacies left specifically to IKV or Pax Christi are not included here, nor are results from previous financial years. IKV and Pax Christi contract out the implementation of their programmes and services to PAX

Costs

The organisational expenses are allocated on the basis of actual cost of the number of hours really worked.

- a. Objectives
- b. Cost of fundraising
- c. Management and administration costs

These are specified in the table explaining expense distribution.

Salary top officials

For the implementation of the standards Law remuneration of executives in the (semi) public sector (in Dutch WNT) the institution has complied with the Policy and the application WNT as frame in the preparation of these financial accounts. The WNT Adjustment Act, which is part of this standard framework, adopted by the Senate under ministerial Decree No. 6629 according Staatscourant of March 6, 2014.

Pensions

Pensions as part of the employee benefit. The main principle is that the pension charge to be recognised for the reporting period should be equal to the pension contributions payable to the pension fund over the period. Insofar as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid exceed the payable contributions as at balance sheet date, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future

The pension scheme is financed externally at sector pension Zorg en Welzijn. The coverage of the sector pension as per December 31, 2013 is 109%.

In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is likely that there will be an outflow of funds for the settlement of the commitments and it is possible to reliably estimate the amount of the commitments. The existence or non-existence of additional commitments is assessed on the basis of the administration agreement concluded with the fund, the pension agreement with the staff and other (explicit or implicit) commitments to staff. The liability is stated at the best estimate of the present value of the anticipated costs of settling the commitments as at balance sheet date. (source BV KPMG).

This mandatory text is not applicable to PAX. So no additional commitments are recorded

Explanation of the balance sheet

| | 31 December 2013 € | 31 December 2012 € | | |
|---------------------------------------------|--------------------------|--------------------------|-------------------|----------------|
| 1. Intangible fixed assets | | | | |
| Balance as at 31/12 | | | | |
| Software | 126.543 | 213.449 | | |
| Licences | 21.311 | 10.953 | | |
| | <u>147.854</u> | <u>224.402</u> | | |
| Movement in intangible fixed assets: | Software | Licences | Total | |
| Balance as at January 1 | | | | |
| Purchase Value | 319.283 | 54.495 | 373.778 | |
| Accumulated depreciation | 105.834 | 43.542 | 149.376 | |
| Book value | <u>213.449</u> | <u>10.953</u> | <u>224.402</u> | |
| Changes in book value | | | | |
| Purchases | 8.953 | 18.454 | 27.407 | |
| Disinvestments | 48.526 | - | 48.526 | |
| Depreciations | 47.333 | 8.096 | 55.429 | |
| Balance | <u>-86.906</u> | <u>10.358</u> | <u>-76.548</u> | |
| Balance as at December 31 | | | | |
| Purchase Value | 279.710 | 72.949 | 352.659 | |
| Accumulated depreciation | 153.167 | 51.638 | 204.805 | |
| Book value | <u>126.543</u> | <u>21.311</u> | <u>147.854</u> | |
| 2. Tangible fixed assets | | | | |
| Balance as at 31/12 | | | | |
| Inventory | | 34.264 | 8.204 | |
| ICT hardware | | 42.434 | 71.629 | |
| Renovation | | 66.692 | 72.834 | |
| | | <u>143.390</u> | <u>152.667</u> | |
| Movement in tangible fixed assets | Inventory | ICT hardware | Renovation | Total |
| Balance as at January 1 | | | | |
| Purchase Value | 192.869 | 500.832 | 275.247 | 968.948 |
| Accumulated depreciation | 184.665 | 429.203 | 202.413 | 816.281 |
| Book value | <u>8.204</u> | <u>71.629</u> | <u>72.834</u> | <u>152.667</u> |
| Changes in book value | | | | |
| Investments | 33.269 | 8.904 | 22.817 | 64.990 |
| Disinvestments | - | - | - | - |
| Depreciations | 7.209 | 38.099 | 28.959 | 74.267 |
| Balance | <u>26.060</u> | <u>29.195-</u> | <u>6.142-</u> | <u>9.277-</u> |
| Balance as at December 31 | | | | |
| Purchase Value | 226.138 | 509.736 | 298.064 | 1.033.938 |
| Accumulated depreciation | 191.874 | 467.302 | 231.372 | 890.548 |
| Book value | <u>34.264</u> | <u>42.434</u> | <u>66.692</u> | <u>143.390</u> |

Explanation of the balance sheet (cont.)

| | 31 December 2013 | 31 December 2012 |
|----------------------------------------------|---------------------|---------------------|
| | € | € |
| 3. Current accounts | | |
| Stichting Katholieke Vredesbeweging | 233.786 | 20.813 |
| Stichting IKV | 56.998 | 23.692 |
| Vereniging Pax Christi | 347.477 | 190.561 |
| Alliantie partners | 30.435 | 28.062 |
| | <u>668.696</u> | <u>263.128</u> |
| 4. Receivables | | |
| EU | | 23.766 |
| Payable salaries and pension contributions | 6.018 | - |
| Other donors | 207.606 | 45.541 |
| Subtotal | <u>213.624</u> | <u>69.307</u> |
| Prepaid acquisition cost of MFS II 2011-2015 | - | 47.856 |
| Prepayments and receivables and guarantees | <u>419.150</u> | <u>210.985</u> |
| | 632.774 | 328.148 |
| Accounts Receivables not due within one year | | |
| 5. Cash and Cash equivalents | | |
| Deposits (term under 3 months) | 2.407.465 | 1.962.646 |
| Credit balances on Dutch Bank accounts | 742.384 | 536.870 |
| Cash balance | 5.324 | 7.670 |
| | <u>3.155.173</u> | <u>2.507.186</u> |
| 6. Continuity reserve | | |
| Continuity reserve as at January 1 | 764.276 | 374.542 |
| Allocation of the result | 59.664 | 389.734 |
| Balance as at December 31 | <u>823.940</u> | <u>764.276</u> |
| 7. Short term reserve | | |
| Balance as at January 1 | 58.421 | 34.834 |
| Paid to partner | | 11.246- |
| Allocation of the result * | 36.384 | 34.833 |
| Balance as at December 31 | <u>94.805</u> | <u>58.421</u> |

*) Interest from MFS II resources that will be disbursed for the objective

The 5-year forecast shows that the amount of interest we expect to receive each year is under €100,000. This income will be used for the objective.

Explanation of the balance sheet (cont.)

| | 31 December 2013 | 31 December 2012 |
|---------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| | € | € |
| 8 Subsidy commitments | | |
| Ministry of Foreign Affairs not spent MFS II to use in 2014 * | 326.218 | 526.429 |
| Ministry of Foreign Affairs MR Fund not spent in 2013 to use in 2014 | 454.529 | 379.439 |
| Ministry of Foreign Affairs Fund not spent in 2013 to use in 2014 | 177.876 | 136.514 |
| Communities of Change Alliance not spent to use in 2014 | 339.965 | 336.531 |
| Cordaid Gender Fund | 156.856 | - |
| Payment obligation allotted grants | 535.836 | 68.441 |
| Other expenses to be paid | 176.075 | 22.053 |
| Prepaid by PSO | - | 35.746 |
| Other prepaid grants by donors | 736.451 | 123.239 |
| | <u>2.903.806</u> | <u>1.628.392</u> |
| * Under the grant conditions this sum can be spent in the following years of the grant period (through 2015). | | |
| 9 Accounts payable | 276.182 | 309.667 |
| 10 Other short term liabilities | | |
| Taxes and social security contribution | 238.412 | 355.379 |
| Reservation for leave days and holiday allowance | 290.066 | 274.324 |
| Payable salaries and pension contributions | - | 3.323 |
| Other debts, accruals and deferred income | 120.676 | 81.750 |
| | <u>649.154</u> | <u>714.776</u> |

11 Off-Balance sheet assets and liabilities

- a PAX has € 1,091,588 in commitments to ongoing partner contracts and consultancy contracts.
- b PAX has paid € 15,370 as a guarantee for the rent and possible damage of the meeting rooms at Meeting Plaza. The annual rent amounts € 188,032.
- c PAX rents space from Corio at an annual rate of € 2,224.
- d The scanner/copier machines are leased for € 24,424 per year.
- e The maintenance contract on the KPN telephone system costs € 4,186 per year.
- f The combined cost of the ICT hardware maintenance and software contracts of the outsourced ICT services amount € 67,459 per year.
- g The maintenance contract on the CRM software costs € 3,612 per year.
- h The maintenance contract on the Inventive" administrative system costs € 20,545 per year.
- i The Ministry of Foreign Affairs has granted co-financing system (MFS II) funds for totalling €44,935,967 for the 2011 through 2015 period for the Freedom from Fear Alliance.
- j PAX is leading party in the Freedom from Fear Alliance. As such it bears legal responsibility toward the Ministry of Foreign Affairs for all obligations of the entire alliance.

Explanation of the Income and expenditure account

| | 2013 | 2012 |
|-----------------------------------------------------------|----------------|----------------|
| | € | € |
| 12 Income from private fundraising | | |
| Contributions private fundraising Vereeniging Pax Christi | 441.512 | 493.686 |
| Contribution private fundraising Stichting IKV | 56.822 | 57.585 |
| Donations | <u>7.882</u> | <u>11.813</u> |
| | 506.216 | 563.084 |
| 13 Income from institutional fundraising | | |
| EU | 47.248 | 23.672 |
| Other domestic donors | 659.304 | 929.066 |
| Foreign donors | <u>676.380</u> | <u>126.625</u> |
| | 1.382.932 | 1.079.363 |
| 14 Income third parties | | |
| Dutch Postcode Lottery regular contribution | 250.000 | 250.000 |
| Dutch Postcode Lottery extra project contribution | <u>250.000</u> | <u>250.000</u> |
| | 500.000 | 500.000 |
| 15 Grants Dutch Government | | |
| <i>Direct</i> | | |
| Ministry of Foreign Affairs (MFS II) | 6.325.660 | 6.143.294 |
| Freedom from Fear Alliance parties | 2.830.211 | 2.830.210 |
| Other funds | <u>992.199</u> | <u>183.373</u> |
| | 10.148.070 | 9.156.877 |
| <i>Indirect</i> | | |
| Communities of Change Alliance | 668.428 | 589.085 |
| PSO | - | 211.776 |
| Other indirect | <u>37.795</u> | <u>5.708-</u> |
| | 706.223 | 795.153 |
| Total grants from Dutch government | 10.854.293 | 9.952.030 |

The Ministry of Foreign Affairs Subsidy (MFS II) allocated an amount totalling €44,935,967 for the Freedom from Fear Alliance for the period 2011 through 2015

Explanation of the income and expenditure account (cont.)

| | <u>2013</u> | | <u>2012</u> | |
|--------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|--|
| | % or € | | % or € | |
| 16 Spent on behalf of the objective | | | | |
| Expenditures on the objective were subdivided by project over six categories. All costs were ascribed to the programmes. | | | | |
| Programme costs(x €1,000) | Direct | Indirect | Total | |
| Human Security in Fragile States | 2.808,3 | 1.415,1 | 4.223,4 | |
| Human Security in Repressive States | 1.236,7 | 860,1 | 2.096,8 | |
| Security & Disarmament | 739,9 | 820,0 | 1.559,9 | |
| Networks for conflict prevention | 265,0 | 381,4 | 646,4 | |
| Strengthening Civil Society | 23,8 | 160,4 | 184,3 | |
| | <u>5.073,7</u> | <u>3.637,0</u> | <u>8.710,7</u> | |
| Partners in Masterpeace project | | | 250,0 | |
| The Freedom from Fear Alliance parties' MFS II liabilities | | | <u>2.830,2</u> | |
| | | | 11.791,0 | |

Allocation is based on logbook results.

Details are shown in Table Itemisation of expenses (page 54)

| | | |
|-----------------------------------------------------------|-------|-----|
| Percentage spent on objective in relation to income. | 88,0% | 87% |
| Percentage spent on objective in relation to liabilities. | 89,0% | 90% |

17. Cost of private fundraising

The full direct and indirect cost of fundraising is thought necessary to guarantee continuance of fundraising consistent with CBF quality mark guidelines, an average of 25% over the past 3 years is the maximum allowed.

| | | |
|-------------------------------------|-------|-----|
| Costs of own fundraising in percent | 40,6% | 19% |
|-------------------------------------|-------|-----|

18. Management & administration

Costs incurred for internal management and administration are not charged to the objectives or fundraising, but are listed separately. The separated Secretary Alliance FfF costs included here came to €142.240

| | | |
|-------------------------------------------------------------|------|----|
| Management and administration costs as percentage of total. | 7,3% | 7% |
|-------------------------------------------------------------|------|----|

Explanation of the income and expenditure account (cont.)

| | <u>2013</u> | <u>2012</u> |
|----------------------------------------------------------------|-----------------|---------------|
| | € x 1,000 | € x 1,000 |
| Specification of personnel costs | | |
| Gross salaries | 2.893,7 | 2.808,9 |
| Supplements | 487,2 | 498,2 |
| Social security contributions | 450,0 | 458,0 |
| Pension | 371,3 | 349,5 |
| From project financing | <u>1.347,1-</u> | <u>848,9-</u> |
| | 2.855,1 | 3.265,7 |
| Travel expenses | 126,6 | 101,8 |
| Hired staff | 387,7 | 133,3 |
| Other personnel costs | <u>252,5</u> | <u>178,3</u> |
| | 766,8 | 413,4 |
| Total | 3.621,9 | 3.679,1 |
| Average # of FTEs | 68,9 FTE | 66,8 FTE |
| Number of FTEs on balance sheet date in the Netherlands | 69,2 FTE | 68,6 FTE |
| Average # of FTEs Foreign | 9,4 FTE | 6,5 FTE |
| Number of FTEs on balance sheet date foreign | 10,4 FTE | 8,4 FTE |

| | PAX | |
|-------------------------------------------------------|------------|---------|
| | 2013 | 2012 |
| Proposal Regarding the Appropriation of Result | € | € |
| Result | 96.048 | 424.569 |

Motion to adopt and approve

The annual accounts for PAX over 2013 was drafted and signed by the Board of Directors and approved by the Supervisory Board on 23 April 2014, including the already accepted proposal regarding the appropriation of result, as presented on p. 42.

Explanation to the Remuneration for the Board of Directors

Itemisation of the director's remuneration as required by VFI

The institution has the Policy application WNT as frame used in the preparation of these financial statements.

| | | |
|-------------------------------------|------------------|------------------|
| Name | J. Gruiters | F.J.T. Landmeter |
| Job position | General Director | Director |
| Type of contract | indefinite | indefinite |
| hours | 36 | 36 |
| Part-time percentage | 100 | 100 |
| Period | 01-01/31-12 | 01-01/31-12 |
| Salary (EUR) | | |
| Annual Income, gross: | | |
| Gross salary | 80.256 | 73.188 |
| Holiday allowance | 6.421 | 5.855 |
| Year-end allowance, 13th/14th month | 6.661 | 6.075 |
| variable annual income | - | - |
| Total | 93.338 | 85.118 |
| Employers Social Security costs | 8.314 | 8.314 |
| Taxable Disbursement | - | - |
| Employers Pension contribution | 11.818 | 10.637 |
| Other (future) benefits | - | - |
| Severance entitlement | - | - |
| Total remuneration 2013 | 113.470 | 104.069 |
| Total remuneration 2012 | 113.540 | 104.035 |

Boards of Supervisors

The members of the Supervisory board receive no salary, vacation pay or attendance fees for their work. Travel and other expenses are compensated on the basis of cost incurred.

Compensations

**Table: Itemisation of expenses
in €**

| Expenditures | Fragile states | Repressive states | Security & Disarmament | Networks for Conflict Prevention | Fundraising Private | Fundraising Institutional | Strengthening Civil Society | Management: & Administration | Secretary costs Alliance FfF | Total 2013 | Total 2012 |
|------------------------------------------------------|------------------|-------------------|------------------------|----------------------------------|---------------------|---------------------------|-----------------------------|------------------------------|------------------------------|-------------------|-------------------|
| 1. Grants and contributions | 1.017.498 | 665.036 | 2.989 | 38.195 | | | 587 | | | 1.724.305 | 847.012 |
| 2. Purchases and acquisitions | 1.556.320 | 429.118 | 601.016 | 163.615 | 72.479 | 9.547 | 23.213 | | 142.240 | 2.997.548 | 2.736.329 |
| 3. Publicity and Promotion | 234.509 | 142.531 | 135.895 | 63.202 | | | 10 | | | 576.147 | 652.779 |
| 4. Personnel | 1.097.356 | 666.959 | 635.903 | 295.747 | 102.836 | 206.027 | 124.422 | 599.265 | | 3.728.515 | 3.679.517 |
| 5. Accommodations | 159.293 | 96.816 | 92.308 | 42.931 | 15.241 | 29.907 | 18.061 | 72.741 | | 527.298 | 254.875 |
| 6. Office expenses | 20.422 | 12.412 | 11.834 | 5.504 | 1.742 | 3.834 | 2.316 | 24.430 | | 82.494 | 46.135 |
| 7. General expenses | 831 | 505 | 481 | 224 | 3 | 156 | 94 | 5.851 | | 8.145 | 39 |
| 8. ICT | 97.937 | 59.524 | 56.753 | 26.395 | 9.383 | 18.387 | 11.104 | 43.759 | | 323.242 | 203.618 |
| 9. Depreciation and interest | 39.248 | 23.854 | 22.744 | 10.578 | 3.761 | 7.369 | 4.450 | 17.536 | | 129.540 | 190.136 |
| 10. Management costs | | | | | | | | 55.983 | | 55.983 | 1.673 |
| Total | 4.223.414 | 2.096.755 | 1.559.923 | 646.391 | 205.445 | 275.227 | 184.257 | 819.565 | 142.240 | 10.153.217 | 8.612.113 |
| | 41,5% | 20,7% | 15,3% | 6,4% | 2,0% | 2,7% | 1,8% | 8,1% | 1,4% | | |
| Correction to Regional peace programmes through 2010 | | | | | | | | | | - | 50.844 |
| Partners in Masterpeace project | | | | | | | | | | 250.000 | 250.000 |
| Freedom from Fear Alliance parties | | | | | | | | | | 2.830.211 | 2.830.210 |
| | | | | | | | | | | 13.233.428 | 11.743.168 |

Explanation to expenses and distribution:

1. Payments to partner organisations with whom we work when carrying out projects.
2. Direct programme costs, i.e. purchasing, hiring, travel and accommodation expenses
3. Direct programme costs for communication
- 4.-10. The total cost of the organisation is based on a retrospectively charted hourly rate allocated to the programmes.

**STATEMENT OF INCOME AND EXPENDITURE
2014 BUDGET**

| | Actual 2013 | Budget 2014 |
|------------------------------------------------------------|-------------------|-------------------|
| | € | € |
| INCOME | | |
| Private fundraising | 506.216 | 545.300 |
| Grants from Institutional Donors | 1.382.932 | 1.758.333 |
| Income from third parties | 500.000 | 500.000 |
| Grants from Dutch government | 8.024.082 | 9.324.172 |
| Grants from Dutch government alliance parties | 2.830.211 | 2.850.000 |
| Interest and investment income | 48.105 | |
| Other income | 37.930 | |
| Total income | 13.329.476 | 14.977.805 |
| EXPENSES | | |
| Spent on behalf of the objective | | |
| Human Security and Human Rights in Fragile States | 4.223.414 | 5.430.251 |
| Human Security and a voice in Repressive States | 2.096.755 | 2.712.364 |
| Security & Disarmament | 1.559.923 | 2.028.632 |
| Networks for conflict prevention and Peace Building | 646.391 | 407.496 |
| Partners in Masterpeace project | 250.000 | 250.000 |
| Strengthening Civil Society | 184.257 | 112.533 |
| The Freedom from Fear Alliance parties' MFS II liabilities | 2.830.211 | 2.850.000 |
| | 11.790.951 | 13.791.276 |
| Acquisition costs | | |
| Cost of private fundraising | 205.445 | 161.762 |
| Cost of institutional donor fundraising | 275.227 | 209.937 |
| | 480.672 | 371.699 |
| Management and administration | | |
| Cost of management and administration | 961.805 | 919.530 |
| Total Expenditures | 13.233.428 | 15.082.505 |
| Result | 96.048 | 104.700- |
| Appropriation of Result | | |
| Continuity reserve | 59.664 | |
| Short term reserve | 36.384 | |
| | 96.048 | |

Independent Accountant's Audit Report



Independent auditor's report

To: the Board of Supervisors and the directors of Stichting Vredesbeweging Pax Nederland

Report on the financial statements

We have audited the Financial Statements 2013 of Stichting Vredesbeweging Pax Nederland, Utrecht, on pages 19 to 55 of the Financial Accounts 2013 which comprise the consolidated and the foundation balance sheet as at 31 December 2013, the consolidated and the foundation statement of income and expenditure for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

The board of directors' responsibility

The board of directors is responsible for the preparation and fair presentation of these financial statements in accordance with the Guideline for annual reporting 650 'Fundraising Institutions' of the Dutch Accounting Standards Board and the Beleidsregels toepassing Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT. The board of directors is also responsible for the preparation of these financial statements in accordance with the Beleidsregels toepassing WNT of financial eligibility, as defined in the Controleprotocol WNT of the Beleidsregels toepassing WNT. Furthermore, the board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Beleidsregels toepassing WNT including the Controleprotocol WNT. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the compliance to the Beleidsregels toepassing WNT of financial eligibility, 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. An audit also includes evaluating the appropriateness of accounting policies and the applied WNT requirements regarding financial eligibility used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Vredesbeweging Pax Nederland as at 31 December 2013 and of its result for the year then ended in accordance with the Guideline for annual reporting 650 'Fundraising Institutions' of the Dutch Accounting Standards Board and the Beleidsregels toepassing WNT.

Also, in our opinion the financial statements 2013, in all material respects, comply with the WNT requirements regarding financial eligibility, as defined in the Controleprotocol WNT of the Beleidsregels toepassing WNT.

Report on annual report

We have no deficiencies to report as a result of our examination whether the annual report, to the extent we can assess, has been prepared in accordance with the Guideline for annual reporting 650 'Fundraising Institutions' of the Dutch Accounting Standards Board. Further, we report that the annual report, to the extent we can assess, is consistent with the financial statements.

The Hague, 24 April 2014

KPMG Accountants N.V.

J.A.A.M. Vermeeren RA



Financial Accounts 2013

Financial Statements 2013

Stichting Interkerkelijk Vredesberaad

woensdag 23 april 2014

BALANCE SHEET

(after appropriation of result)

| | | 31 December <u>2013</u> € | 31 December <u>2012</u> € |
|----------------------------------|---|---------------------------------|---------------------------------|
| ASSETS | | | |
| Receivables | 1 | 6.401 | 21.569 |
| Cash and Cash Equivalents | 2 | 1.447.144 | 1.384.244 |
| | | <u>1.453.545</u> | <u>1.405.813</u> |

BALANCE SHEET

(after appropriation of result)

| | | 31 December 2013 | 31 December 2012 |
|---------------------------|---|-------------------------|-------------------------|
| | | € | € |
| LIABILITIES | | | |
| Reserves and funds | | | |
| Continuity reserve | 3 | 1.369.424 | 1.369.424 |
| Short-term debts | | | |
| Equity loan | 4 | - | 12.606 |
| Other accounts payable | 5 | 56.998 | 23.693 |
| Other Liabilities | 6 | 27.123 | 90 |
| | | <u>84.121</u> | <u>36.389</u> |
| | | <u>1.453.545</u> | <u>1.405.813</u> |

Stichting Interkerkelijk Vredesberaad

STATEMENT OF INCOME AND EXPENDITURE

| | | Actual 2013 <hr style="border-top: 1px solid black;"/> € | | Actual 2012 <hr style="border-top: 1px solid black;"/> € |
|-----------------------------------------|---|------------------------------------------------------------------------------------------|--|------------------------------------------------------------------------------------------|
| INCOME | | | | |
| Private fundraising | 7 | 34.343 | | 22.432 |
| Interest | | 6.247 | | 21.771 |
| Total income | | <hr style="border-top: 1px solid black;"/> 40.590 | | <hr style="border-top: 1px solid black;"/> 44.203 |
| EXPENSES | | | | |
| Spent on behalf of the objective | | | | |
| Networks for conflict prevention | 8 | 38.623 | | 43.622 |
| | | <hr style="border-top: 1px solid black;"/> 38.623 | | <hr style="border-top: 1px solid black;"/> 43.622 |
| Management and administration | | | | |
| Cost of management and administration | 9 | 1.967 | | 581 |
| Total Expenditures | | <hr style="border-top: 1px solid black;"/> 40.590 | | <hr style="border-top: 1px solid black;"/> 44.203 |
| Result | | <hr style="border-top: 1px solid black;"/> <hr style="border-top: 3px double black;"/> - | | <hr style="border-top: 1px solid black;"/> <hr style="border-top: 3px double black;"/> - |

Cash flow Statement

| | <u>2013</u> | <u>2012</u> |
|------------------------------------------------------|----------------------|----------------------|
| | € | € |
| Year End Result | - | - |
| Adjusted for | | |
| Depreciations | - | - |
| Changes in provisions | - | - |
| Interest on income and expenditures | 6.247- | 21.771- |
| Changes in Working Capital | <u>47.376</u> | <u>13.289</u> |
| Cash flow from organisation activities | 41.129 | 8.482- |
| Interest paid/received | <u>21.771</u> | <u>31.095</u> |
| Cash Flow from operating activities | 62.900 | 22.613 |
| Investment /disinvestment in intangible fixed assets | - | - |
| Investment/disinvestment in tangible fixed assets | <u>-</u> | <u>-</u> |
| Cash flow from investing activities | - | - |
| repayment of borrowings/take-up of long term debt | <u>N.a.</u> | <u>N.a.</u> |
| Cash flow from financing activities | - | - |
| Changes in Cash and Cash Equivalents | <u><u>62.900</u></u> | <u><u>22.613</u></u> |

Notes to the 2013 Financial Statements Stichting Interkerkelijk Vredesberaad

General

The 2013 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations (revised in 2011) and the Ministry of Foreign Affairs' co-financing system II regulations (of Ministry of Foreign Affairs MFSII regulations).

Reporting Period

The statements are based on a reporting period of one year. The fiscal year coincides with the calendar year.

Reporting Directive for Fundraising Institutions

This report has been drawn up in accordance with the 2008 guidelines for fundraising institutions (RJ650) as published by the Dutch Council for Annual Reporting. These guidelines provide the public with clear criteria for assessing fundraising cost ratios, expenditure of funds and whether these funds have been spent on the goals for which they were intended. Compliance with these reporting guidelines is an important precondition for a charity to obtain and retain the seal of approval from the Central Bureau of Fundraising of the Netherlands (CBF). The following consolidated financial statements have been prepared from the accounting records of PAX and in accordance with the organisation's accounting policies.

Cash flow statement

The cash flow statement is prepared using the indirect method.

Principles for the Valuation of Assets, Liabilities and Financial Results

General

The principles applied in evaluating assets and liabilities and determining financial results are based on nominal value. Revenues and expenses are matched to the period in which they occurred (according to the matching principle). Revenues from legacy are recorded in the year that their size can be reliably established.

Principles for the Translation of Foreign Currencies

The currency used throughout this report is the Euro (€).

Transactions denominated in foreign currency are translated into the relevant functional currency of the group companies at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into euro's at the applicable exchange rates applying on the transaction date. Translation gains and losses are taken to the profit and loss account as expenditure.

Principles for the Valuation of Assets and Liabilities

Intangible Fixed Assets

Intangible fixed assets (software) are valued at purchase price. Amortization is calculated according to the straight line method in 5 years.

Tangible Fixed Assets

Tangible fixed assets are valued at acquisition price minus depreciation using their estimated economic life time. Any residual value is taken into account.

The annual depreciation is set as basis for the following structure:

- IT equipment: First year 40%, second year 30%, third year 20%, fourth year 10%
- furniture and other equipment: According to the straight-line method in 5 years
- system for membership records: According to the straight-line method in 5 years
- refurbishing costs: According to the straight-line method in 10 years

Assets with a long life should be tested for impairment in the case of changes or circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.)

If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

Financial Instruments

Financial Instruments include receivables, cash and cash equivalents, cash and accounts receivables, current liabilities and other liabilities. Financial instruments are initially recognised at fair value. After initial recognition the financial instruments are measured at amortised costs on the basis of the effective interest method. The amortised costs equals the fair value. The fair value is based on the estimated present value of the future net cash flows. Purchased loans and other receivables are measured at amortised costs on the basis of the effective interest method, less impairment losses. Financial commitments that are not held for trading are carried at amortised cost on the basis of the effective interest rate method.

Commitments of which the grant is announced in the book year are fully recorded in that year.

Balance positions for current projects consist of grants yet to be received and costs yet to be paid for these projects.

Donations and subsidies

In 2006, IKV foundation's ruling body and PAX Christi's Membership Council decided to book the two organisation's income from individuals and institutional funding as the partnership's income. This is done after deducting the resources that the two entities require for their own activities and organisational expenses. Legacies left specifically to IKV or PAX Christi are not included here, nor are results from previous financial years. IKV and PAX Christi contract out the implementation of their programmes and services to PAX.

Costs

The organisational expenses are allocated on the basis of actual cost of the number of hours really worked.

- a. Objectives
- b. Cost of fundraising
- c. Management and administration costs

These are specified in the table explaining expense distribution.

Explanation of the balance sheet

| | 31 December 2013 | 31 December 2012 |
|---------------------------------------|---------------------|---------------------|
| | € | € |
| 1 Receivables | | |
| Other receivables | 6.401 | 21.569 |
| | <u>6.401</u> | <u>21.569</u> |
| 2 Cash and cash equivalents | | |
| Deposits (term under 3 months) | 1.302.830 | 1.238.014 |
| Credit balance on Dutch Bank accounts | 144.314 | 146.230 |
| | <u>1.447.144</u> | <u>1.384.244</u> |
| 3 Continuity reserve | | |
| Continuity reserve as at January 1 | 1.369.424 | 1.369.424 |
| Allocation of the result | - | - |
| Balance as at December 31 | <u>1.369.424</u> | <u>1.369.424</u> |
| 4 Equity loan | | |
| Drawn but not called fund units | - | 8.516 |
| Interest owed on equity loan | - | 4.090 |
| Balance as at December 31 | <u>-</u> | <u>12.606</u> |

Explanation of the balance sheet (cont.)

| | 31 December 2013 | 31 December 2012 |
|---------------------------------------|---------------------|---------------------|
| | € | € |
| 5 Current accounts | | |
| Current accounts PAX | 56.998 | 23.693 |
| | <u>56.998</u> | <u>23.693</u> |
| 6 Other short term liabilities | | |
| VU second tranche promotion research | 27.123 | - |
| Bank and other costs | - | 90 |
| | <u>27.123</u> | <u>90</u> |

Stichting Interkerkelijk Vredesberaad

Explanation of the Income and expenditure account

| | 2013 | 2012 |
|---------------------------------------------------------|---------|---------|
| | € | € |
| 7 Income from private fundraising | | |
| Gifts and donations | 23.059 | 23.627 |
| Vredesweek collection | 60.000 | 54.140 |
| Legacies | - | 2.250 |
| Release participation loan | 8.106 | - |
| Contribution private fundraising PAX | 56.822- | 57.585- |
| | 34.343 | 22.432 |
| | | |
| 8 Spent on objective Networks for peace building | | |
| Support for research on New Wars, New Peace | 27.123 | 27.123 |
| Contribution Chair Vrije Universiteit M. Glasius | 11.500 | 16.499 |
| | 38.623 | 43.622 |
| | | |
| 9 Cost Management and administration | | |
| Office expenses | - | 24 |
| Management costs | 1.663 | 198 |
| Other costs | 304 | 359 |
| | 1.967 | 581 |

Boards of supervisors

The members of the Supervisory board receive no salary, vacation pay or attendance fees for their work. Travel and other expenses are compensated on the basis of cost incurred.

| | | |
|---------------|-------|-------|
| Compensations | 1.168 | 1.225 |
|---------------|-------|-------|

Proposal Regarding the Appropriation of Result

| | <u>2013</u> | <u>2012</u> |
|---------------|-------------|-------------|
| | € | € |
| Result | - | - |

Motion to adopt and approve

The annual accounts for PAX over 2013 was drafted and signed by the Board of Directors and approved by the Supervisory Board on 23 April 2014, including the already accepted proposal regarding the appropriation of result, as presented on p. 62.

**STATEMENT OF INCOME AND EXPENDITURE
2014 BUDGET**

| | Actual 2013 <u>€</u> | Budget 2014 <u>€</u> |
|--------------------------------------------------|----------------------------|----------------------------|
| INCOME | | |
| Income from private fundraising | | |
| Gifts and donations | 23.059 | 23.000 |
| Vredesweek collection | 60.000 | 60.000 |
| Legacies | - | - |
| Release participation loan | 8.106 | - |
| Contribution private fundraising PAX | <u>56.822-</u> | <u>54.400-</u> |
| | 34.343 | 28.600 |
| | | |
| Other income | | |
| Interest and investment income | 6.247 | 12.000 |
| | <u> </u> | <u> </u> |
| Total income | 40.590 | 40.600 |
| | | |
| EXPENSES | | |
| Networks for peace building | | |
| Support for research on New Wars, New Peace | 27.123 | 27.100 |
| Contribution Chair Vrije Universiteit M. Glasius | <u>11.500</u> | <u>11.500</u> |
| | 38.623 | 38.600 |
| | | |
| Cost Management and administration | | |
| Management costs | 1.663 | 1.500 |
| Bank and other costs | <u>304</u> | <u>500</u> |
| | 1.967 | 2.000 |
| | <u> </u> | <u> </u> |
| Total liabilities | 40.590 | 40.600 |
| | | |
| Result | <u><u>-</u></u> | <u><u>-</u></u> |



Financial Accounts 2013

Financial Statements 2013

Vereniging "Vredesbeweging Pax Christi Nederland"

Woensdag 23 april 2014

Vereniging "Vredesbeweging Pax Christi Nederland"

BALANCE SHEET

(after appropriation of result)

| | | 31 December <u>2013</u> € | 31 December <u>2012</u> € |
|---------------------------|---|---------------------------------|---------------------------------|
| ASSETS | | | |
| Receivables | 1 | 191.220 | 127.480 |
| Cash and Cash Equivalents | 2 | 159.236 | 66.222 |
| | | <u><u>350.456</u></u> | <u><u>193.702</u></u> |

Vereniging "Vredesbeweging Pax Christi Nederland"

BALANCE SHEET

(after appropriation of result)

| | | 31 December 2013 | 31 December 2012 |
|---------------------------|---|---------------------|---------------------|
| | | € | € |
| LIABILITIES | | | |
| Reserves and funds | | | |
| Continuity reserve | 3 | 2.479 | 2.479 |
| Short-term debts | | | |
| Short term debts | 4 | 347.977 | 191.223 |
| | | <u>350.456</u> | <u>193.702</u> |

Vereniging "Vredesbeweging Pax Christi Nederland"

STATEMENT OF INCOME AND EXPENDITURE

| | Actual | Budget | Actual |
|-----------------------------------------|----------------|----------------|----------------|
| | 2013 | 2013 | 2012 |
| | € | € | € |
| INCOME | | | |
| Private fundraising | 5 65.710 | 65.300 | 64.513 |
| Grants from institutional donors | 6 43.411 | 43.500 | 40.185 |
| Interest | 177 | 200 | 223 |
| Total income | 109.298 | 109.000 | 104.921 |
| EXPENSES | | | |
| Spent on behalf of the objective | 7 | | |
| Networks for peace building | 62.715 | 60.500 | 59.416 |
| | <u>62.715</u> | <u>60.500</u> | <u>59.416</u> |
| Management and administration | 8 | | |
| Cost of management and administration | 46.583 | 48.500 | 45.505 |
| Total Expenditures | 109.298 | 109.000 | 104.921 |
| Result | - | - | - |

Vereniging "Vredesbeweging Pax Christi Nederland"

Cash flow Statement

| | 2013 | 2012 |
|------------------------------------------------------|---------------|--------------|
| | € | € |
| Year End Result | - | - |
| Adjusted for | | |
| Depreciations | - | - |
| Changes in provisions | - | - |
| Interest on income and expenditures | 177- | 223- |
| Changes in Working Capital | 92.968 | 3.131 |
| Cash flow from organisation activities | 92.791 | 2.908 |
| Interest paid/received | 223 | 200 |
| Cash Flow from operating activities | 93.014 | 3.108 |
| Investment /disinvestment in intangible fixed assets | - | - |
| Investment/disinvestment in tangible fixed assets | - | - |
| Cash flow from investing activities | - | - |
| repayment of borrowings/take-up of long term debt | N.a. | N.a. |
| Cash flow from financing activities | - | - |
| Changes in Cash and Cash Equivalents | 93.014 | 3.108 |

Notes to the 2013 Financial Statements Vereniging "Vredesbeweging Pax Christi Nederland

General

The 2013 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations (revised in 2011) and the Ministry of Foreign Affairs' co-financing system II regulations (of Ministry of Foreign Affairs MFSII regulations).

Reporting Period

The statements are based on a reporting period of one year. The fiscal year coincides with the calendar year.

Reporting Directive for Fundraising Institutions

This report has been drawn up in accordance with the 2008 guidelines for fundraising institutions (RJ650) as published by the Dutch Council for Annual Reporting. These guidelines provide the public with clear criteria for assessing fundraising cost ratios, expenditure of funds and whether these funds have been spent on the goals for which they were intended. Compliance with these reporting guidelines is an important precondition for a charity to obtain and retain the seal of approval from the Central Bureau of Fundraising of the Netherlands (CBF). The following consolidated financial statements have been prepared from the accounting records of PAX and in accordance with the organisation's accounting policies.

Cash flow statement

The cash flow statement is prepared using the indirect method.

Principles for the Valuation of Assets, Liabilities and Financial Results

General

The principles applied in evaluating assets and liabilities and determining financial results are based on nominal value. Revenues and expenses are matched to the period in which they occurred (according to the matching principle). Revenues from legacy are recorded in the year that their size can be reliably established.

Principles for the Translation of Foreign Currencies

The currency used throughout this report is the Euro (€).

Transactions denominated in foreign currency are translated into the relevant functional currency of the group companies at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into euro's at the applicable exchange rates applying on the transaction date. Translation gains and losses are taken to the profit and loss account as expenditure.

Principles for the Valuation of Assets and Liabilities

Intangible Fixed Assets

Intangible fixed assets (software) are valued at purchase price. Amortization is calculated according to the straight line method in 5 years.

Tangible Fixed Assets

Tangible fixed assets are valued at acquisition price minus depreciation using their estimated economic life time. Any residual value is taken into account.

The annual depreciation is set as basis for the following structure:

- IT equipment: First year 40%, second year 30%, third year 20%, fourth year 10%
- furniture and other equipment: According to the straight-line method in 5 years
- system for membership records: According to the straight-line method in 5 years
- refurbishing costs: According to the straight-line method in 10 years

Assets with a long life should be tested for impairment in the case of changes or circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.)

If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

Financial Instruments

Financial Instruments include receivables, cash and cash equivalents, cash and accounts receivables, current liabilities and other liabilities. Financial instruments are initially recognised at fair value. After initial recognition the financial instruments are measured at amortised costs on the basis of the effective interest method. The amortised costs equals the fair value. The fair value is based on the estimated present value of the future net cash flows. Purchased loans and other receivables are measured at amortised costs on the basis of the effective interest method, less impairment losses. Financial commitments that are not held for trading are carried at amortised cost on the basis of the effective interest rate method.

Commitments of which the grant is announced in the book year are fully recorded in that year.

Balance positions for current projects consist of grants yet to be received and costs yet to be paid for these projects.

Donations and subsidies

In 2006, IKV foundation's ruling body and Pax Christi's Membership Council decided to book the two organisation's income from individuals and institutional funding as the partnership's income. This is done after deducting the resources that the two entities require for their own activities and organisational expenses. Legacies left specifically to IKV or Pax Christi are not included here, nor are results from previous financial years. IKV and Pax Christi contract out the implementation of their programmes and services to PAX

Costs

The organisational expenses are allocated on the basis of actual cost of the number of hours really worked.

- a. Objectives
- b. Cost of fundraising
- c. Management and administration costs

These are specified in the table explaining expense distribution.

Vereniging "Vredesbeweging Pax Christi Nederland"

Explanation of the balance sheet

| | 31 December 2013 | 31 December 2012 |
|------------------------------------------------|---------------------|---------------------|
| | € | € |
| 1 Receivables | | |
| Accounts receivables Inheritances and legacies | 99.928 | 79.551 |
| Account receivable 'Mensen van Goede Wil' | 91.162 | 47.751 |
| Interest and interest gifts | 130 | 178 |
| | 191.220 | 127.480 |
| | | |
| 2 Cash and cash equivalents | | |
| Deposits (no term) | 159.236 | 66.222 |
| | | |
| 3 Continuity reserve | | |
| Continuity reserve as at January 1 | 2.479 | 2.479 |
| Allocation of the result | - | - |
| Balance as at December 31 | 2.479 | 2.479 |
| | | |
| 4 Short-term debts | | |
| Current account 'PAX | 347.477 | 190.560 |
| Other short term liabilities | 500 | 663 |
| Balance as at December 31 | 347.977 | 191.223 |

Vereniging "Vredesbeweging Pax Christi Nederland"

Explanation of the Income and expenditure account

| | 2013 | 2012 |
|------------------------------------------------|----------|----------|
| | € | € |
| 5 Income from private fundraising | | |
| Gifts and donations | 317.283 | 317.682 |
| Contribution | 93.045 | 95.185 |
| Vredesweek collection | 57.053 | 43.770 |
| Legacies | 39.841 | 101.562 |
| Contribution private fundraising PAX | 441.512- | 493.686- |
| | 65.710 | 64.513 |
| | | |
| 6 Income form institutional fundraising | | |
| Mensen van Goede Wil | 43.411 | 40.185 |
| | 43.411 | 40.185 |
| | | |
| 7 Networks for peace building | | |
| Contribution Pax Christi International | 62.464 | 59.416 |
| Chair at the V.U. | 251 | - |
| | 62.715 | 59.416 |
| | | |
| 8 Cost Management and administration | | |
| Council of members | 638 | 1.448 |
| Costs private fundraising | 43.411 | 40.508 |
| Bank and other costs | 2.534 | 3.549 |
| | 46.583 | 45.505 |

Boards of supervisors

The members of the Supervisory board receive no salary, vacation pay or attendance fees for their work. Travel and other expenses are compensated on the basis of cost incurred.

| | | |
|---------------|-----|-------|
| Compensations | 412 | 1.175 |
|---------------|-----|-------|

Vereniging "Vredesbeweging Pax Christi Nederland"

Proposal Regarding the Appropriation of Result

| | <u>2013</u> | <u>2012</u> |
|---------------|-------------|-------------|
| | € | € |
| Result | - | - |

Motion to adopt and approve

The annual accounts for the Vereniging "Vredesbeweging Pax Christi Nederland" over 2013 was drafted and signed by the Board of Directors and approved by the Supervisory Board on 23 April 2014, including the already accepted proposal regarding the appropriation of result, as presented on p. 74

Vereniging "Vredesbeweging Pax Christi Nederland"

STATEMENT OF INCOME AND EXPENDITURE 2014 BUDGET

| | Actual 2013 € | Budget 2014 € |
|--------------------------------------------------|---------------------|---------------------|
| INCOME | | |
| Income from private fundraising | | |
| Gifts and donations | 317.283 | 280.000 |
| Contribution | 93.045 | 90.000 |
| Vredesweek collection | 57.053 | 55.000 |
| Legacies | 39.841 | 20.000 |
| Contribution private fundraising PAX | 441.512- | 368.900- |
| | 65.710 | 76.100 |
| Income form institutional fundraising | | |
| Mensen van Goede Wil | 43.411 | 11.200 |
| Other income | | |
| Interest and investment income | 177 | 200 |
| | | |
| Total income | 109.298 | 87.500 |
| EXPENSES | | |
| Networks for peace building | | |
| Contribution Pax Christi International | 62.464 | 64.100 |
| Chair at the V.U. | 251 | 500 |
| | 62.715 | 64.600 |
| Cost Management and administration | | |
| Council of members | 638 | 1.000 |
| Costs private fundraising | 43.411 | 19.400 |
| Bank and other costs | 2.534 | 2.500 |
| | 46.583 | 22.900 |
| Total liabilities | 109.298 | 87.500 |
| Result | - | - |



Financial Accounts 2013

Financial Statements 2013

Stichting Katholieke vredesbeweging

woensdag 23 april 2014

BALANCE SHEET

(after appropriation of result)

| | | 31 December <u>2013</u> € | 31 December <u>2012</u> € |
|----------------------------------|---|---------------------------------|---------------------------------|
| ASSETS | | | |
| Tangible fixed assets | 1 | 19.734 | 7.539 |
| Financial fixed assets | 2 | 26.879 | 26.470 |
| Receivables | 3 | 151 | 1.676 |
| Cash and Cash Equivalents | 4 | 182.269 | 200.577 |
| | | <u><u>229.033</u></u> | <u><u>236.262</u></u> |

BALANCE SHEET

(after appropriation of result)

| | | 31 December 2013 | 31 December 2012 |
|--------------------|---|-----------------------|-----------------------|
| | | € | € |
| LIABILITIES | | | |
| Continuity reserve | 5 | 4.753- | 55.264 |
| Provisions | 6 | - | 160.000 |
| Short term debts | 7 | 233.786 | 20.998 |
| | | <u>229.033</u> | <u>236.262</u> |

Stichting Katholieke Vredesbeweging

STATEMENT OF INCOME AND EXPENDITURE

| | | Actual 2013 € | Actual 2012 € |
|-----------------------------------------|----|---------------------|---------------------|
| INCOME | | | |
| Private fundraising | 8 | 161.700 | 161.700 |
| Income interest and from investment | 9 | 1.797 | 6.330 |
| Total income | | 163.497 | 168.030 |
| EXPENSES | | | |
| Spent on behalf of the objective | | | |
| Gifts | 10 | - | 161.700 |
| | | - | 161.700 |
| Management and administration | | | |
| | 11 | | |
| Cost of management and administration | | 223.513 | 199.933 |
| Total Expenditures | | 223.513 | 361.633 |
| Result | | 60.016- | 193.603- |

Cash flow Statement

| | <u>2013</u> | <u>2012</u> |
|------------------------------------------------------|-----------------------|-----------------------|
| | € | € |
| Year End Result | 60.016- | 193.603- |
| Adjusted for | | |
| Depreciations | 1.645 | 1.414 |
| Changes in provisions | 160.000- | 151.281 |
| Interest on income and expenditures | 1.798- | 6.330- |
| Changes in Working Capital | <u>209.371</u> | <u>27.547</u> |
| Cash flow from organisation activities | 10.798- | 19.691- |
| Interest paid/received | <u>6.330</u> | <u>6.597</u> |
| Cash Flow from operating activities | 4.468- | 13.094- |
| Investment /disinvestment in intangible fixed assets | - | - |
| Investment/disinvestment in tangible fixed assets | <u>13.840-</u> | <u>-</u> |
| Cash flow from investing activities | 13.840- | - |
| repayment of borrowings/take-up of long term debt | <u>N.a.</u> | <u>N.a.</u> |
| Cash flow from financing activities | - | - |
| Changes in Cash and Cash Equivalents | <u><u>18.308-</u></u> | <u><u>13.094-</u></u> |

Notes to the 2013 Financial Statements Stichting Katholieke Vredesbeweging

General

The 2013 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations (revised in 2011) and the Ministry of Foreign Affairs' co-financing system II regulations (of Ministry of Foreign Affairs MFSII regulations).

Reporting Period

The statements are based on a reporting period of one year. The fiscal year coincides with the calendar year.

Reporting Directive for Fundraising Institutions

This report has been drawn up in accordance with the 2008 guidelines for fundraising institutions (RJ650) as published by the Dutch Council for Annual Reporting. These guidelines provide the public with clear criteria for assessing fundraising cost ratios, expenditure of funds and whether these funds have been spent on the goals for which they were intended. Compliance with these reporting guidelines is an important precondition for a charity to obtain and retain the seal of approval from the Central Bureau of Fundraising of the Netherlands (CBF). The following consolidated financial statements have been prepared from the accounting records of IKV Pax Christi and in accordance with the organisation's accounting policies.

Cash flow statement

The cash flow statement is prepared using the indirect method

Principles for the Valuation of Assets, Liabilities and Financial Results

General

The principles applied in evaluating assets and liabilities and determining financial results are based on nominal value. Revenues and expenses are matched to the period in which they occurred (according to the matching principle). Revenues from legacy are recorded in the year that their size can be reliably established.

Principles for the Translation of Foreign Currencies

The currency used throughout this report is the Euro (€).

Transactions denominated in foreign currency are translated into the relevant functional currency of the group companies at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into euro's at the applicable exchange rates applying on the transaction date. Translation gains and losses are taken to the profit and loss account as expenditure.

Principles for the Valuation of Assets and Liabilities

Intangible Fixed Assets

Intangible fixed assets (software) are valued at purchase price. Amortization is calculated according to the straight line method in 5 years.

Tangible Fixed Assets

Tangible fixed assets are valued at acquisition price minus depreciation using their estimated economic life time. Any residual value is taken into account.

The annual depreciation is set as basis for the following structure:

- IT equipment: First year 40%, second year 30%, third year 20%, fourth year 10%
- furniture and other equipment: According to the straight-line method in 5 years
- system for membership records: According to the straight-line method in 5 years
- refurbishing costs: According to the straight-line method in 10 years

Financial Fixed Assets

Financial fixed assets relate to certificates of Oikocredit shares which are valued at their nominal value. Every year dividend less management fee added in certificates.

Assets with a long life should be tested for impairment in the case of changes or circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.)

If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

The Stichting Katholieke Vredesbeweging (STIKAV) has signed a lease agreement with the lessor for a period extending through 2028. The rent is free of charge; its value is estimated at €161,000 per year. The lessee makes this property available to the IKV Pax Christi Partnership Foundation. These donations are included in STIKAV's and IKV Pax Christi partnership's annual accounts; the virtual rent is booked in the most recent annual accounts.

Financial Instruments

Financial Instruments include receivables, cash and cash equivalents, cash and accounts receivables, current liabilities and other liabilities. Financial instruments are initially recognised at fair value. After initial recognition the financial instruments are measured at amortised costs on the basis of the effective interest method. The amortised costs equals the fair value. The fair value is based on the estimated present value of the future net cash flows. Purchased loans and other receivables are measured at amortised costs on the basis of the effective interest method, less impairment losses. Financial commitments that are not held for trading are carried at amortised cost on the basis of the effective interest rate method.

Commitments of which the grant is announced in the book year are fully recorded in that year.

Balance positions for current projects consist of grants yet to be received and costs yet to be paid for these projects.

Reserves

The IKV Pax Christi policy on continuity reserve meets the requirements of the CBF.

Special Purpose Reserve

The purpose of the special purpose reserve is determined by the Board.

Special purpose reserves are resources provided for fixed purposes as specified by a third party.

Provisions

Provisions should be valued at the nominal value of the expenses expected to be incurred in settling the liabilities and losses.

A provision is recognised if the following applies:

- the company has a legal or constructive obligation, arising from a past event; and
- the amount can be estimated reliably; and
- it is probable that an outflow of economic benefits will be required to settle the obligation

During 2013 it became clear Stikav had to include an provision due to the foreseen asbestos abatement of a total amount of 160,000 euro.

Donations and subsidies

In 2006, IKV foundation's ruling body and Pax Christi's Membership Council decided to book the two organisation's income from individuals and institutional funding as the partnership's income. This is done after deducting the resources that the two entities require for their own activities and organisational expenses. Legacies left specifically to IKV or Pax Christi are not included here, nor are results from previous financial years. IKV and Pax Christi contract out the implementation of their programmes and services to PAX

Costs

The organisational expenses are allocated on the basis of actual cost of the number of hours really worked.

- a. Objectives
- b. Cost of fundraising
- c. Management and administration costs

These are specified in the table explaining expense distribution.

Explanation of the balance sheet

Explanation of the balance sheet

| | 31 December 2013 € | 31 December 2012 € |
|---------------------------------------------|--------------------------|--------------------------|
| 1 Tangible fixed assets | | |
| Balance as at 31/12 | | |
| Inventory | 19.734 | 7.539 |
| Movement in intangible fixed assets: | | |
| Balance as at January 1 | | |
| Purchase Value | 14.136 | 14.136 |
| Accumulated depreciation | 6.597 | 5.183 |
| Book value | 7.539 | 8.953 |
| Changes in book value | | |
| Purchases | 13.840 | - |
| Disinvestments | | - |
| Depreciations | 1.645 | 1.414 |
| Balance | 12.195 | 1.414- |
| Balance as at December 31 | | |
| Purchase Value | 27.976 | 14.136 |
| Accumulated depreciation | 8.242 | 6.597 |
| Book value | 19.734 | 7.539 |
| 2 Financial fixed assets | | |
| Balance Oikocredit as at January 1 | 26.470 | 26.070 |
| Stock dividend | 409 | 400 |
| Balance Oikocredit as at December 31 | 26.879 | 26.470 |
| 3 Receivables | | |
| Accounts receivables | 151 | 1.676 |
| Balance account PAX | | - |
| | 151 | 1.676 |
| 4 Cash and cash equivalents | | |
| Current accounts | 175.749 | 155.105 |
| Saving accounts | 6.520 | 45.472 |
| | 182.269 | 200.577 |
| 5 Continuity reserve | | |
| Continuity reserve as at January 1 | 55.264 | 248.867 |
| Allocation of the result | 60.016- | 193.603- |
| Balance as at December 31 | 4.752- | 55.264 |

Explanation of the balance sheet

| | 31 December 2013 | 31 December 2012 |
|-------------------------------|---------------------|---------------------|
| | € | € |
| 6 Provision | | |
| Maintenance as at January 1 | 160.000 | 160.000 |
| Spended | 160.000- | - |
| Maintenance as at December 31 | - | 160.000 |
| | | |
| 7 Short-term debts | | |
| Current account PAX | 233.786 | 20.813 |
| Other Liabilities | - | 185 |
| Balance as at December 31 | 233.786 | 20.998 |

Stichting Katholieke Vredesbeweging

Explanation of the Income and expenditure account

| | 2013 | 2012 |
|------------------------------------------------|---------|---------|
| | € | € |
| 8 Income from private fundraising | | |
| Donation, value of free rent | 161.700 | 161.700 |
| 9 Income from interest and investments | | |
| Interest | 1.388 | 5.930 |
| Dividend | 409 | 400 |
| | 1.797 | 6.330 |
| 10 Spent on behalf of the objective | | |
| Gifts, provision of business accommodation PAX | - | 161.700 |
| 11 Cost Management and administration | | |
| Accommodation costs | 221.645 | 198.001 |
| Depreciations | 1.645 | 1.414 |
| Other liabilities | 223 | 518 |
| | 223.513 | 199.933 |

Proposal Regarding the Appropriation of Result

| | <u>2013</u> | <u>2012</u> |
|---------------|-------------|-------------|
| | € | € |
| Result | 60.016- | 193.603- |

Motion to adopt and approve

The annual accounts for the Stichting Katholieke Vredesbeweging over 2013 was drafted and signed by the Board of Directors and approved by the Supervisory Board on 23 April 2014, including the already accepted proposal regarding the appropriation of result, as presented on p. 86

**STATEMENT OF INCOME AND EXPENDITURE
2014 BUDGET**

| | Actual 2013 <u>€</u> | Budget 2014 <u>€</u> |
|------------------------------------------------|----------------------------|----------------------------|
| INCOME | | |
| Private fundraising | | |
| Donation, value of free rent | 161.700 | 161.700 |
| Interest | 1.388 | 2.800 |
| Dividend | 409 | 500 |
| | <hr/> | <hr/> |
| Total income | 163.497 | 165.000 |
| EXPENSES | | |
| Spent on behalf of the objective | | |
| Gifts, provision of business accommodation PAX | - | - |
| Cost Management and administration | | |
| Accommodation costs | 221.645 | 45.000 |
| Depreciations | 1.645 | 2.800 |
| Other liabilities | 223 | 300 |
| | <hr/> | <hr/> |
| Total liabilities | 223.513 | 48.100 |
| | <hr/> | <hr/> |
| Result | <u><u>60.016-</u></u> | <u><u>116.900</u></u> |