



Financial Statements 2016

Contents of 2016 Financial Statements

* For consolidated PAX report and annual accounts, see website www.paxforpeace.nl, section Publications; Annual report 2016.

<https://www.paxforpeace.nl/publications/all-publications/pax-annual-report-2016>

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Consolidated
Financial Statements 2016
Stichting Vredesbeweging Pax Nederland

BALANCE SHEET

(after appropriation of result)

		31 December 2016	31 December 2015
		€	€
ASSETS			
Intangible fixed assets	1	52.632	55.790
Tangible fixed assets	2	122.781	134.630
Financial fixed assets	3	28.137	27.711
Receivables and accrued assets	4	1.162.436	2.229.540
Cash and Cash Equivalents	5	5.883.286	8.932.728
		<u><u>7.249.272</u></u>	<u><u>11.380.399</u></u>

BALANCE SHEET

(after appropriation of result)

		31 December 2016	31 December 2015
		€	€
LIABILITIES			
Reserves and funds			
Continuity reserve	6	2.868.834	2.034.160
Earmarked reserve	7	100.000	100.000
Provisions	8	40.000	40.000
Short-term debts			
Subsidy commitments	9	3.233.144	7.863.942
Other accounts payable	10	347.860	485.261
Other liabilities	11	659.434	857.036
		<u>4.240.438</u>	<u>9.206.239</u>
		<u>7.249.272</u>	<u>11.380.399</u>

STATEMENT OF INCOME AND EXPENDITURE

		Actual	Budget	Actual
		2016	2016	2015
		€	€	€
INCOME				
Income from own fundraising	12	1.392.391	2.955.575	1.423.706
Income from joint actions		-	-	-
Income from third parties	13	837.906	1.131.584	1.200.288
Grants from governments	14	15.986.418	13.425.997	13.030.596
Interest and investment income	15	31.005	50.150	41.205
Other income	16	38.698	35.000	321.057
Total income		18.286.418	17.598.306	16.016.852
EXPENDITURE				
Spent on behalf of the objective	17			
Community-Based Security and Citizens Rights		9.681.751	7.478.524	-
Dealing with the Past		1.547.747	1.085.895	-
Humanitarian Disarmament		1.806.197	1.714.275	-
Natural Resources and Conflict.		1.569.383	3.212.940	-
Protection of Civillians		744.083	1.402.863	-
Human Security and Human Rights in Fragile States		-	-	6.043.016
Human Security and a voice in Repressive States		-	-	3.743.396
Security & Disarmament		-	-	1.577.153
Networks for conflict prevention and Peace Building		-	-	208.764
Networks for peace building		53.832	86.100	140.866
Partners in Masterpeace project (ended 2015)		-	250.000	500.000
Strengthening Civil Society (from 2016 part of programmes)		-	116.000	197.170
Freedom from Fear Alliance parties MFSII - SP D&D		827.975	1.094.356	2.830.211
		<u>16.230.968</u>	<u>16.440.953</u>	<u>15.240.576</u>
Acquisition costs	18			
Cost of own fundraising		211.998	239.968	227.803
Cost of joint actions		-	-	-
Cost of third parties		74.255	73.568	72.640
Cost of grants from governments		197.962	279.567	297.057
Cost of investment income		124	150	122
		<u>484.339</u>	<u>593.253</u>	<u>597.622</u>
Management and administration	19			
Cost of management and administration		736.437	564.100	660.694
Total Expenditures		17.451.744	17.598.306	16.498.892
Result		<u>834.674</u>	<u>-</u>	<u>482.040-</u>
Appropriation of Result				
Continuity reserve		834.674		582.040-
Earmarked reserve		-		100.000
		<u>834.674</u>		<u>482.040-</u>

Cash flow Statement

		<u>2016</u>	<u>2015</u>
		€	€
Year End Result		834.674	482.040-
Adjusted for			
Depreciations	1,2	93.390	139.603
Changes in provisions	8	-	-
Interest on Income and expenditure	16	10.198-	24.601-
Changes in Receivables and accrued assets	4	1.067.104	1.281.175-
Changes in Short-term debts	9,10,11	4.965.801-	5.561.282
		<u>2.980.831-</u>	<u>3.913.069</u>
	Cash flow from operating activities		
Interest received	16	10.198	24.600
	Cash Flow from primair activities	<u>10.198</u>	<u>24.600</u>
Investment/disinvestment in intangible fixed assets	1	31.967-	12.660-
Investment/disinvestment in tangible fixed assets	2	46.416-	95.855-
Investment/disinvestment in financial fixed assets	3	426-	420-
	Cash flow from investing activities	<u>78.809-</u>	<u>108.935-</u>
Release of MFS II interest component in the Earmarked reserve		-	112.266-
	Cash flow from financing activities	<u>-</u>	<u>112.266-</u>
	Changes in Cash and Cash Equivalents	<u><u>5</u> 3.049.442-</u>	<u><u>3.716.468</u></u>

Notes to the 2016 Financial Statements

General

Peace Movement PAX Netherlands Foundation (hereinafter referred to as: PAX) is located and has its registered office in Utrecht, Godebaldkwartier 74. On 1 April 2017 we moved to St. Jacobsstraat 12. PAX works together with involved civilians and partners in areas of war to protect human security, to prevent and end armed violence and to build peace with justice.

Notes on Legal Persons

PAX

On 29 January 2014 the statutory name of IKV PAX Christi 'IKV PAX Christi Collaborative Partnership Foundation' was changed to '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) has been combined and taken over by 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 general 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.

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 includes the Roman Catholic Church, the General Baptist Brotherhood, the Moravian Church (Unitas Fratrum), the Old-Catholic Church of the Netherlands, the Protestant Church in the Netherlands and the Remonstrant Brotherhood. PAX Christi's Membership Council builds 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 approve the strategic long-range plans of PAX and each appoint three members to PAX's Supervisory Board.

Catholic Peace Movement Foundation (STIKAV)

The Catholic Peace Movement Foundation (STIKAV) manages the property located at Godebaldkwartier 74 (from 1 April 2017, St. Jacobsstraat 12) in Utrecht, the Netherlands, where PAX's head office is housed. For this purpose, the foundation has signed a lease agreement for a symbolic amount with the legal owner of the property, the Sisters of the Eucharist congregation. 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, PAX's Board of Directors is also STIKAV's board. 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 in time.

Going Concern

These financial statements have been prepared on the basis of the going concern assumption.

Reporting Period

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

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 to 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 statement of income and expenditure as expenditure.

In 2016, the currency translation differences recognised in the statement of income and expenditure account amounted to EUR 2,200 (2015 EUR -7,967).

Reporting Directive for Fundraising Institutions

The 2016 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations (revised in 2011).

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 organisation to obtain and retain the seal of approval from the Central Bureau of Fundraising of the Netherlands (CBF). The consolidated financial statements have been prepared from the accounting records of PAX and in accordance with the organisation's accounting policies.

The Law 'Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)' entered into force on 1 January 2013. PAX falls under Annex I of this Act under WNT. A standard has also been laid down for benefits in connection with the termination of employment of senior executives, and information about these benefits must be disclosed. For the charities, the general standard for the 'Goede Doelen' sector is used, including remuneration and severance fees for directors for 2016 and EUR 179,000 and EUR 75,000 respectively. For supervisory directors, the maximum remuneration according to the norm is 15% for the chairman (EUR 26,850) and 10% for members of the Supervisory Board (EUR 17,900).

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.

In the consolidated financial statements, intra-group debts, receivables and transactions are eliminated. Also, the results on transactions between group members are eliminated to the extent that the results are not realised through transactions with third parties outside the group.

Reclassifications in accordance with RJ650

Reclassification income RJ650

The year's audit revealed that income from former years was not classified in accordance with the RJ650. The income items 2015 and 2016 have been reclassified as own fundraising, joint actions, third parties and grants from governments (including foreign governments).

Reclassification acquisition cost ratios RJ650

According to the RJ650 the acquisition cost ratios are distributed over the different income categories. The 2015 figures have been reclassified accordingly.

Reclassification spent on behalf of the objective

In 2016 the programme structure was altered towards the frame of Theory of Chance (ToC), which encompasses the strategic objectives and the way we aim to achieve those strategic objectives, given a certain context. This change in programme policy and structure is reflected in the adaptation of the statement of income and expenditure. Starting in 2016 the programmes were redefined in a five-year planning period covering 2016-2020 and have no direct systematic relation with the programme structure in former years. Therefore the 2015 figures 'spent on behalf of the objective' are presented in their original structure and have not been reclassified.

Reclassification of cost in the breakdown table

In accordance with directive 650, the secretary cost of alliances is not permitted as a separate section in the breakdown table. This was presented under management and administration. However, it concerns costs for the correct application and justification of the MFS and SP funding. Think of the additional accountant costs, the reporting system costs and the additional costs to take the evaluation to a higher level also with our alliance partners. In addition, cooperation within the alliance with Amnesty and formerly Press Now and GPACC resulted from the MoFa requirement to qualify for MFS/SP. Thus, additional costs are primarily aimed at obtaining and maintaining government subsidies. The 2015 figures have been reclassified accordingly.

Change of method of allocation of cost on the basis of hurrates

The method of cost allocation through the calculation of hourly rates has changed in line with the internal and external calculation, tendering and reporting on tariffs.

The rate structure is as follows:

Direct personnel costs	A
Organisational costs	B
Productive hours	C
Average position-related rate per hour	$D = A/C$
Surcharge for central organisational costs	$E = B/C$
Total hourly rate	$F = D+E$

This change of method has no effect on the final outcome of the calculation compared to former years and does not give occasion to adapt the 2015 figures.

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 values. Revenue and expenses are matched to the period in which they occurred (according to the matching principle). Revenue from legacyis recorded in the year that their size can be reliably established.

Recognise assets and liabilities

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles. An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is recognised in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured reliably. An asset or liability that is recognised in the balance sheet, remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. An asset or liability is no longer recognised in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability being transferred to a third party.

A financial asset or a financial liability is recognised in the balance sheet when the contractual rights or obligations with respect to that instrument arise. A financial instrument is no longer recognised in the balance sheet when there is a transaction that results in a transfer to a third party of all or substantially all of the rights to economic benefits and all or substantially all of the risks related to the position. A purchase or sale according to standard market conventions is, by class of financial assets and financial liabilities, systematically recognised or derecognised in the balance sheet on the trade date (date of entering into binding agreement) / the settlement date (date of transfer).

Recognise statement of income and expenditure

Income is recognised in the statement of income and expenditure when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be reliably measured. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability. Revenues and expenses are allocated to the period to which they relate. Revenues are recognised when the foundation has transferred the significant risks and rewards of ownership of the goods to the buyer.

Allocation of indirect cost

The indirect costs are allocated to the target (spent on objectives) unless they can be directly attributed to the categories of acquisition and/or management and administration.

Recognise currency, price, credit, liquidity and cash flow risks

The currency risk for PAX largely consists of positions and future transactions in US dollars or currencies closely related to US dollars. Management has determined that the cost of hedging these currency risks does not outweigh the benefits.

PAX has no assets that are specifically sensitive to changes in price levels. Surplus cash is conservatively secured in deposits with low interest risk.

PAX has no significant credit risks. Receivables mainly relate to grants from solid governments or multilateral institutions.

Given this low risk cash positioning PAX has secured a sound liquidity balance.

Use of estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

The following accounting policies are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumptions.

- Donor commitments at contracted value
- Work in progress partners on the basis of estimated progress %
- Partner commitments on the basis of progress % and status of control capacity
- Exchange rate fluctuations are partly mitigated by matching donor and partner contracts. For the remaining exposure the currency rates of donor and partner commitments are assumed to remain stable in the relevant contract periods.

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 equal 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.

The foundation has no derivative financial instruments embedded in contracts.

Intangible Fixed Assets

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

Expenditures made after the initial recognition of an acquired or constructed intangible fixed asset are included in the acquisition or construction cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be measured reliably. If expenditures do not meet these conditions, they are recognised as an expense in the statement of income and expenditure.

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 a basis for the following structure:

- Installations: According to the straight-line method in 10 years
- Other fixed operating assets:
 - 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
- Renovation: 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.

Future modification costs concerning restructuring can be covered through the formation of earmarked reserves.

Scheduled maintenance can be included in a provision.

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 is added in certificates.

Receivables

The accounting policies applied for the valuation of other receivables are described under the heading 'Financial instruments'

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this is taken into account in the measurement.

Foreign currency

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the Principles for the Translation of Foreign Currencies.

Cash and cash equivalents not available on demand

The cash and cash equivalents balance includes an amount of EUR 113,460 that is not immediately accessible in 2017. This relates to funds that are in a blocked account because of guarantees issued by the bank.

Continuity reserve

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

Earmarked reserve

The earmarked reserves are related to funds earmarked by the Supervisory Board to be spent on a designated purpose. The earmarked reserves do not reflect an obligation towards any third party and the Supervisory Board has the authority to reverse this reserve.

Provisions

Provision for roof terrace is measured at the nominal value of the best estimate of the expenditures expected to be required to settle the obligations and losses.

A provision is recognised if the following applies:

- the foundation has a legal or constructive obligation, arising from a past event; and
- the amount can be reliably estimated; 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.

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, the IKV Foundation's ruling body and Pax Christi's Membership Council decided to book the two organisations' incomes from individuals and institutional funding as the partnership's income. This was 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.

Distinction between operating and finance leases

A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form. All lease contracts are operational leases.

Lease of buildings

If the foundation acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expenses over the lease term. Lease payments and benefits regarding operating leases are recognised in the statement of income and expenditure on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

Cash flow statement

The cash flow statement is prepared using the indirect method.

Foreign currency cash flows are translated into euros using the weighted average exchange rates for the respective periods.

Income from own fundraising

Income from own fundraising consists of private fundraising and income from capital funds.

Income from private fundraising involves contributions, donations, collections, legacies and the sale of materials.

Except legacies these private fundraising items are accounted for in the year in which they are received or in which the materials are sold. Exceptions are written undertakings that have been received before year-end as these can be accounted for in the current year. Legacies are recognised based on a statement received from the executor in the year in which the amount can be determined reliably.

The valuation of legacies including property is done based on the most recent correspondence and receipts are included up to the preparation of the financial statements. The valuation is done prudently. We work closely together with Centrum Nalatenschappen, who check and archive the documents and calculations.

Income from capital funds is recognised in the statement of income and expenditure in the year in which the subsidised expenditures were incurred.

Income from joint actions

Non-recurring or temporary collaborations are often characterised by the fact that they are not an independent legal entity and the economic risks attached to the activities of the partnership are taken by the participating institutions. In the year under review, we did not have any of these activities.

Income from third parties

Income from third parties is accounted for as such when PAX carries no risk in the fundraising campaign. The income from third parties is recognised in the year in which the income is pledged.

Grants from governments

Grants and subsidies are recognised in the statement of income and expenditure in the year in which the subsidised expenditures were incurred. The grants are recognised where it is probable that they will be received and PAX will comply with all attached conditions.

Interest income and income from investments

The line item interest income and income from investments contains the (gross) interest, dividends and realised and unrealised exchange income. Interest income and expenses are recognised time proportionally. Interest income is recognised as investment income.

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

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

These are specified in the table explaining expense distribution.

This year we have adjusted the allocation to the various cost categories. The direct labour costs and hired experts were numbered among the Purchases and acquisitions of the last years. These costs are now rightly categorised under the item Personnel.

Employee benefits during employment

Employee benefits are charged to the statement of income and expenditure in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the foundation.

Salary top officials

The remuneration of the board of directors is specified on page 21 and 22. See also the Reporting Directive for Fundraising Institutions for an explanation of the application of the WNT guidelines.

Pensions

Pensions are part of the employees' benefits. 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 employees of PAX in the Netherlands have a pension scheme which is administered by pension fund Zorg en Welzijn. This pension scheme is a conditionally indexed average-salary scheme. Entitlements and rights granted are only indexed (adjusted in line with increase in prices) if and to the extent that the pension provider has sufficient resources and has decided accordingly.

The coverage of the sector pension as at December 31, 2016 is 90.1%.

Transactions with related parties

The remuneration of the managing and supervisory directors is specified on page 21 and 22.

Date of preparation of financial statements: June 1 2017

Explanation of the balance sheet

	31 December 2016	31 December 2015		
	€	€		
1. Intangible fixed assets				
Balance as at 31/12 *				
Software	36.879	42.228		
Licences	15.753	13.562		
*) Software and licences are regular enterprise software and licenses	52.632	55.790		
Movement in intangible fixed assets:	Software	Licences	Total	
Balance as at January 1				
Purchase Value	323.930	85.609	409.539	
Accumulated depreciation	281.702	72.047	353.749	
Book value	42.228	13.562	55.790	
Changes in book value				
Purchases	17.834	14.133	31.967	
Disinvestments	-	-	-	
Depreciations	23.183	11.942	35.125	
Balance	5.349-	2.191	3.158-	
Balance as at December 31				
Purchase value	341.764	99.742	441.506	
Accumulated depreciation	304.885	83.989	388.874	
Book value	36.879	15.753	52.632	
2. Tangible fixed assets	31 December 2016	31 December 2015		
Balance as at 31/12				
Installations	11.342	14.140		
Other fixed operating assets	95.863	102.323		
Renovation	15.576	18.167		
	122.781	134.630		
Movement in tangible fixed assets	Installations	Other fixed operating assets	Renovation	Total
Balance as at January 1				
Purchase value	27.976	840.334	298.064	1.166.374
Accumulated depreciation	13.836	738.011	279.897	1.031.744
Book value	14.140	102.323	18.167	134.630
Changes in book value				
Investments *	-	46.416	-	46.416
Disinvestments	-	-	-	-
Depreciations	2.798	52.876	2.591	58.265
Balance	2.798-	6.460-	2.591-	11.849-
Balance as at December 31				
Purchase value	27.976	886.750	298.064	1.212.790
Accumulated depreciation	16.634	790.887	282.488	1.090.009
Book value	11.342	95.863	15.576	122.781
*) Investments in office equipment, workstations and laptops, renewal and enlargement of server capacity				
Both intangible and tangible fixed assets held for business operations.				

Explanation of the balance sheet (cont.)

	31 December 2016	31 December 2015
	€	€
3. Financial Fixed Assets		
Oiko credit certificates *	28.137	27.711
Balance as at January 1		
Book value	27.711	27.291
Received dividend	426	420
Book value as at December 31	28.137	27.711
*) Oiko credit is an organisation that offers capital with favourable conditions for the start-up of a self- owned enterprise to underprivileged. Besides social revenue Oiko certificats generate an honest financial revenue for investors.		
4. Receivables and accrued assets		
Ministry of Foreign Affairs MFS II	-	449.358
Communities of Change Alliance	-	33.389
Cordaid Gender Fund	27.988	-
Other donors	639.622	1.038.796
Currents accounts alliance partners	6.598	263.289
Accounts receivable Inheritances and legacies	-	-
Sales tax	-	228.528
Prepaid salaries and pension contributions	384	-
Income taxes and social security contribution	550	-
Prepaid amounts and guarantees	433.082	201.725
Payments on transfer	46.472	-
Other receivables	7.740	14.455
	1.162.436	2.229.540
No receivables due after more then one year.		
The increase of receivables is mainly due to the expire of contract terms with the final installment.		
5. Cash and Cash equivalents		
Deposits (term under 3 months)	4.976.851	7.839.961
Credit balances on Dutch bank accounts	792.877	1.013.201
Credit balances on foreign bank accounts *)	68.760	27.807
Cash balance on Dutch and foreign banks *)	44.798	51.759
	5.883.286	8.932.728

*) The cash and cash equivalents on foreign bank accounts and banks affect liquidity of our field offices.

The cash and cash equivalents balance includes an amount of € 113,460 that is not immediately accessible. This relates to funds that are in a blocked account because of guarantees issued by the bank.

Consolidated PAX

	31 December 2016	31 December 2015
	€	€
6. Continuity reserve		
Continuity reserve	2.868.834	2.034.159
Balance as at January 1	2.034.159	2.616.199
Allocation of the result	834.675	582.040-
Balance as at December 31 *)	2.868.834	2.034.159
*) Specification at December 31		
PAX	1.491.778	660.967
Pax Christi	2.479	2.479
IKV	1.369.424	1.369.424
STIKAV	5.153	1.289
	2.868.834	2.034.159
7. Earmarked reserve		
Earmarked reserve	100.000	100.000
Balance as at January 1	100.000	112.267
Become available *	-	112.267-
Allocation of the result	-	100.000
Balance as at December 31 **	100.000	100.000
*) Interest from MFS resources is used for the objective		
**) Planning costs for rehousing, part of expected modification costs concerning restructuring Hoog Catharijne. This restructuring however has been delayed by a year. The earmarked reserve as at December 31 is part of STIKAV.		
8. Provisions		
Maintenance costs *	40.000	40.000
Balance as at January 1	40.000	40.000
Provisions used during the year	-	-
Dotation	-	-
Withdrawal due to expences	-	-
Balance as at December 31	40.000	40.000
*) Major maintenance has been deferred. This provision of a short-term nature is part of STIKAV.		
9 Subsidy commitments		
Ministry of Foreign Affairs Strat. Partn. Dialogue and Dissent	*	834.246
Ministry of Foreign Affairs Strat. Partn. Dialogue and Dissent Alliance partner Amnesty International	294.225	-
Ministry of Foreign Affairs Fund not spent in 2016 to be used in 2017	847.612	2.047.982
Communities of Change Alliance	-	-
Cordaid Gender Fund	-	233.233
Payment obligation allotted grants	863.643	345.709
Other expenses to be paid	393.418	84.517
Other prepaid grants by donors	-	-
	3.233.144	7.863.941
*) This amount is the difference between the received advantage left for PAX and the amount spent.		
10 Accounts payable	347.860	485.261
11 Other short term liabilities		
Income taxes and social security contribution	-	1.284
Sales tax	25.018	-
Reservation for leave days and holiday allowance	510.979	357.990
Payable salaries and pension contributions	-	21.289
Other debts, accruals and deferred income	123.436	476.473
	659.433	857.036

No short term liabilities due after more then one year.

Explanation of the balance sheet (cont.)

11B Off-Balance sheet assets and liabilities**Liability and guarantees**

- a PAX has paid € 15,669 as a guarantee for the rent and possible damage of the meeting rooms at Meeting Plaza.
- b PAX has provided a bank guarantee of € 113,460 to Hajofi, lessor of the new office location Jacobstraat, Utrecht, per 01.04.2017.

Other liabilities

	<1 year	1– 5 year	>5 year
Partners & consultants	1.311.834	106.419	
Lease of equipment	14.729	44.186	
Office rent *	340.381	1.815.368	113.460
Service contracts	104.297	556.248	34.766

*) The office rent contract includes a rent-free period of 183,000 EUR

11C Subsequent events after the balance date

There is a guarantee security of € 113.460 in 2017 incurred in connection with the lease of the new building.

The National Postcode Lottery granted in February € 2,000,000 for the project 'The Story of a refugee'.

Explanation of the Income and Expenditure account

	Actual 2016 €	Budget 2016 €	Actual 2015 €
The income items 2015 en 2016 are reclassified according RJ650. See the notes. The sources of income relate to projects with statutory regular destinations. In the terms of the providers of these sources of income no other than statutory regular destinations are included.			
12 Income from own fundraising			
Income from private fundraising			
Contributions	73.609	86.000	76.781
Donations	693.717	453.935	556.930
Churches Collection	64.028	100.000	62.018
Legacies	2.250	100.000	25.352
	<u>833.604</u>	<u>739.935</u>	<u>721.081</u>
Income from Capital funds			
Domestic donors	328.028	1.539.502	488.208
Joseph Rowntree Charitable Trust	50.348	50.348	50.348
The Sigrid Rausing Trust	49.142	49.142	52.912
Open Society Institute	119.754	119.754	-
Other foreign donors	11.515	456.894	111.157
	<u>558.787</u>	<u>2.215.640</u>	<u>702.625</u>
Total Income from own fundraising	<u>1.392.391</u>	<u>2.955.575</u>	<u>1.423.706</u>
13 Income third parties			
National Postcode Lottery (regular contribution)	500.000	500.000	1.000.000
National Postcode Lottery (extra project Lessons in Peace)	289.893	400.000	-
Fundraising organisations	48.013	231.584	200.288
	<u>837.906</u>	<u>1.131.584</u>	<u>1.200.288</u>
14 Grants from Governments			
<i>Direct</i>			
Ministry of Foreign Affairs MFSII 2015 - SP D&D 2016	9.952.828	9.210.218	6.320.864
Freedom from Fear Alliance parties	827.975	1.094.356	2.830.211
Other direct Dutch government	2.842.545	1.420.498	1.807.782
Other direct foreign governments	1.272.939	637.431	706.917
	<u>14.896.287</u>	<u>12.362.503</u>	<u>11.665.774</u>
<i>Indirect</i>			
Communities of Change Alliance	-	-	901.734
Other indirect	1.090.131	1.063.493	463.088
	<u>1.090.131</u>	<u>1.063.493</u>	<u>1.364.822</u>
Total grants from governments	<u>15.986.418</u>	<u>13.425.996</u>	<u>13.030.596</u>
Freedom from Fear Alliance parties	<u>827.975</u>	<u>1.094.356</u>	<u>2.830.211</u>
	<u>15.158.443</u>	<u>12.331.640</u>	<u>10.200.385</u>
*) The Ministry of Foreign Affairs Subsidy Strategic Partnership on Dialogue and Dissent (SP D&D) allocated an amount totalling €59,500,000 for the Freedom from Fear Alliance for the period 2016 through 2020			
15 Interest and investment income			
Interest	30.455	49.400	40.663
Investment income Oikos Credit	550	600	542
	<u>31.005</u>	<u>50.000</u>	<u>41.205</u>
16 Other income			
Annual rent income Stiltecentrum	-	15.000	13.462
Sales tax refund	-	-	215.309
Shared costs, travel expenses and received discounts *)	38.698	20.000	92.286
	<u>38.698</u>	<u>35.000</u>	<u>321.057</u>

*) Costs for travelling together with like-minded organisations and received discounts because for being a charitable organisation.

Explanation of the income and expenditure account (cont.)

	Actual 2016 €	Budget 2016 €	Actual 2015 €
17 Spent on behalf of the objective			
Expenditures on the objective were subdivided by project over six categories. All costs were ascribed to the programmes.			
	Actual direct costs 2016	Actual indirect costs 2016	Total actual 2016
Programme costs (x €1,000)			Total budget 2016
Community-based security and citizens rights	5.544	4.138	9.682
Dealing with the Past	879	669	1.548
Humanitarian Disarmament	546	1.260	1.806
Natural resources and conflict.	644	925	1.569
Protection of Civillians	166	578	744
Human Security in Fragile States	-	-	-
Human Security in Repressive States	-	-	-
Security & Disarmament	-	-	-
Networks for conflict prevention	-	-	-
Networks for Peace building (of IKV and Pax Christi)	54	-	54
Strengthening Civil Society (integrated in programmes)	-	-	-
	7.833	7.570	15.403
Partners in Masterpeace project (ended 2015)			-
The Freedom from Fear Alliance parties' MFS SP liabilities			828
			16.231
			15.097
			250
			1.094
			15.241
Allocation is based on logbook results.			
Details are shown in Table Itemisation of expenses page	27		
Income (x €1,000)			18.286
Expenses (x €1,000)			17.452
			17.598
			16.017
			16.499
			Actual 2016
			Budget 2016
			Actual 2015
			%
Percentage spent on objective in relation to income.			88,8%
Percentage spent on objective in relation to expenses.			92,0%
			95,2%
			92,4%

18 Acquisition costs

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 value of CBF guideline

Cost of own fundraising	15,2%	8,1%	16,0%
Cost of joint actions	-	-	-
Cost of third parties	8,9%	6,5%	6,1%
Cost of grants from governments	1,2%	2,1%	2,3%

19 Management & administration

Costs incurred for internal management and administration are not charged to the objectives or fundraising, but are listed separately.

Management and administration costs as percentage of total expenditures	4,2%	6,0%	5,4%
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Explanation of the income and expenditure account (cont.)

	<u>2016</u>	<u>2015</u>
	€ x 1,000	€ x 1,000
Specification of personnel costs		
* Gross salaries	4.755,2	3.995,3
Social security contributions	777,7	656,0
Pension	<u>479,8</u>	<u>401,9</u>
	6.012,7	5.053,2
** Other personnel costs	1.296,4	1.233,7
Total	7.309,1	6.286,9
Average # of FTEs in the Netherlands	95.4 FTE	80.0 FTE
Number of FTEs on balance sheet date in the Netherlands	107.4 FTE	83.5 FTE
Average # of FTEs foreign	17.7 FTE	12.4 FTE
Number of FTEs on balance sheet date foreign	23.5 FTE	12.0 FTE
Explanation of changes		
Change in employed personnel costs	959,5	
Change in other personnel costs	62,7	
Total change in personnel costs	1.022,2	
Change in number of FTEs on balance sheet date in the Netherlands	23.9 FTE	
Change in number of FTEs on balance sheet date foreign	11.5 FTE	
Total change FTEs on balance sheet	35.4 FTE	
* The growth in FTEs largely explains the growth of employed personnel costs anticipating the growth of budget 2016 till 2020		
** The level of other personnel costs is mainly due to the investments in organisational improvements, strengthening of administration and control as well as monitoring and reporting systems to the end of increased accountability and transparency for the period 2016 till 2020, through hiring of temporary staff.		

Explanation of the Remuneration for the Board of Directors

WNT Accountability 2016

As of January 1, 2013, the law 'Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)' entered into force. This accountability has been drawn up on the basis of the following rules applicable to PAX:

The remuneration maximum in 2016 for PAX is € 168,000. This applies in proportion to the duration and / or extent of the employment. As of 1 January 2016, senior executives without employment will apply a different standard for the first 12 calendar months, both for the duration of the assignment and for the hourly rate.

Remuneration senior executives

Leading senior executives and erstwhile employed senior executives. Also leading senior executives without employment from the 13th month of the job completion

Name	J. Gruiters	F.J.T. Landmeter
Job position	General Director	Director
Commencement and completion of function in 2016	01-01/31-12	01-01/31-12
Size of employment (in FTE)	1,0	1,0
Erstwhile employed senior executive?	No	No
(Fictional) employment?	Yes	Yes
Individual WNT-maximum	168.000	168.000
Annual Income, gross	96.394	87.903
Taxable Disbursement	0	0
Other (future) benefits	11.742	10.562
<i>Subtotal</i>	<i>108.136</i>	<i>98.465</i>
-/- undue amount paid	0	0
Total remuneration	108.136	98.465
Mandatory motivation if exceeded	n.a.	n.a.

Information 2015

Commencement and completion of function in 2015	01-01/31-12	01-01/31-12
Size of employment 2015 (in FTE)	1,0	1,0
Annual Income, gross	94.132	85.841
Taxable Disbursement	0	0
Other (future) benefits	11.383	10.238
Total remuneration 2015	105.515	96.079

Board remuneration including pension and social insurance contributions came to € 226,535 (2015: 223,763) in 2016. The amount and composition of remuneration are dealt with in the financial statements in the statement of income and expenses.

Statement 'Wet normering bezoldiging topfunctionarissen in de (semi)publieke sector (WNT2)' remuneration board of directors (Dutch Law on standards remuneration of executives in the (semi) public sector)

The Supervisory Board has enacted on the advice of the Remuneration Committee, the remuneration policy, the level of management remuneration and the amount of other remuneration components.

The policy is updated periodically. The last review was in 2016.

In determining the remuneration policy and enacting of the remuneration PAX follows 'de Regeling belonging directeuren van goede doelen ten behoeve van besturen en raden van toezicht' (the guideline remuneration directors of charities, for supervisory boards) (see www.goededoelennederland.nl).

The scheme indicates on the basis of weightings a maximum norm for the annual income. The weighting of the situation of PAX was executed by the Remuneration Committee. This led to a so-called BSD-score of 475 points corresponding with a maximum annual income for respectively general director 87% - 413 points J. Gruiters € 110,000 per FTE/12 months and for director 80% - 380 points F.J.T. Landmeter € 98,000 per FTE/12 months.

The outcomes of the review against the applicable limits of the relevant annual income of the directors amounted (2015 in €) for J. Gruiters € 94,123 per FTE/12 months and for F.J.T. Landmeter € 85,841 per FTE/12 months. These rewards were within the applicable limits. In 2016 the relevant annual income of the directors amounted (2016 in €) for J. Gruiters € 96,394 per FTE/12 months (max. 114K 1FTE/12 months) and for F.J.T. Landmeter € 87,903 per FTE/12 months (max. 102K 1FTE/12 months) and remained still within these limits.

In 2016 the annual income, the taxable disbursements, employers pension contribution and other (future) benefits for respectively general director J. Gruiters € 118,103 per FTE/12 months and for director F.J.T. Landmeter € 108,432 per FTE/12 months remain well below the in the guideline stated maximum of € 179,000 per year.

Moreover the taxable disbursements, employers pension contribution and other (future) benefits were in reasonable proportion to the annual income.

Remuneration of the board of directors

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	82.920	75.612
Holiday allowance	6.592	6.015
Year-end allowance, 13th/14th month	6.882	6.276
Variable annual income	<u>0</u>	<u>0</u>
Total	96.394	87.903
Employers Social Security costs	9.967	9.967
Taxable Disbursement	0	0
Employers Pension contribution	11.742	10.562
Pension Compensation	0	0
Other (future) benefits	0	0
Severance entitlement	<u>0</u>	<u>0</u>
Total remuneration 2016	118.103	108.432
Total remuneration 2015	116.191	107.572

No loans, advances or guarantees have been provided to the directors.

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.

	2016	2015
Compensations (including volunteer compensations)	1.486	1.774

Table: Itemisation of expenses
in €

Expenditures	Spent on behalf of the objective						Acquisition costs				Management & administration	Total 2016	Total 2015
	Community-Based Security and Citizens Rights	Dealing with the Past	Humanitarian Disarmament	Natural Resources and Conflict.	Protection of Civillians	Networks for Peacebuilding	Fundraising Own	Fundraising joint actions	Fundraising third parties	Fundraising governments	Management & Administration		
1. Grants and contributions	2.938.829	519.313	119.642	269.773	45.085	-	-	-	-	-	-	3.892.642	2.288.406
2. Purchases and acquisitions *	2.275.295	313.892	371.920	326.448	105.875	53.832	-	-	-	-	-	3.447.262	2.668.326
3. Publicity and promotion	330.158	45.548	53.968	47.369	15.363	-	-	-	-	-	-	492.406	727.463
4. Personnel	3.480.852	571.876	1.042.874	774.217	481.424	-	152.141	-	73.654	90.343	641.762	7.309.143	6.286.857
5. Accommodations	272.093	40.245	90.250	62.811	39.920	-	-	-	-	-	7.382	512.701	514.515
6. Office expenses	61.054	9.030	20.251	14.094	8.958	-	44.176	-	331	379	11.713	169.986	70.274
7. General expenses	3.931	581	1.304	908	577	-	97-	-	97-	23.819	55.845	86.771	2.985
8. ICT	213.312	31.550	70.753	49.242	31.296	-	16	-	16	83.070	-	479.255	372.172
9. Depreciation and interest	48.780	7.215	16.180	11.260	7.157	-	-	-	-	-	2.798	93.390	139.604
10. Management costs	57.447	8.497	19.055	13.261	8.428	-	15.762	-	351	351	16.937	140.089	97.957
Total	9.681.751	1.547.747	1.806.197	1.569.383	744.083	53.832	211.998	-	74.255	197.962	736.437	16.623.645	13.168.559
	58,2%	9,3%	10,9%	9,4%	4,5%	0,3%	1,3%	0,0%	0,4%	1,2%	4,4%		
Partner in Masterpeace project												-	500.000
Freedom from Fear Alliance parties												827.975	2.830.211
												17.451.620	16.498.770

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 above mentioned cost centers.

*) In former years direct personnel cost was presented under 2. Purchases and acquisitions.
In 2016 we present all personal cost under 4. Personnel. The figures for 2015 are adjusted accordingly.

Financial Statements 2016

PAX

BALANCE SHEET

(after appropriation of result)

		31 December <u>2016</u> €	31 December <u>2015</u> €
ASSETS			
Intangible fixed assets	1	52.632	55.790
Tangible fixed assets	2	111.439	120.490
Current accounts	3	143.437	276.671
Receivables and accrued assets	4	1.154.696	2.215.085
Cash and Cash Equivalents	5	4.269.778	7.158.349
		<u>5.731.982</u>	<u>9.826.385</u>

BALANCE SHEET

(after appropriation of result)

		31 December 2016	31 December 2015
		€	€
LIABILITIES			
Reserves and funds			
Continuity reserve	6	1.491.778	660.968
Earmarked reserve	7	-	-
Short-term debts			
Subsidy commitments:	8	3.233.144	7.863.942
Other accounts payable	9	347.860	485.261
Other Liabilities	10	659.200	816.214
		<u>4.240.204</u>	<u>9.165.417</u>
		<u><u>5.731.982</u></u>	<u><u>9.826.385</u></u>

STATEMENT OF INCOME AND EXPENDITURE

		Actual	Budget	Actual
		2016	2016	2015
		€	€	€
INCOME				
Income from own fundraising	11	1.332.134	2.693.575	1.188.851
Income from joint actions		-	-	-
Income from third parties	12	835.648	1.131.584	1.200.288
Grants from governments	13	15.986.418	13.425.997	13.030.596
Interest and investment income	14	22.716	37.800	26.339
Other income	15	38.698	35.000	321.057
Total income		18.215.614	17.323.956	15.767.131
EXPENDITURE				
Spent on behalf of the objective				
Community-Based Security and Citizens Rights	16	9.681.751	7.478.525	-
Dealing with the Past		1.547.747	1.085.895	-
Humanitarian Disarmament		1.806.197	1.714.276	-
Natural Resources and Conflict.		1.569.383	3.212.941	-
Protection of Civillians		744.083	1.402.863	-
Human Security and Human Rights in Fragile States				6.043.016
Human Security and a voice in Repressive States				3.743.396
Security & Disarmament				1.577.153
Networks for conflict prevention and Peace Building			8.600	208.764
Partners in Masterpeace project (ended 2015)			250.000	500.000
Strengthening Civil Society (from 2016 part of programmes)			116.000	197.170
Freedom from Fear Alliance parties MFSII - SP D&D		827.975	1.094.356	2.830.211
		16.177.136	16.363.456	15.099.710
Acquisition costs				
Cost of own fundraising	17	207.814	235.468	224.021
Cost of joint actions		4.184	4.500	3.782
Cost of third parties		74.255	73.568	72.640
Cost of grants from governments		197.962	279.567	297.057
		484.215	593.103	597.500
Management and administration				
Cost of management and administration	18	723.453	407.397	660.694
Total Expenditures		17.384.804	17.363.956	16.357.904
Result		830.810	40.000-	590.773-
Appropriation of Result				
Continuity reserve		830.810		590.773-
Earmarked reserve		-		-
		830.810		590.773-

Cash flow Statement

		<u>2016</u>	<u>2015</u>
		€	€
Year End Result		830.810	590.773-
Adjusted for			
Depreciations	1,2	90.592	136.806
Interest on income and expenditures	15	3.623-	26.163-
Changes in Current accounts	3	133.234	83.579-
Changes in Receivables and accrued assets	4	1.060.388	1.196.323-
Changes in Short-term debts	8,9,10	4.925.213-	5.523.265
Cash Flow from operating activities		<u>2.813.811-</u>	<u>3.763.233</u>
Interest received	15	3.623	26.162
Cash Flow from primair activities		<u>3.623</u>	<u>26.162</u>
Investment/disinvestment in intangible fixed assets	1	31.967-	12.660-
Investment/disinvestment in tangible fixed assets	2	46.416-	95.855-
Cash flow from investing activities		<u>78.383-</u>	<u>108.515-</u>
Release of MFS II intrest component in the Earmarked reserve		-	112.266-
Cash flow from financing activities		<u>-</u>	<u>112.266-</u>
Changes in Cash and Cash Equivalents	5	<u><u>2.888.571-</u></u>	<u><u>3.568.614</u></u>

Notes to the 2016 Financial Statements

General

Peace Movement PAX Netherlands Foundation (hereinafter referred to as: PAX) is located and has its registered office in Utrecht, Godebaldkwartier 74. From 1 April 2017 we moved to St. Jacobsstraat 12. PAX works together with involved civilians and partners in areas of war to protect human security, to prevent and end armed violence, and to build peace with justice.

Notes on Legal Persons

PAX

On 20 January 2014 the statutory name of IKV PAX Christi 'IKV PAX Christi Collaborative Partnership Foundation' was 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) has been combined and taken over by 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 general 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.

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 includes the Roman Catholic Church, the General Baptist Brotherhood, the Moravian Church (Unitas Fratrum), the Old-Catholic Church of the Netherlands, the Protestant Church in the Netherlands and the Remonstrant Brotherhood. PAX Christi's Membership Council builds 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 approve the strategic long-range plans of PAX and each appoint three members to PAX's Supervisory Board.

Catholic Peace Movement Foundation (STIKAV)

The Catholic Peace Movement Foundation (STIKAV) manages the property located at Godebaldkwartier 74 (from 1 April 2017, St. Jacobsstraat 12) in Utrecht, the Netherlands, where PAX's head office is housed. For this purpose, the foundation has signed a lease agreement for a symbolic amount with the legal owner of the property, the Sisters of the Eucharist congregation. 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 also STIKAV's board. 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 in time.

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

Reporting Period

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

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 to 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 statement of income and expenditure as expenditure.

In 2016, the currency translation differences recognised in the statement of income and expenditure amounted to EUR 2,200 (2015 EUR -7,967).

Reporting Directive for Fundraising Institutions

The 2016 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations (revised in 2011).

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 organisation to obtain and retain the seal of approval from the Central Bureau of Fundraising of the Netherlands (CBF). The consolidated financial statements have been prepared from the accounting records of PAX and in accordance with the organisation's accounting policies.

The Law 'Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)' entered into force on 1 January 2013. PAX falls under Annex I of this Act under WNT. A standard has also been laid down for benefits in connection with the termination of employment of senior executives, and information about these benefits must be disclosed. For the charities, the general standard for the 'Goede Doelen' sector is used, including remuneration and severance fees for directors for 2016 and EUR 179,000 and EUR 75,000 respectively. For supervisory directors, the maximum remuneration according to the norm is 15% for the chairman (EUR 26,850) and 10% for members of the Supervisory Board (EUR 17,900).

The cash flow statement is prepared using the indirect method

Reclassifications in accordance with RJ650

Reclassification income RJ650

This year's audit revealed that income from former years was not classified in accordance with the RJ650. The income items 2015 and 2016 have been reclassified to own fundraising, joint actions, third parties and grants from governments (including foreign governments).

Reclassification acquisition cost ratios RJ650

According to the RJ650 the acquisition cost ratios are distributed over the different income categories. The figures 2015 have been reclassified accordingly.

Reclassification spent on behalf of the objective

Per 2016 the programme structure has been altered towards the frame of Theory of Chance (ToC), which encompasses the strategic objectives and the way we aim to achieve those strategic objectives, given a certain context. This change in programme policy and structure is reflected in the adaptation of the statement of income and expenditure. Starting 2016 the programmes are redefined in a five-year planning period covering 2016-2020 and have no direct systematic relation with the programme structure in former years. Therefore the 2015 figures 'spent on behalf of the objective' are presented in their original structure and have not been reclassified.

Reclassification of cost in the breakdown table

In accordance with directive 650, the secretary cost of alliances is not permitted as a separate section in the breakdown table. This was presented under management and administration. However, it concerns costs for the correct application and justification of the MFS and SP funding. Think of the additional accountant costs, the reporting system costs and the additional costs to take the evaluation to a higher level also with our alliance partners. In addition, cooperation within the alliance with Amnesty and formerly Press Now and GPACC resulted from the MoFa requirement to qualify for MFS/SP. Thus, additional costs are primarily aimed at obtaining and maintaining government subsidies. The 2015 figures have been reclassified accordingly.

Change of method of allocation of cost on the basis of hourly rates

The method of cost allocation through the calculation of hourly rates has changed in line with the internal and external calculation, tendering and reporting on tariffs.

The rate structure is as follows:

Direct personnel costs	A
Organisational costs	B
Productive hours	C
Average position-related rate per hour	$D = A/C$
Surcharge for central organisational costs	$E = B/C$
Total hourly rate	$F = D+E$

This change of method has no effect on the final outcome of the calculation compared to former years and do not give rise to adaptation of the figures 2015.

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 values. Revenue and expenses are matched to the period in which they occurred (according to the matching principle). Revenue from legacy is recorded in the year that their size can be reliably established.

Recognise assets and liabilities

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles. An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is recognised in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be reliably measured. An asset or liability that is recognised in the balance sheet, remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. An asset or liability is no longer recognised in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability being transferred to a third party.

A financial asset or a financial liability is recognised in the balance sheet when the contractual rights or obligations with respect to that instrument arise. A financial instrument is no longer recognised in the balance sheet when there is a transaction that results in a transfer to a third party of all or substantially all of the rights to economic benefits and all or substantially all of the risks related to the position. A purchase or sale according to standard market conventions is, by class of financial assets and financial liabilities, systematically recognised or derecognised in the balance sheet on the trade date (date of entering into binding agreement) / the settlement date (date of transfer).

Recognise statement of income and expenditure

Income is recognised in the statement of income and expenditure when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be reliably measured. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability. Revenues and expenses are allocated to the period to which they relate. Revenues are recognised when the foundation has transferred the significant risks and rewards of ownership of the goods to the buyer.

Allocation of indirect cost

The indirect costs are allocated to the target (spent on objectives) unless they can be directly attributed to the categories of acquisition and/or management and administration.

Recognise currency, price, credit, liquidity and cash flow risks

The currency risk for PAX largely consists of positions and future transactions in US dollars or currencies closely related to US dollars. Management has determined that the costs of hedging these currency risks does not outweigh the benefits.

PAX has no assets that are specifically sensitive to changes in price levels. Surplus cash is conservatively secured in deposits with low interest risk.

PAX has no significant credit risks. Receivables mainly relate to grants from solid governments or multilateral institutions.

Given this low risk cash positioning PAX secures a sound liquidity balance.

Use of estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

The following accounting policies are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumptions.

- Donor commitments at contracted value
- Work in progress partners on the basis of estimated progress %
- Partner commitments on the basis of progress % and status of control capacity
- Exchange rate fluctuations are partly mitigated by matching donor and partner contracts. For the remaining exposure the currency rates of donor and partner commitments are assumed to remain stable in the relevant contract periods.

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.

The foundation has no derivative financial instruments embedded in contracts.

Intangible Fixed Assets

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

Expenditures made after the initial recognition of an acquired or constructed intangible fixed asset are included to the acquisition or construction cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be reliably measured. If expenditures do not meet these conditions, they are recognised as an expense in the statement of income and expenditure.

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:

- Other fixed operating assets:

- 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

- Renovation: 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.

Future modification costs concerning restructuring can be covered through the formation of earmarked reserves.

Scheduled maintenance can be included in a provision.

Receivables

The accounting policies applied for the valuation of other receivables are described under the heading 'Financial instruments'

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this is taken into account in the measurement.

Foreign currency

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the Principles for the Translation of Foreign Currencies.

Cash and cash equivalents not available on demand

The cash and cash equivalents balance includes an amount of EUR 113,460 that is not immediately accessible in 2017. This relates to funds that are in a blocked account because of guarantees issued by the bank.

Continuity reserve

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

Earmarked reserve

The earmarked reserves are related to funds earmarked by the Supervisory Board to be spent on a designated purpose. The earmarked reserves do not reflect an obligation towards any third party and the Supervisory Board has the authority to reverse this reserve.

Provisions

Provision for roof terrace is measured at the nominal value of the best estimate of the expenditures expected to be required to settle the obligations and losses.

A provision is recognised if the following applies:

- the foundation has a legal or constructive obligation, arising from a past event; and
- the amount can be reliably estimated; 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.

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 organisations' incomes from individuals and institutional funding as the partnership's income. This was 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.

Distinction between operating and finance leases

A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form. All lease contracts are operational leases.

Lease of buildings

If the foundation acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expenses over the lease term. Lease payments and benefits regarding operating leases are recognised to the statement of income and expenditure on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

Cash flow statement

The cash flow statement is prepared using the indirect method.

Foreign currency cash flows are translated into euros using the weighted average exchange rates for the respective periods.

Income from own fundraising

Income from own fundraising consists of private fundraising and income from capital funds.

Income from private fundraising involves contributions, donations, collections, legacies and the sale of materials.

Except legacies these private fundraising items are accounted for in the year in which they are received or in which the materials are sold. Exceptions are written undertakings that have been received before year-end as these can be accounted for in the current year. Legacies are recognised based on a statement received from the executor in the year in which the amount can be reliably determined.

The valuation of legacies including property is done based on the most recent correspondence, and receipts are included up to the preparation of the financial statements. The valuation is done prudently. We work closely together with Centrum Nalatenschappen, who check and archive the documents and calculations.

Income from capital funds are recognised in the statement of income and expenditure in the year in which the subsidised expenditures were incurred.

Income from joint actions

Non-recurring or temporary collaborations are often characterised by the fact that they are not an independent legal entity and the economic risks attached to the activities of the partnership are taken by the participating institutions. In the year under review, we did not have any of these activities.

Income from third parties

Income from third-parties is accounted for as such when PAX carries no risk in the fundraising campaign. The income from third parties is recognized in the year in which the income is pledged.

Grants from governments

Grants and subsidies are recognised in the statement of income and expenditure in the year in which the subsidised expenditures were incurred. The grants are recognised where it is probable that they will be received and PAX will comply with all attached conditions.

Interest income and income from investments

The line item interest income and income from investments contains the (gross) interest, dividends and realised and unrealised exchange income. Interest income and expense are recognised time proportionally. Interest income is recognised as investment income.

Costs

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

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

These are specified in the table explaining expense distribution.

This year we have made an adjustment in the allocation to the various cost categories. The direct labour costs and hired experts were numbered among the Purchases and acquisitions last years. These costs now are rightly qualified under the item Personnel.

Employee benefits during employment

Employee benefits are charged to the statement of income and expenditure in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the foundation.

Salary top officials

The remuneration of the board of directors is specified on page 43 and 44. See also the Reporting Directive for Fundraising Institutions for explanation of the application of the WNT guidelines.

Pensions

Pensions are part of the employees' benefits. 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 employees of PAX in the Netherlands have a pension scheme which is administered by pension fund Zorg en Welzijn. This pension scheme is a conditionally indexed average-salary scheme. Entitlements and rights granted are only indexed (adjusted in line with increase in prices) if and to the extent that the pension provider has sufficient resources and has decided accordingly.

The coverage of the sector pension as at December 31, 2016 is 90.1 %.

Transactions with related parties

The remuneration of the managing and supervisory directors is specified on page 43 and 44.

Date of preparation of financial statements: June 1 2017

Explanation of the balance sheet

	31 December 2016 €	31 December 2015 €	
1. Intangible fixed assets			
Balance as at 31/12 *			
Software	36.879	42.228	
Licences	15.753	13.562	
*) Software and licences are regular enterprise software and licenses	52.632	55.790	
Movement in intangible fixed assets:	Software	Licences	Total
Balance as at January 1			
Purchase value	323.930	85.609	409.539
Accumulated depreciation	281.702	72.047	353.749
Book value	42.228	13.562	55.790
Changes in book value			
Purchases	17.834	14.133	31.967
Disinvestments	0	-	0
Depreciations	23.183	11.942	35.125
Balance	-5.349	2.191	-3.158
Balance as at December 31			
Purchase value	341.764	99.742	441.506
Accumulated depreciation	304.885	83.989	388.874
Book value	36.879	15.753	52.632
	31 December 2016	31 December 2015	
2. Tangible fixed assets			
Balance as at 31/12			
Other fixed operating assets	95.863	102.323	
Renovation	15.576	18.167	
	111.439	120.490	
Movement in tangible fixed assets	Other fixed operating assets	Renovation	Total
Balance as at January 1			
Purchase value	840.334	298.064	1.138.398
Accumulated depreciation	738.011	279.897	1.017.908
Book value	102.323	18.167	120.490
Changes in book value			
Investments *	46.416	-	46.416
Disinvestments	-	-	-
Depreciations	52.876	2.591	55.467
Balance	6.460-	2.591-	9.051-
Balance as at December 31			
Purchase value	886.750	298.064	1.184.814
Accumulated depreciation	790.887	282.488	1.073.375
Book value	95.863	15.576	111.439
*) Investments in office equipment, workstations and laptops, renewal and enlargement of server capacity			

Both, intangible and tangible fixed assets held for business operations.

Explanation of the balance sheet (cont.)

	31 December 2016	31 December 2015
	€	€
3. Current accounts		
Stichting Katholieke Vredesbeweging	81.684	86.972
Stichting IKV	46.813	73.859
Vereniging Pax Christi	14.940	115.840
	<u>143.437</u>	<u>276.671</u>
4. Receivables and accrued assets		
Ministry of Foreign Affairs MFS II	-	449.358
Communities of Change Alliance	-	33.389
Cordaid Gender Fund	27.988	-
Other donors	639.622	1.038.796
Currents accountants alliance partners	6.598	263.289
Sales tax	-	228.528
Prepaid salaries and pension contributions	384	-
Income taxes and social security contribution	550	-
Payments on transfer	46.472	-
Prepayments and receivables and guarantees	433.082	201.725
	<u>1.154.696</u>	<u>2.215.085</u>
No receivables due after more than one year.		
The increase of receivables last year was mainly due to the expire of contract terms with the final installment.		
This year that is not the case.		
5. Cash and Cash equivalents		
Deposits (term under 3 months)	3.458.557	6.520.590
Credit balances on Dutch bank accounts	697.663	558.193
Credit balances on foreign bank accounts *)	68.760	27.807
Cash balance on Dutch and foreign banks *)	44.798	51.759
	<u>4.269.778</u>	<u>7.158.349</u>
The cash and cash equivalents balance includes an amount of € 113,460 that is not immediately accessible. This relates to funds that are in a blocked account because of guarantees issued by the bank.		
6. Continuity reserve	1.491.777	660.967
Balance as at January 1	660.967	1.243.086
Allocation of the result	830.810	582.119-
Balance as at December 31	<u>1.491.777</u>	<u>660.967</u>
7. Earmarked reserve	-	-
Balance as at January 1	-	112.267
Become available *	-	112.267-
Allocation of the result	-	-
Balance as at December 31	<u>-</u>	<u>-</u>

*) Interest from SP resources is directly used for the objective

Explanation of the balance sheet (cont.)

	31 December 2016 €	31 December 2015 €
8 Subsidy commitments		
Ministry of Foreign Affairs advance Strat. Partn. Dialogue and Dissent	*	834.246
Ministry of Foreign Affairs Strat. Partn. Dialogue and Dissent Alliance partner Amnesty International	294.225	5.152.500
Ministry of Foreign Affairs other Funds not spent in 2016 to use in 2017	847.612	2.047.982
Cordaid Gender Fund	-	233.233
Payment obligation allotted grants	863.643	345.709
Other expenses to be paid	393.418	84.517
Other prepaid grants by donors	-	-
	<u>3.233.144</u>	<u>7.863.941</u>
*) The advance Strat. Partn. Dialogue and Dissent comprises the commitment of alliance party Amnesty International, PAX being the secretary of the alliance.		
9 Accounts payable	347.860	485.261
10 Other short-term liabilities		
Income taxes and social security contribution	-	1.284
Sales tax	25.018	-
Reservation for leave days and holiday allowance	510.979	357.990
Payable salaries and pension contributions	-	21.289
Other debts, accruals and deferred income	123.203	435.651
	<u>659.200</u>	<u>816.214</u>

No short term liabilities due after more then one year.

10A Off-Balance sheet assets and liabilities

Liability and guarantees

- a PAX has paid € 15,669 as a guarantee for the rent and possible damage of the meeting rooms at Meeting Plaza.
- b PAX has provided a bank guarantee of € 113,460 to Hajofi, lessor of the new office location Jacobstraat, Utrecht, per 01.04.2017.

Other liabilities

	<1 year	1– 5 year	>5 year
Partners & consultants	1.311.834	106.419	
Lease of equipment	14.729	44.186	
Office rent	340.381	1.815.368	113.460
Service contracts	104.297	556.248	34.766

- *) The office rent contract includes a rent-free period of 183,000 EUR

10B Subsequent events after the balance date

There is a guarantee security of € 113,460 in 2017 incurred in connection with the lease of the new building.

The National Postcode Lottery granted in February € 2,000,000 for the project 'The Story of a refugee'.

Explanation of the Income and Expenditure account

	Actual 2016 €	Budget 2016 €	Actual 2015 €
The income items 2015 en 2016 are reclassified according RJ650. See the notes.			
The sources of income relate to projects with statutory regular destinations. In the terms of the providers of these sources of income no other than statutory regular destinations are included.			
11 Income from own fundraising			
Income from private fundraising			
Contributions private fundraising Vereniging Pax Christi	27.489	39.000	31.353
Contribution private fundraising Stichting IKV	78.760	60.600	34.179
Contribution private fundraising STIKAV	150.000	10.000	47.000
Donations	517.098	268.335	348.081
Legacies	-	100.000	25.613
	<u>773.347</u>	<u>477.935</u>	<u>486.226</u>
Income from capital funds			
Domestic donors	328.028	1.539.502	488.208
Joseph Rowntree Charitable Trust	50.348	50.348	50.348
The Sigrid Rausing Trust	49.142	49.142	52.912
Open Society Institute	119.754	119.754	-
Other foreign donors	11.515	456.894	111.157
	<u>558.787</u>	<u>2.215.640</u>	<u>702.625</u>
Total Income from own fundraising	<u>1.332.134</u>	<u>2.693.575</u>	<u>1.188.851</u>
13 Income third parties			
National Postcode Lottery (regular contribution)	500.000	500.000	1.000.000
National Postcode Lottery (extra project Lessons in Peace)	289.893	400.000	-
Fundraising organisations	45.755	231.584	200.288
	<u>835.648</u>	<u>1.131.584</u>	<u>1.200.288</u>
14 Grants Governments			
<i>Direct</i>			
Ministry of Foreign Affairs MFSII 2015 - SP D&D 2016	9.952.828	9.210.218	6.320.864
Freedom from Fear Alliance parties	827.975	37.800	2.830.211
Other direct Dutch Governments	2.842.545	1.420.498	1.807.782
Other direct Foreign Governments	1.272.939	637.431	706.917
	<u>14.896.287</u>	<u>11.305.947</u>	<u>11.665.774</u>
<i>Indirect</i>			
Communities of Change Alliance	-	-	901.734
Other indirect	1.090.131	1.063.493	463.088
	<u>1.090.131</u>	<u>1.063.493</u>	<u>1.364.822</u>
Total grants from governments	<u>15.986.418</u>	<u>12.369.440</u>	<u>13.030.596</u>
Freedom from Fear Alliance party	827.975	37.800	2.830.211
	<u>15.158.443</u>	<u>12.331.640</u>	<u>10.200.385</u>
*) The Ministry of Foreign Affairs Subsidy Strategic Partnership on Dialogue and Dissent (SP D&D) allocated an amount totalling €59,500,000 for the Freedom from Fear Alliance for the period 2016 through 2020.			
15 Interest	22.716	37.800	26.339
16 Other income			
Annual rent income Stiltecentrum	-	15.000	13.462
Sales tax refund	-	-	215.309
Shared costs travel expenses and received discounts *)	38.698	20.000	92.286
	<u>38.698</u>	<u>35.000</u>	<u>321.057</u>

*) Costs for travelling together with like minded organisations and received discounts because for being a charitable organisation.

Explanation of the income and expenditure account (cont.)

			Actual 2016	Budget 2016	Actual 2015
			€	€	€
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.					
	Actual direct costs	Actual direct costs	Total actual	Total budget	Total actual
Programme costs(x €1,000)	2016	2016	2016	2016	2015
Community-based security and citizens rights	5.544,3	4.137,5	9.681,8	7.479,0	0,0
Dealing with the Past	878,8	669,0	1.547,8	1.086,0	0,0
Humanitarian Disarmament	545,5	1.260,7	1.806,2	1.714,0	0,0
Natural resources and conflict.	643,6	925,8	1.569,4	3.213,0	0,0
Protection of Civilians	166,3	577,8	744,1	1.403,0	0,0
Human Security in Fragile States	0,0	0,0	0,0	0,0	6.225,6
Human Security in Repressive States	0,0	0,0	0,0	0,0	2.862,6
Security & Disarmament	0,0	0,0	0,0	0,0	2.278,1
Networks for conflict prevention	0,0	0,0	0,0	0,0	281,3
Strengthening Civil Society	0,0	0,0	0,0	103,0	116,0
	7.778,5	7.570,8	15.349,3	14.998,0	11.763,6
Partners in Masterpeace project			0,0	250,0	500,0
The Freedom from Fear Alliance parties' MFS SP liabilities			828,0	1.094,0	2.850,0
			16.177,3	16.342,0	15.113,6
Allocation is based on logbook results.					
Details are shown in Table Itemisation of expenses page 49					
Income (x €1,000)			18.215,6	17.324,0	15.767,1
Expenses (x €1,000)			17.384,8	17.364,0	16.357,9
			Actual 2016	Budget 2016	Actual 2015
			%	%	%
	Percentage spent on objective in relation to income.		88,8%	94,3%	95,9%
	Percentage spent on objective in relation to liabilities.		93,1%	94,1%	92,4%

17 Acquisition costs

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 value of CBF guideline

Cost of own fundraising *	15,6%	8,7%	18,8%
Cost of joint actions *)			
Cost of income from third parties *)	8,9%	6,5%	6,1%
Cost of income from governments	1,2%	2,1%	2,3%

*) the method of cost allocation and resulting figure 2015 have been reset in consistency with former years. The costs of joint actions made in PAX, while the income is in IKV and VPC

18 Management & administration

Costs incurred for internal management and administration are not charged to the objectives or fundraising, but are listed separately.

Management and administration as percentage of total expenditures	4,2%	2,3%	4,0%
---	------	------	------

Explanation of the income and expenditure account (cont.)

	2016	2015
	€ x 1,000	€ x 1,000
Specification of personnel costs		
* Gross salaries	4.755,2	3.995,3
Social security contributions	777,7	656,0
Pension	479,8	401,9
	<u>6.012,7</u>	<u>5.053,2</u>
** Other personnel costs	1.296,4	1.233,7
Total	7.309,1	6.286,9
Average # of FTEs	95.4 FTE	80.0 FTE
Number of FTEs on balance sheet date in the Netherlands	107.4 FTE	83.5 FTE
Average # of FTEs Foreign	17.7 FTE	12.4 FTE
Number of FTEs on balance sheet date Foreign	23.5 FTE	12.0 FTE
Explanation of changes		
Change in employed personnel costs	959,5	
Change in other personnel costs	62,7	
Total change in personnel costs	1.022,2	
Change in number of FTEs on balance sheet date in the Netherlands	23.9 FTE	
Change in number of FTEs on balance sheet date Foreign	11.5 FTE	
Total change FTEs on balance sheet	35.4 FTE	
* The growth in FTEs largely explains the growth of employed personnel costs anticipating the growth of budget 2016 till 2020		
** The level of other personnel costs is mainly due to the investments in organisational improvements, strengthening of administration and control as well as monitoring and reporting systems to the end of increased accountability and transparency for the period 2016 till 2020, through hiring of temporary staff.		

Explanation of the Remuneration for the Board of Directors

WNT Accountability 2016

As of January 1, 2013, the law 'Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)' entered into force. This accountability has been drawn up on the basis of the following rules applicable to PAX:

The remuneration maximum in 2016 for PAX is € 168,000. This applies in proportion to the duration and / or extent of the employment. As of 1 January 2016, senior executives without employment will apply a different standard for the first 12 calendar months, both for the duration of the assignment and for the hourly rate.

Remuneration senior executives

Leading senior executives and erstwhile employed senior executives. Also leading senior executives without employment from the 13th month of the job completion

Name	J. Gruiters	F.J.T. Landmeter
Job position	General Director	Director
Commencement and completion of function in 2016	01-01/31-12	01-01/31-12
Size of employment (in FTE)	1,0	1,0
Erstwhile employed senior executive? (Fictional) employment?	No Yes	No Yes
Individual WNT-maximum	168.000	168.000
Annual Income, gross	96.394	87.903
Taxable Disbursement	0	0
Other (future) benefits	11.742	10.562
<i>Subtotal</i>	<i>108.136</i>	<i>98.465</i>
-/- undue amount paid	0	0
Total remuneration	108.136	98.465
Mandatory motivation if exceeded	n.a.	n.a.

Information 2015

Commencement and completion of function in 2015	01-01/31-12	01-01/31-12
Size of employment 2015 (in FTE)	1,0	1,0
Annual Income, gross	94.132	85.841
Taxable Disbursement	0	0
Other (future) benefits	11.383	10.238
Total remuneration 2015	105.515	96.079

Board remuneration including pension and social insurance contributions came to € 226,535 (2015: 223,763) in 2016. The amount and composition of remuneration are dealt with in the financial statements in the statement of income and expenses.

Statement ‘Wet normering bezoldiging topfunctionarissen in de (semi)publieke sector (WNT2)’ remuneration board of directors (Dutch Law on standards remuneration of executives in the (semi) public sector)

The Supervisory Board has enacted on the advice of the Remuneration Committee, the remuneration policy, the level of management remuneration and the amount of other remuneration components.

The policy is updated periodically. The last review was in 2016.

In determining the remuneration policy and enacting of the remuneration PAX follows ‘de Regeling beloning directeuren van goede doelen ten behoeve van besturen en raden van toezicht’ (the guideline remuneration directors of charities, for supervisory boards) (see www.goededoelennederland.nl).

The scheme indicates on the basis of weightings a maximum norm for the annual income. The weighting of the situation of PAX was executed by the Remuneration Committee. This led to a so-called BSD-score of 475 points corresponding with a maximum annual income for respectively general director 87% - 413 points J. Gruiters € 110,000 per FTE/12 months and for director 80% - 380 points F.J.T. Landmeter € 98,000 per FTE/12 months.

The outcomes of the review against the applicable limits of the relevant annual income of the directors amounted (2015 in €) for J. Gruiters € 94,123 per FTE/12 months and for F.J.T. Landmeter € 85,841 per FTE/12 months. These rewards were within the applicable limits. In 2016 the relevant annual income of the directors amounted (2016 in €) for J. Gruiters € 96,394 per FTE/12 months (max. 114K 1FTE/12 months) and for F.J.T. Landmeter € 87,903 per FTE/12 months (max. 102K 1FTE/12 months) and remained still within these limits.

In 2016 the annual income, the taxable disbursements, employers pension contribution and other (future) benefits for respectively general director J. Gruiters € 118,103 per FTE/12 months and for director F.J.T. Landmeter € 108,432 per FTE/12 months remain well below the in the guideline stated maximum of € 179,000 per year.

Moreover the taxable disbursements, employers pension contribution and other (future) benefits were in reasonable proportion to the annual income.

Remuneration of the board of directors

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	82.920	75.612
Holiday allowance	6.592	6.015
Year-end allowance, 13th/14th month	6.882	6.276
Variable annual income	<u>0</u>	<u>0</u>
Total		96.394
Employers Social Security costs		9.967
Taxable Disbursement		0
Employers Pension contribution		11.742
Pension Compensation		0
Other (future) benefits		0
Severance entitlement		<u>0</u>
Total remuneration 2016		118.103
Total remuneration 2015		116.191
		87.903
		9.967
		0
		10.562
		0
		0
		<u>0</u>
		108.432
		107.572

No loans, advances or guarantees have been provided to the directors.

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.

**Table: Itemisation of expenses
in €**

Expenditures	Spent on behalf of the objective					Acquisition costs				Management & administration	Total 2016	Total 2015
	CBS&CR	DwtP	Humdis	NRC&HR	PoC	Fundraising Own	Fundraising Joint actions	Fundraising third parties	Fundraising governments	Management: & Administration		
1. Grants and contributions	2.938.829	519.313	119.642	269.773	45.085						3.892.642	2.288.406
2. Purchases and acquisitions *	2.275.295	313.892	371.920	326.448	105.875						3.393.430	2.548.357
3. Publicity and Promotion	330.158	45.548	53.968	47.369	15.363						492.406	727.463
4. Personnel	3.480.852	571.876	1.042.874	774.217	481.424	152.014	127	73.654	90.343	641.762	7.309.143	6.286.857
5. Accommodations	272.093	40.245	90.250	62.811	39.920						505.319	500.519
6. Office expenses	61.054	9.030	20.251	14.094	8.958	40.119	4.057	331	379	10.716	168.989	69.119
7. General expenses	3.931	581	1.304	908	577	-97		-97	23.819	54.038	84.964	37
8. ICT	213.312	31.550	70.753	49.242	31.296	16		16	83.070		479.255	372.172
9. Depreciation and interest	48.780	7.215	16.180	11.260	7.157						90.592	136.806
10. Management costs	57.447	8.497	19.055	13.261	8.428	15.762		351	351	16.937	140.089	97.957
Total	9.681.751	1.547.747	1.806.197	1.569.383	744.083	207.814	4.184	74.255	197.962	723.453	16.556.829	13.027.693
	58,5%	9,3%	10,9%	9,5%	4,5%	1,3%	0,0%	0,4%	1,2%	4,4%		
Partners in Masterpeace project											-	500.000
Freedom from Fear Alliance parties											827.975	2.830.211
											17.384.804	16.357.904

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 above mentioned cost centers.

*) In former years direct personnel cost was presented under 2. Purchases and acquisitions.
In 2016 we present all personal cost under 4. Personnel. The figures for 2015 are adjusted accordingly.

Annexes
Financial Statements 2016

Financial Statements 2016
Stichting Interkerkelijk Vredesberaad

BALANCE SHEET

(after appropriation of result)

		31 December <u>2016</u> €	31 December <u>2015</u> €
ASSETS			
Receivables and accrued assets	1	6.764	12.644
Cash and Cash Equivalents	2	1.409.533	1.470.757
		<u>1.416.297</u>	<u>1.483.401</u>

BALANCE SHEET

(after appropriation of result)

		31 December 2016	31 December 2015
		€	€
LIABILITIES			
Reserves and funds			
Continuity reserve	3	1.369.424	1.369.424
Short-term debts			
Other accounts payable	4	46.813	73.859
Other Liabilities	5	60	40.118
		<u>46.873</u>	<u>113.977</u>
		<u><u>1.416.297</u></u>	<u><u>1.483.401</u></u>

Stichting Interkerkelijk Vredesberaad

STATEMENT OF INCOME AND EXPENDITURE

		Actual	Budget	Actual
		2016	2016	2015
		€	€	€
INCOME				
Income from own fundraising	6	16.984-	2.300	27.935
Interest	7	6.764	11.000	12.513
Total income		<u>10.220-</u>	<u>13.300</u>	<u>40.448</u>
EXPENSES				
Spent on behalf of the objective				
Networks for peace building	8	11.500-	11.500	38.623
		<u>11.500-</u>	<u>11.500</u>	<u>38.623</u>
Management and administration				
Cost of management and administration	9	1.280	1.800	1.825
Total Expenditures		<u>10.220-</u>	<u>13.300</u>	<u>40.448</u>
Result		<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Cash flow Statement

	<u>2016</u>	<u>2015</u>
	€	€
Year End Result	-	-
Adjusted for		
Depreciations	-	-
Changes in provisions	-	-
Interest on income and expenditures	5.749-	2.164
Changes in Working Capital	61.224-	73.294
Cash Flow from operating activities	<u>66.973-</u>	<u>75.458</u>
Interest paid/received	5.749	2.164-
Cash Flow from primary activities	<u>61.224-</u>	<u>2.164-</u>
Investment /disinvestment in intangible fixed assets	-	-
Investment/disinvestment in tangible fixed assets	-	-
Cash flow from investing activities	<u>-</u>	<u>-</u>
repayment of borrowings/take-up of long term debt	-	-
Cash flow from financing activities	<u>-</u>	<u>-</u>
Changes in Cash and Cash Equivalents	<u><u>61.224-</u></u>	<u><u>73.294</u></u>

Notes to the 2016 Financial Statements Stichting Interkerkelijk Vredesberaad

General

Stichting Interkerkelijk Vredesberaad (hereinafter referred to as: IKV) (established in 1966) continues to exist as separate peace organisation with its own identity and distinct characteristics even after it combined its peace work with Pax Christi in 2007. They are the PAX Foundation's primary commissioning bodies. IKV's board builds on its ecumenical identity. IKV and Pax Christi each appoint three members to the PAX Supervisory Board.

Peace Movement PAX Netherlands Foundation (hereinafter referred to as: PAX) is located and has its registered office in Utrecht, Godebaldkwartier 74. From 1 April 2017 we moved to St. Jacobsstraat 12. PAX works together with involved civilians and partners in areas of war to protect human security, to prevent and end armed violence, and to build peace with justice.

Notes on Legal Persons

On 20 January 2014 the statutory name of IKV PAX Christi 'IKV PAX Christi Collaborative Partnership Foundation' was 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) has been combined and taken over by 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 general 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.

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

Reporting Period

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

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 to 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.

In 2016, same as 2015, there were no currency translation differences.

Reporting Directive for Fundraising Institutions

The 2016 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations (revised in 2011).

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 financial statements have been prepared from the accounting records of PAX and in accordance with the organisation's accounting policies.

Reclassification in accordance with RJ650

Reclassification income RJ650

This year's audit revealed that income from former years was not classified in accordance with the RJ650. The income items 2015 and 2016 have been reclassified to own fundraising, joint actions, third parties and grants from governments (including foreign governments).

This change of method has no effect on the final outcome of the calculation compared to former years and do not give rise to adaptation of the figures 2015.

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.

Recognise assets and liabilities

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles. An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is recognised in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be reliably measured. An asset or liability that is recognised in the balance sheet, remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. An asset or liability is no longer recognised in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability being transferred to a third party.

A financial asset or a financial liability is recognised in the balance sheet when the contractual rights or obligations with respect to that instrument arise. A financial instrument is no longer recognised in the balance sheet when there is a transaction that results in a transfer to a third party of all or substantially all of the rights to economic benefits and all or substantially all of the risks related to the position. A purchase or sale according to standard market conventions is, by class of financial assets and financial liabilities, systematically recognised or derecognised in the balance sheet on the trade date (date of entering into binding agreement) / the settlement date (date of transfer).

Recognise statement of income and expenditure

Income is recognised in the statement of income and expenditure when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be reliably measured. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability. Revenues and expenses are allocated to the period to which they relate. Revenues are recognised when the foundation has transferred the significant risks and rewards of ownership of the goods to the buyer.

Allocation of indirect cost

The indirect costs are allocated to the target (spent on objectives) unless they can be directly attributed to the categories of acquisition and/or management and administration.

Recognise currency, price, credit, liquidity and cash flow risks

IKV has no currency risk.

IKV has no assets that are specifically sensitive to changes in price levels. Surplus cash is conservatively secured in deposits with low interest risk.

IKV has no significant credit risks. Receivables mainly relate to grants from solid governments or multilateral institutions.

Given this low risk cash positioning IKV secures a sound liquidity balance.

Use of estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

The following accounting policies are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumptions.

- Donor commitments at contracted value
- Work in progress partners on the basis of estimated progress %
- Partner commitments on the basis of progress % and status of control capacity
- Exchange rate fluctuations are partly mitigated by matching donor and partner contracts. For the remaining exposure the currency rates of donor and partner commitments are assumed to remain stable in the relevant contract periods.

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. The foundation has no derivative financial instruments embedded in contracts.

Intangible Fixed Assets

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

Expenditures made after the initial recognition of an acquired or constructed intangible fixed asset are included to the acquisition or construction cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be reliably measured. If expenditures do not meet these conditions, they are recognised as an expense in the statement of income and expenditure.

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:

- Other fixed operating assets:
 - 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
- Renovation: 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.

Future modification costs concerning restructuring can be covered through the formation of earmarked Scheduled maintenance can be included in a provision.

Receivables

The accounting policies applied for the valuation of other receivables are described under the heading 'Financial instruments'

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this is taken into account in the measurement.

Foreign currency

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the Principles for the Translation of Foreign Currencies.

Continuity reserve

The IKV policy on continuity reserve meets the requirements of the CBF. See also page 8 chapter 7 of the PAX Annual Report.

Long Term Debts and Current Liabilities

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

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

Distinction between operating and finance leases

A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form. All lease contracts are operational leases.

Lease of buildings

If the foundation acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expenses over the lease term. Lease payments and benefits regarding operating leases are recognised to the statement of income and expenditure on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

Cash flow statement

The cash flow statement is prepared using the indirect method.

Foreign currency cash flows are translated into euros using the weighted average exchange rates for the respective periods.

Income from own fundraising

Income from own fundraising consists of private fundraising and income from capital funds. materials.

In case of the income from collections IKV has an agreement with Kerk in Actie.

Except legacies these private fundraising items are accounted for in the year in which they are received or in which the materials are sold. Exceptions are written undertakings that have been received before year-end as these can be accounted for in the current year. Legacies are recognised based on a statement received from the executor in the year in which the amount can be reliably determined.

The valuation of legacies including property is done based on the most recent correspondence, and receipts are included up to the preparation of the financial statements. The valuation is done prudently. We work closely together with Centrum Nalatenschappen, who check and archive the documents and calculations.

Income from capital funds are recognised in the statement of income and expenditure in the year in which the subsidised expenditures were incurred.

Income from joint actions

Non-recurring or temporary collaborations are often characterised by the fact that they are not an independent legal entity and the economic risks attached to the activities of the partnership are taken by the participating institutions. In the year under review, we did not have any of these activities.

Income from third parties

Income from third-parties is accounted for as such when PAX carries no risk in the fundraising campaign. The income from third parties is recognized in the year in which the income is pledged.

Grants from governments

Grants and subsidies are recognised in the statement of income and expenditure in the year in which the subsidised expenditures were incurred. The grants are recognised where it is probable that they will be received and PAX will comply with all attached conditions.

Interest income and income from investments

The line item interest income and income from investments contains the (gross) interest and realized and unrealized exchange income. Interest income and expense are recognized time proportionally.

Interest income is recognized as investment income.

Costs

The organisational expenses are allocated on the basis of actual cost.

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

These are specified in the explanation of the income and expenditure account.

Transactions with related parties

The remuneration of the managing and supervisory directors is specified on page 43 and 44 of the PAX annual report.

Other information

In 2016 is decided to to include the Annual account of the Consolidation and Pax in the Annual report.

The annual accounts of IKV and Pax Christi itselfs are not part of the report but the figures are included within the consolidation.

Date of preparation of financial statements: June 1 2017

Explanation of the balance sheet

	31 December 2016	31 December 2015
	€	€
1 Receivables and accrued assets		
Other receivables	6.764	12.644
	<u>6.764</u>	<u>12.644</u>
No receivables due after more than one year.		
2 Cash and cash equivalents		
Deposits (term under 3 months)	1.331.884	1.319.371
Credit balance on Dutch Bank accounts	77.649	151.386
	<u>1.409.533</u>	<u>1.470.757</u>
The position of cash and cash equivalents is at the disposal of the mission of PAX without hindrance		
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 Current accounts		
Current accounts PAX	46.813	73.859
	<u>46.813</u>	<u>73.859</u>
5 Other short term liabilities		
VU second tranche promotion research	-	38.623
Bank and other costs	60	1.495
	<u>60</u>	<u>40.118</u>

Explanation of the Income and expenditure account

	Actual 2016 €	Budget 2016	Actual 2015 €
6 Income from own fundraising			
Gifts and donations	3.654	2.900	3.517
Churches Collection	60.072	60.000	60.000
Legacies	-	-	-
Release participation loan	1.949-	-	1.403-
Contribution private fundraising PAX	78.760-	60.600-	34.179-
	16.984-	2.300	27.935
7 Interest	6.764	11.000	12.513
Total Income	10.220-	13.300	40.448
8 Networks for peace building			
Support for research on New Wars, New Peace	-	-	27.123
Contribution Chair Vrije Universiteit *)	11.500-	11.500	11.500
	11.500-	11.500	38.623

*) The chair at the university from 2014 unoccupied. We did expected costs in 2015, but that was unjustified.

9 Cost Management and administration			
Office expenses	-		-
Management costs	930	1.400	1.337
Other costs	350	400	488
	1.280	1.800	1.825
Total expenditures	10.220-	13.300	40.448

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	803	-	853
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The Appropriation of Result

	<u>2016</u>	<u>2015</u>
	€	€
Result	-	-

Motion to adopt and approve

The annual accounts for Stichting Interkerkelijk Vredesberaad over 2016 was drafted and signed by the Board of Directors and approved by the Supervisory Board on 30 may 2017, including the appropriation of result.

Stichting Interkerkelijk Vredesberaad (IKV)

The legal form is foundation.

The registered office of the foundation is located in Utrecht.

Members

Ineke Bakker, chairman

Jan Gruiters MSc, director

Ben Schennink

Caecillia van Peski

Christine Welschen

Cocky de Graaf

Jack Bogers

Lucien van Liere

Arriën Kruyt

Patrick Groenewegen

Waldo Idoe

**STATEMENT OF INCOME AND EXPENDITURE
2017 BUDGET**

	Actual 2016 <u>€</u>	Budget 2017 <u>€</u>
INCOME		
Income from own fundraising		
Gifts and donations	3.654	1.500
Churches Collection	60.072	60.000
Legacies	-	-
Release participation loan	1.949-	-
Contribution private fundraising PAX	<u>78.760-</u>	<u>64.500-</u>
	16.984-	3.000-
Other income		
Interest and investment income	6.764	5.000
	<u> </u>	<u> </u>
Total income	10.220-	2.000
EXPENSES		
Networks for peace building		
Support for research on New Wars, New Peace	-	-
Contribution Chair Vrije Universiteit	<u>11.500-</u>	<u>-</u>
	11.500-	-
Cost Management and administration		
Management costs	930	1.500
Bank and other costs	<u>350</u>	<u>500</u>
	1.280	2.000
	<u> </u>	<u> </u>
Total expenditures	-10.220	2.000
Result	<u><u>-</u></u>	<u><u>-</u></u>

Financial Statements 2016
Vereniging "Vredesbeweging Pax Christi Nederland"

Vereniging "Vredesbeweging Pax Christi Nederland"

BALANCE SHEET

(after appropriation of result)

		31 December <u>2016</u> €	31 December <u>2015</u> €
ASSETS			
Receivables and accrued assets	1	28	58
Cash and Cash Equivalents	2	17.565	118.965
		<u>17.593</u>	<u>119.023</u>

Vereniging "Vredesbeweging Pax Christi Nederland"

BALANCE SHEET

(after appropriation of result)

		31 December 2016	31 December 2015
		€	€
LIABILITIES			
Reserves and funds			
Continuity reserve	3	2.479	2.479
Short-term debts			
Short term debts	4	15.114	116.544
		<u>17.593</u>	<u>119.023</u>

Vereniging "Vredesbeweging Pax Christi Nederland"

STATEMENT OF INCOME AND EXPENDITURE

	Actual	Budget	Actual
	2016	2016	2015
	€	€	€
INCOME			
Income from own fundraising	5 64.571	68.000	81.548
Income from third parties	6 2.258	-	2.018
Interest	7 27	100	58
Total income	<u>66.856</u>	<u>68.100</u>	<u>83.624</u>
EXPENSES			
Spent on behalf of the objective			
8			
Networks for peace building	65.332	66.300	63.561
	<u>65.332</u>	<u>66.300</u>	<u>63.561</u>
Management and administration			
9			
Cost of management and administration	1.524	1.800	20.063
Total Expenditures	<u>66.856</u>	<u>68.100</u>	<u>83.624</u>
Result	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Vereniging "Vredesbeweging Pax Christi Nederland"

Cash flow Statement

	2016	2015
	€	€
Year End Result	-	-
Adjusted for		
Depreciations	-	-
Changes in provisions	-	-
Interest on income and expenditures	31-	123-
Changes in Working Capital	101.400-	63.664
Cash Flow from operating activities	101.431-	63.541
Interest paid/received	31	123
Cash Flow from primair activities	31	123
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	-	-
Cash flow from financing activities	-	-
Changes in Cash and Cash Equivalents	101.400-	63.664

Notes to the 2016 Financial Statements Vereniging Vredesbeweging Pax Christi Nederland

General

Vereniging Pax Christi Nederland (hereinafter referred to as: VPC) (established in 1948) continues to exist as separate peace organisation with its own identity and distinct characteristics even after it combined its peace work with IKV in 2007. They are the PAX Foundation's primary commissioning bodies. Pax Christi's Membership Council builds on its Roman Catholic Identity. IKV and Pax Christi each appoint three members to the PAX Supervisory Board.

Peace Movement PAX Netherlands Foundation (hereinafter referred to as: PAX) is located and has its registered office in Utrecht, Godebaldkwartier 74. From 1 April 2017 we moved to St. Jacobsstraat 12. PAX works together with involved civilians and partners in areas of war to protect human security, to prevent and end armed violence, and to build peace with justice.

Notes on Legal Persons

On 20 January 2014 the statutory name of IKV PAX Christi 'IKV PAX Christi Collaborative Partnership Foundation' was 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) has been combined and taken over by 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 general 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.

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

Reporting Period

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

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 to 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.

In 2016, same as 2015, there were no currency translation differences.

Reporting Directive for Fundraising Institutions

The 2016 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations (revised in 2011).

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 financial statements have been prepared from the accounting records of PAX and in accordance with the organisation's accounting policies.

Reclassification in accordance with RJ650

Reclassification income RJ650

This year's audit revealed that income from former years was not classified in accordance with the RJ650. The income items 2015 and 2016 have been reclassified to own fundraising, joint actions, third parties and grants from governments (including foreign governments).

This change of method has no effect on the final outcome of the calculation compared to former years and do not give rise to adaptation of the figures 2015.

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.

Recognise assets and liabilities

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles. An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is recognised in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be reliably measured. An asset or liability that is recognised in the balance sheet, remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. An asset or liability is no longer recognised in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability being transferred to a third party.

A financial asset or a financial liability is recognised in the balance sheet when the contractual rights or obligations with respect to that instrument arise. A financial instrument is no longer recognised in the balance sheet when there is a transaction that results in a transfer to a third party of all or substantially all of the rights to economic benefits and all or substantially all of the risks related to the position. A purchase or sale according to standard market conventions is, by class of financial assets and financial liabilities, systematically recognised or derecognised in the balance sheet on the trade date (date of entering into binding agreement) / the settlement date (date of transfer).

Recognise statement of income and expenditure

Income is recognised in the statement of income and expenditure when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be reliably measured. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability. Revenues and expenses are allocated to the period to which they relate. Revenues are recognised when the foundation has transferred the significant risks and rewards of ownership of the goods to the buyer.

Allocation of indirect cost

The indirect costs are allocated to the target (spent on objectives) unless they can be directly attributed to the categories of acquisition and/or management and administration.

Recognise currency, price, credit, liquidity and cash flow risks

VPC has no currency risk.

VPC has no assets that are specifically sensitive to changes in price levels. Surplus cash is conservatively secured in deposits with low interest risk.

VPC has no significant credit risks. Receivables mainly relate to grants from solid governments or multilateral institutions.

Given this low risk cash positioning VPC secures a sound liquidity balance.

Use of estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

The following accounting policies are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumptions.

- Donor commitments at contracted value
- Work in progress partners on the basis of estimated progress %
- Partner commitments on the basis of progress % and status of control capacity
- Exchange rate fluctuations are partly mitigated by matching donor and partner contracts. For the remaining exposure the currency rates of donor and partner commitments are assumed to remain stable in the relevant contract periods.

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. The foundation has no derivative financial instruments embedded in contracts.

Intangible Fixed Assets

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

Expenditures made after the initial recognition of an acquired or constructed intangible fixed asset are included to the acquisition or construction cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be reliably measured. If expenditures do not meet these conditions, they are recognised as an expense in the statement of income and expenditure.

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:

- Other fixed operating assets:
 - 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
- Renovation: 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.

Future modification costs concerning restructuring can be covered through the formation of earmarked reserves.

Scheduled maintenance can be included in a provision.

Receivables

The accounting policies applied for the valuation of other receivables are described under the heading 'Financial instruments'

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this is taken into account in the measurement.

Foreign currency

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the Principles for the Translation of Foreign Currencies.

Continuity reserve

The VPC policy on continuity reserve meets the requirements of the CBF. See also page 8 chapter 7 of the PAX Annual Report.

Long Term Debts and Current Liabilities

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

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

Distinction between operating and finance leases

A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form. All lease contracts are operational leases.

Lease of buildings

If the foundation acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expenses over the lease term. Lease payments and benefits regarding operating leases are recognised to the statement of income and expenditure on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

Cash flow statement

The cash flow statement is prepared using the indirect method.

Foreign currency cash flows are translated into euros using the weighted average exchange rates for the respective periods.

Income from own fundraising

Income from own fundraising consists of private fundraising and income from capital funds. materials.

Except legacies these private fundraising items are accounted for in the year in which they are received or in which the materials are sold. Exceptions are written undertakings that have been received before year-end as these can be accounted for in the current year. Legacies are recognised based on a statement received from the executor in the year in which the amount can be reliably determined.

The valuation of legacies including property is done based on the most recent correspondence, and receipts are included up to the preparation of the financial statements. The valuation is done prudently. We work closely together with Centrum Nalatenschappen, who check and archive the documents and calculations.

Income from capital funds are recognised in the statement of income and expenditure in the year in which the subsidised expenditures were incurred.

Income from joint actions

Non-recurring or temporary collaborations are often characterised by the fact that they are not an independent legal entity and the economic risks attached to the activities of the partnership are taken by the participating institutions. In the year under review, we did not have any of these activities.

Income from third parties

Income from third-parties is accounted for as such when PAX carries no risk in the fundraising campaign. The income from third parties is recognized in the year in which the income is pledged.

Grants from governments

Grants and subsidies are recognised in the statement of income and expenditure in the year in which the subsidised expenditures were incurred. The grants are recognised where it is probable that they will be received and PAX will comply with all attached conditions.

Interest income and income from investments

The line item interest income and income from investments contains the (gross) interest and realized and unrealized exchange income. Interest income and expense are recognized time proportionally. Interest income is recognized as investment income.

Costs

The organisational expenses are allocated on the basis of actual cost.

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

These are specified in the explanation of the income and expenditure account.

Transactions with related parties

The remuneration of the managing and supervisory directors is specified on page 43 and 44 of the PAX annual report.

Other information

In 2016 is decided to to include the Annual account of the Consolidation and Pax in the Annual report. The annual accounts of IKV and Pax Christi itselfs are not part of the report but the figures are included within the consolidation.

Date of preparation of financial statements: June 1 2017

Vereniging "Vredesbeweging Pax Christi Nederland"

Explanation of the balance sheet

	31 December <u>2016</u> €	31 December <u>2015</u> €
1 Receivables and accrued assets		
Accounts receivables Inheritances and legacies	-	-
Interest and interest gifts	<u>28</u>	<u>58</u>
	28	58
No receivables due after more then one year.		
2 Cash and cash equivalents		
Deposits (no term)	17.565	118.965
The position of cash and cash equivalents is at the disposal of the mission of PAX without hindrance		
3 Continuity reserve		
Continuity reserve as at January 1	2.479	2.479
Allocation of the result	<u>-</u>	<u>-</u>
Balance as at December 31	2.479	2.479
4 Short-term debts		
Current account 'PAX	14.940	115.840
Other short term liabilities	<u>173</u>	<u>704</u>
Balance as at December 31	15.113	116.544

Vereniging "Vredesbeweging Pax Christi Nederland"

Explanation of the Income and expenditure account

	Actual 2016 €	Budget 2016	Actual 2015 €
5 Income from own fundraising			
Gifts and donations	12.244	21.000	36.380
Contribution	73.609	86.000	76.781
Churches collection	3.957	-	-
Legacies	2.250	-	260-
Contribution private fundraising PAX	27.489-	39.000-	31.353-
	64.571	68.000	81.548
6 Income form third parties			
Mensen van Goede Wil	2.258	-	2.018
7 Interest	27	100	58
	66.856	68.100	83.624
8 Networks for peace building			
Contribution Pax Christi International	63.426	63.800	63.048
Meeting for Gaudium et Spes	1.527	2.000	-
Chair at the Radboud University.	379	500	513
	65.332	66.300	63.561
9 Cost Management and administration			
Council of members	877	1.000	1.611
Costs private fundraising	-	-	17.785
Bank and other costs	647	800	667
	1.524	1.800	20.063
Total Expenditures	66.856	68.100	83.624

Boards of supervisors

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

Compensations	683	921
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Vereniging "Vredesbeweging Pax Christi Nederland"

The Appropriation of Result

	<u>2016</u>	<u>2015</u>
	€	€
Result	-	-

Motion to adopt and approve

The annual accounts for Vereniging Pax Christi Nederland over 2016 was drafted and signed by the Board of Directors and approved by the Supervisory Board on 30 may 2017, including the appropriation of result.

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

Vereniging "Vredesbeweging Pax Christi Nederland"

STATEMENT OF INCOME AND EXPENDITURE 2017 BUDGET

	Actual 2016 €	Budget 2017 €
INCOME		
Income from own fundraising		
Gifts and donations	12.244	10.000
Contribution	73.609	75.000
Churches collection	3.957	-
Legacies	2.250	-
Contribution private fundraising PAX	27.489-	19.500-
	64.571	65.500
Income form third parties		
Mensen van Goede Wil	2.258	1.000
Other income		
Interest and investment income	27	100
Total income	66.856	66.600
EXPENSES		
Networks for peace building		
Contribution Pax Christi International	63.426	63.800
Meeting on Gaudium et Spes	1.527	-
Chair at the Radboud University.	379	600
	65.332	64.400
Cost Management and administration		
Council of members	877	1.500
Bank and other costs	647	700
	1.524	2.200
Total expenditures	66.856	66.600
Result	-	-

Financial Statements 2016
Stichting Katholieke vredesbeweging

BALANCE SHEET

(after appropriation of result)

		31 December <u>2016</u> €	31 December <u>2015</u> €
ASSETS			
Tangible fixed assets	1	11.342	14.140
Financial fixed assets	2	28.137	27.711
Receivables and accrued assets	3	948	1.753
Cash and Cash Equivalents	4	186.410	184.657
		<u><u>226.837</u></u>	<u><u>228.261</u></u>

BALANCE SHEET

(after appropriation of result)

		31 December 2016	31 December 2015
		€	€
LIABILITIES			
Reserves and funds			
Continuity reserve	5	5.153	1.289
Short term reserve	6	100.000	100.000
Provisions	7	40.000	40.000
Earmarked Reserve	8	81.684	86.972
		<u>226.837</u>	<u>228.261</u>

Stichting Katholieke Vredesbeweging

STATEMENT OF INCOME AND EXPENDITURE

		Actual	Budget	Actual
		2016	2016	2015
		€	€	€
INCOME				
Income from own fundraising	9	12.670	152.000	114.700
Income interest and from investment	10	1.498	1.250	2.295
Total income		<u>14.168</u>	<u>153.250</u>	<u>116.995</u>
EXPENSES				
Cost of investment income	11	124	150	122
Management and administration	12			
Cost of management and administration		10.180	153.100	16.794
Total Expenditures		<u>10.304</u>	<u>153.250</u>	<u>16.916</u>
Result		<u>3.864</u>	<u>-</u>	<u>100.079</u>
Appropriation of Result				
Continuity reserve		3.864		79
Earmarked Reserve		-		100.000
		<u>3.864</u>		<u>100.079</u>

Cash flow Statement

	<u>2016</u>	<u>2015</u>
	€	€
Year End Result	3.864	100.079
Adjusted for		
Depreciations	2.798	2.797
Changes in provisions	-	-
Interest on income and expenditures	797-	479-
Changes in Working Capital	4.482-	100.215-
Cash flow from operating activities	<u>1.383</u>	<u>2.182</u>
Interest paid/received	797	479
Cash flow from primair activities	<u>797</u>	<u>479</u>
Investment /disinvestment in intangible fixed assets	-	-
Investment/disinvestment in tangible fixed assets	426-	420-
Cash flow from investing activities	<u>426-</u>	<u>420-</u>
repayment of borrowings/take-up of long term debt	-	-
Cash flow from financing activities	<u>-</u>	<u>-</u>
Changes in Cash and Cash Equivalents	<u><u>1.754</u></u>	<u><u>2.241</u></u>

Notes to the 2016 Financial Statements Stichting Katholieke Vredesbeweging

General

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's Supervisory Board supervises STIKAV's board as well.

Peace Movement PAX Netherlands Foundation (hereinafter referred to as: PAX) is located and has its registered office in Utrecht, Godebaldkwartier 74. From 1 April 2017 we moved to St. Jacobsstraat 12. PAX works together with involved civilians and partners in areas of war to protect human security, to prevent and end armed violence, and to build peace with justice.

Notes on Legal Persons

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Since 2007, all peace work done by the Interchurch Peace Council Foundation (IKV) and the Peace Movement PAX Christi Netherlands Association (PAX Christi) has been combined and taken over by 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 general 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.

Going concern

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Reporting Period

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Principles for the Translation of Foreign Currencies

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Reporting Directive for Fundraising Institutions

The 2016 Financial Statements have been prepared in accordance with Guideline RJ650 for Fundraising Organisations (revised in 2011).

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.

Reclassification in accordance with RJ650

Reclassification income RJ650

This year's audit revealed that income from former years was not classified in accordance with the RJ650. The income items 2015 and 2016 have been reclassified to own fundraising, joint actions, third parties and grants from governments (including foreign governments).

This change of method has no effect on the final outcome of the calculation compared to former years and do not give rise to adaptation of the figures 2015.

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.

Recognise assets and liabilities

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles. An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is recognised in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be reliably measured. An asset or liability that is recognised in the balance sheet, remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. An asset or liability is no longer recognised in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability being transferred to a third party.

A financial asset or a financial liability is recognised in the balance sheet when the contractual rights or obligations with respect to that instrument arise. A financial instrument is no longer recognised in the balance sheet when there is a transaction that results in a transfer to a third party of all or substantially all of the rights to economic benefits and all or substantially all of the risks related to the position. A purchase or sale according to standard market conventions is, by class of financial assets and financial liabilities, systematically recognised or derecognised in the balance sheet on the trade date (date of entering into binding agreement) / the settlement date (date of transfer).

Recognise statement of income and expenditure

Income is recognised in the statement of income and expenditure when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be reliably measured. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability. Revenues and expenses are allocated to the period to which they relate. Revenues are recognised when the foundation has transferred the significant risks and rewards of ownership of the goods to the buyer.

Allocation of indirect cost

The indirect costs are allocated to the target (spent on objectives) unless they can be directly attributed to the categories of acquisition and/or management and administration.

Recognise currency, price, credit, liquidity and cash flow risks

STIKAV has no currency risk.

STIKAV has no assets that are specifically sensitive to changes in price levels. Surplus cash is conservatively secured in deposits with low interest risk.

STIKAV has no significant credit risks. Receivables mainly relate to grants from solid governments or multilateral institutions.

Given this low risk cash positioning STIKAV secures a sound liquidity balance.

Use of estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

The following accounting policies are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumptions.

- Donor commitments at contracted value
- Work in progress partners on the basis of estimated progress %
- Partner commitments on the basis of progress % and status of control capacity
- Exchange rate fluctuations are partly mitigated by matching donor and partner contracts. For the remaining exposure the currency rates of donor and partner commitments are assumed to remain stable in the relevant contract periods.

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. The foundation has no derivative financial instruments embedded in contracts.

Intangible Fixed Assets

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

Expenditures made after the initial recognition of an acquired or constructed intangible fixed asset are included to the acquisition or construction cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be reliably measured. If expenditures do not meet these conditions, they are recognised as an expense in the statement of income and expenditure.

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:

- Other fixed operating assets:
 - 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
- Installations: According to the straight-line method in 10 years
- Renovation: 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.

Future modification costs concerning restructuring can be covered through the formation of earmarked reserves.

Scheduled maintenance can be included in a provision.

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 is added in certificates.

Receivables

The accounting policies applied for the valuation of other receivables are described under the heading 'Financial instruments'

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this is taken into account in the measurement.

Foreign currency

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the Principles for the Translation of Foreign Currencies.

Continuity reserve

The STIKAV policy on continuity reserve meets the requirements of the CBF. See also page 8 chapter 7 of the PAX Annual Report.

Earmarked reserve

The earmarked reserves are related to funds earmarked by the Supervisory Board to be spent on a designated purpose. The earmarked reserves do not reflect an obligation towards any third party and the Supervisory Board has the authority to reverse this reserve.

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 2014 it became clear Stikav had to include an provision due to the foreseen maintenance of the roof of 40,000 euro. The maintenance however has not been realised in 2016 so the provision is still not been used.

Long Term Debts and Current Liabilities

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

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

The board of directors can decide to give a donation to PAX. The donation STIKAV gets from the congregation Sisters of the Eucharist for free rent of the property can be used and provided for the purpose of PAX.

Distinction between operating and finance leases

A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form. All lease contracts are operational leases.

Lease of buildings

If the foundation acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expenses over the lease term. Lease payments and benefits regarding operating leases are recognised to the statement of income and expenditure on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

Cash flow statement

The cash flow statement is prepared using the indirect method.

Foreign currency cash flows are translated into euros using the weighted average exchange rates for the respective periods.

Income from own fundraising

Income from own fundraising consists of private fundraising and income from capital funds.

Income from private fundraising involves contributions, donations, collections, legacies and the sale of materials.

In case of the income from own fundraising STIKAV the value of free rent is mentioned.

These private fundraising items are accounted for in the year in which they are received.

Income from joint actions

Non-recurring or temporary collaborations are often characterised by the fact that they are not an independent legal entity and the economic risks attached to the activities of the partnership are taken by the participating institutions. In the year under review, we did not have any of these activities.

Income from third parties

Income from third-parties is accounted for as such when PAX carries no risk in the fundraising campaign.

The income from third parties is recognized in the year in which the income is pledged.

Grants from governments

Grants and subsidies are recognised in the statement of income and expenditure in the year in which the subsidised expenditures were incurred. The grants are recognised where it is probable that they will be received and PAX will comply with all attached conditions.

Interest income and income from investments

The line item interest income and income from investments contains the (gross) interest and realized and unrealized exchange income. Interest income and expense are recognized time proportionally.

Interest income is recognized as investment income.

Costs

The organisational expenses are allocated on the basis of actual cost.

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

These are specified in the explanation of the income and expenditure account.

Transactions with related parties

The remuneration of the managing and supervisory directors is specified on page 43 and 44 of the PAX annual report.

Other information

In 2016 is decided to to include the Annual account of the Consolidation and Pax in the Annual report.

The annual accounts of STIKAV, as well as IKV and Pax Christi itselfs are not part of the report but the figures are included within the consolidation.

Date of preparation of financial statements: June 1 2017

Explanation of the balance sheet

Explanation of the balance sheet

	31 December 2016 €	31 December 2015 €
1 Tangible fixed assets		
Balance as at 31/12		
Installations	11.342	14.140
Movement in tangible fixed assets:		
Balance as at January 1		
Purchase Value	27.976	27.976
Accumulated depreciation	13.836	11.039
Book value	14.140	16.937
Changes in book value		
Purchases	-	-
Disinvestments		
Depreciations	2.798	2.797
Balance	2.798-	2.797-
Balance as at December 31		
Purchase Value	27.976	27.976
Accumulated depreciation	16.634	13.836
Book value	11.342	14.140
2 Financial fixed assets		
Oikoscredit certificates *	28.137	27.711
Balance Oikoscredit as at January 1	27.711	27.291
Stock dividend	426	420
Balance Oikoscredit as at December 31	28.137	27.711
*) Oikoscredit is an organisation that offers capital with favourable conditions for the start up of a self owned enterprise to underprivileged. Besides social revenue Oikos certificats generate an honest financial revenue for investors.		
3 Receivables and accrued assets		
Accounts receivables	948	1.753
Balance account PAX	948	1.753
No receivables due after more then one year.		
4 Cash and cash equivalents		
Deposits (term under 3 months)	186.410	184.657
	186.410	184.657

The position of cash and cash equivalents is at the disposal of the mission of PAX without hindrance

Explanation of the balance sheet

	31 December 2016 €	31 December 2015 €
5 Continuity reserve	5.153	1.289
Continuity reserve as at January 1	1.289	1.209
Allocation of the result	3.864	80
Balance as at December 31	<u>5.153</u>	<u>1.289</u>
6 Earmarked Reserve		
Earmarked Reserv	100.000	100.000
Balance as at January 1	100.000	-
Allocation of the result *	-	100.000
Balance as at December 31	<u>100.000</u>	<u>100.000</u>
<p>* Because of the uncertain situation of the accomodation an amount year end 2015 is reserved for expected costs the next year. Because uncertain situation continues in 2016 the board decided to use it in 2017.</p>		
7 Provision		
Maintenance as at January 1 *	40.000	40.000
Growth	-	-
Spended	-	-
Maintenance as at December 31	<u>40.000</u>	<u>40.000</u>
<p>*) Provision for major maintenance has been deferred.</p>		
8 Short-term debts		
Current account PAX	81.684	86.972
Other Liabilities	-	-
Balance as at December 31	<u>81.684</u>	<u>86.972</u>

Explanation of the Income and expenditure account

	Actual 2016 €	Budget 2016	Actual 2015 €
9 Income from own fundraising			
Donation, value of free rent	162.670	162.000	161.700
Gifts, provision of business accommodation PAX	150.000-	10.000-	47.000-
	<u>12.670</u>	<u>152.000</u>	<u>114.700</u>
10 Income from interest and investments			
Interest	948	650	1.753
Dividend	550	600	542
	<u>1.498</u>	<u>1.250</u>	<u>2.295</u>
Total Income	<u>14.168</u>	<u>153.250</u>	<u>116.995</u>
11 Cost of Investment income			
Costs of dividend	124	150	122
12 Cost Management and administration			
Accommodation costs	7.382	150.000	13.996
Depreciations	2.798	2.800	2.798
Other liabilities	-	300	-
	<u>10.180</u>	<u>153.100</u>	<u>16.794</u>
Total Expenditures	<u>10.304</u>	<u>153.250</u>	<u>16.916</u>

Stichting Katholieke Vredesbeweging

The Appropriation of Result

	<u>2016</u>	<u>2015</u>
	€	€
Result	3.864	100.079

The appropriation of result is presented on page 4.

**STATEMENT OF INCOME AND EXPENDITURE
2017 BUDGET**

	Actual 2016 <u>€</u>	Budget 2017 <u>€</u>
INCOME		
Income from own fundraising		
Donation, value of free rent	162.670	163.000
Gifts, provision of business accommodation PAX	<u>150.000-</u>	<u>136.000-</u>
	12.670	27.000
Income from interest and investments	1.498	1.250
	<u> </u>	<u> </u>
Total income	14.168	28.250
EXPENSES		
Cost of Investment income	124	150
Cost Management and administration		
Accommodation costs	7.382	125.000
Depreciations	2.798	2.800
Other costs	<u>-</u>	<u>150</u>
	10.180	127.950
	<u> </u>	<u> </u>
Total expenditures	10.304	128.100
Result	<u><u>3.864</u></u>	<u><u>99.850-</u></u>
Appropriation of Result		
Continuity reserve	3.864	150
Earmarked Reserve	<u>-</u>	<u>100.000-</u>
	<u><u>3.864</u></u>	<u><u>99.850-</u></u>