

A close-up photograph of several brass bullet casing heads arranged in a wooden box. The casings are oriented vertically, showing their primer and firing pin impression. The background is a blurred wooden surface.

Financial Report & Financial Statements 2015

PAX
www.paxforpeace.nl

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1. Introduction

The 2015 consolidated annual accounts are part of our annual reporting and contain the total and complete set of financial data for the following legal persons:

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

Their shared mission is to work with civilians and partners in areas of conflict to protect civilians, to prevent and end armed violence and to build peace with justice. You can find a comprehensive explanation of our mission and goals and a detailed account of the content of our work in our annual report. This report is available free of charge from www.paxforpeace.nl. The 2015 annual report and the annual accounts are available in a digital format primarily for environmental reasons. A printed copy can be obtained on request, also free of charge.

2. Guidelines Used

The 2015 consolidated annual accounts, like the separate annual accounts for the *PAX* entities, have been drafted consistent with the Council for Annual Reporting (=RJ)'s Directive 650 governing fundraising institutions (hereinafter referred to as RJ 650) which the Council published in January 2011.

3. Notes on Legal Persons

PAX

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

Since 2007, all peace work done by the Interchurch Peace Council Foundation (IKV) and the Peace Movement PAX Christi Netherlands Association (PAX Christi) has been combined in *PAX*. *PAX* carries out all peace programmes; it is also the employer of all staff members. *PAX*'s Board of Directors is appointed in accordance with its articles of association. It consists of a 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.

Regarding the accountability for the content of the work of the Board of Directors and the Supervisory Board in 2015, we refer to our annual report, which includes the accountability statement in accordance with the guidelines of the independent Dutch Central Bureau for Fundraising (Centraal Bureau voor de Fondsenwerving, hereinafter referred to as: CBF).

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

PAX Christi (established in 1948) and IKV (established in 1966) continue to exist as separate peace organizations 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 organization 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 the *PAX* Supervisory Board.

Catholic Peace Movement Foundation (STIKAV)

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

PAX Christi Horn of Africa Trust

PAX Christi has established a foundation for its work in the Horn of Africa. The management, organization 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 organization at this moment.

4. Organization 2015

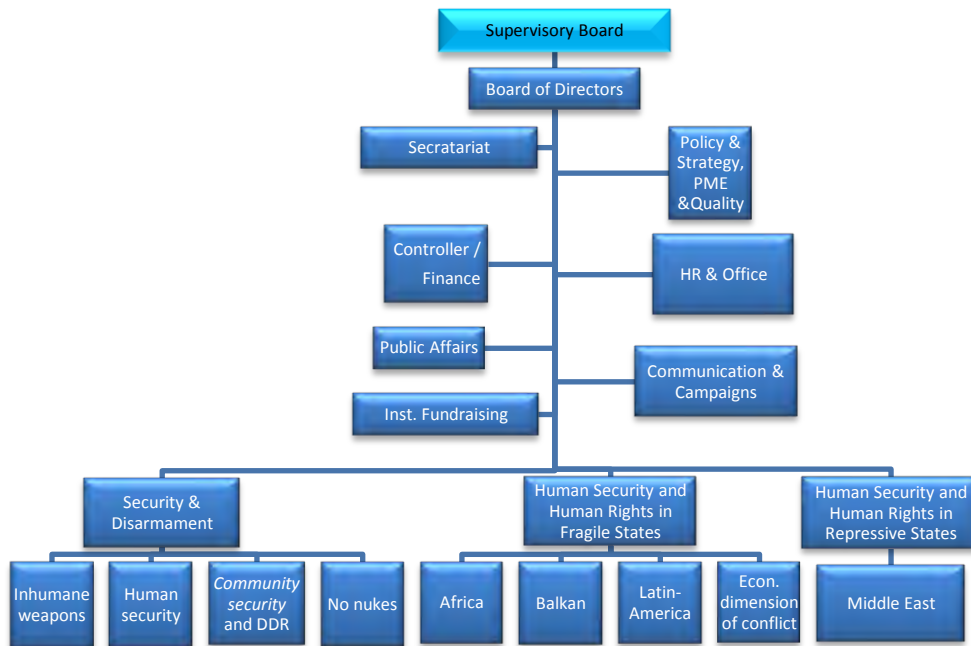


Diagram 1.PAX organization until September 1st,2015

In the diagram above the *PAX* organization is depicted as it existed until September 1st, 2015. From September 1st, 2015 *PAX* organized changed its organizational processes and structure to strengthen its strategic agility. Programme teams have more operational space within clear Theories of Change and programmatic and financial frames. This strengthens self organization in the whole of the organization.



Diagram 2.PAX organization from September 1st, 2015

5. Freedom from Fear Alliance

From January 1st, 2011 PAX, Amnesty International Netherlands, Free Press Unlimited and the Global Partnership for the Prevention of Armed Conflict (GPPAC) started cooperation in the Freedom from Fear Alliance. PAX, Amnesty International Netherlands, Free Press Unlimited and GPPAC are recognised experts in their fields. This alliance is not a legal entity. It has set up four programmes, each of which has several subprogrammes. These foster peace, human rights and freedom for civilians and communities in countries that have to contend with dominant security problems. The programmes Human Security and Human Rights in Fragile States and Human Security and Human Rights in Repressive States will help civilians, communities and civil society organizations in fragile and repressive states to set up programmes aimed at protecting security and human rights and at enlarging democratic space. The programme Security and Disarmament focuses on campaigns and interventions to promote security and disarmament as well as foreign and defence policies aiming protecting and enhancing the human security of civilians in fragile and repressive states. In the programme Networks for Conflict Prevention, the first three programmes are supported by international networks of civil society organizations to convince international and regional intergovernmental organizations to put conflict prevention first.

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

Table 1. The Freedom from Fear Alliance's Programmes and Subprogrammes 2015

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

** PAX developed a programme in Ukraine in 2014/2015 on dialogue and social contract.

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

Year	PAX	Amnesty International	GPPAC	Free Press Unlimited	Total Alliance
2011 t/m 2015	30,708	3,532	8,203	2,491	44,934
2015	5.802	667	1,550	465	8,940

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

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

With 2015 being the final year of this grant, *PAX* puts additional efforts to achieve programme results within agreed budgets. The slower start in implementation in the first years, was compensated by the realisation over the last years.

Financial accountability in this annual account 2015 is restricted to the programmes in which *PAX* participated in 2015.

6. Communities of Change Alliance

PAX also takes part in the Communities of Change Alliance for which Cordaid is the lead party. In it, we carry out a programme dealing with natural resources and conflict. This alliance, too, is not a legal entity.

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

2011 – 2015 budget	<i>PAX</i>
Total	3,360
2015	640

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

7. Quality of the Administrative Procedures

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

In light of our strategic ambition to improve strategic agility, in 2015 we strengthened the programmatic leadership and responsibility, and we improved the support process and structure to support this programmatic responsibility. The collaboration within *PAX* gets more multidisciplinary characteristics, and more operational space within clear strategic and budgetary frames. This requires strong financial control as a counterpart. Thus we have invested in well positioned, skilled and experienced financial project controllers, who act as co-workers in programme implementation as well as competent financial and procedural sparring partners.

In addition the process of financial project administration and monitoring was further improved and strengthened in light of the increased number of institutional donors and new accountability requirements. Staff with additional qualifications was recruited and external expertise was for example hired to develop and implement the IATI standards in reporting.

7.1 Quality systems and quality marks

7.1.1 Dutch Quality Institute (INK) model

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

7.1.2 ISO Quality system

PAX considers INK's quality management system an instrument to enhance our quality, while we use the ISO quality system to measure this quality periodically and to have it verified externally. *PAX* is fully ISO-certified (ISO 9001:2008). This means that *PAX* has a documented quality-management system consisting of quality requirements, specified objectives and standard tasks and procedures. Adopting this ISO norm as standard enables us to secure internal process management and to improve our ability to monitor our activities. Every year there are internal audits, a management assessment and external audits of our procedures, the latter by an authorised independent certification bureau. In 2015 the external auditor approved our quality system and renewed the ISO-certificate to 2018.

7.1.3 Association of Fundraising Organizations (Goede Doelen Nederland)

PAX is a member of the Association of Fundraising Organizations (Goede Doelen Nederland) and complies with all of this associations codes of conduct, including:

- Goede Doelen Nederland Code of Conduct.
- The Dutch Central Fundraising Bureau (CBF) monitors compliance.
- Guidelines for the Reserves of Charitable Organizations
- The Guideline for Remuneration for Directors of Charitable Institutions WNT2.
- The ENP- Goede Doelen Nederland Directive on the Settlement of Estates
- The Goede Doelen Nederland recommendation on cost allocation management and administration
- Practical guide to responsible asset management

7.1.4 CBF

In addition, *PAX* holds certification from the Dutch Central Bureau for Fundraising (CBF). The Good Governance for Good Causes Code has been a part of this quality mark since 2009. The quality mark means that the Dutch Central Fundraising Bureau periodically and independently checks whether *PAX* meets its criteria and principles regarding:

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

After its 2015 audit the CBF renewed the CBF-certificate to 2018.

7.1.5 Partos

PAX is member of Partos is the Dutch association for NGOs working in International Development, and adheres to this associations Code of Conduct. This code covers the fields of:

1. Sustainable development of society
2. Professional organization
3. Communication and fundraising

7.1.6 Corporate social responsibility

Building on its mission and objectives, PAX pursues corporate social responsibility.

Firstly, we tackle companies, financial institutions and government bodies regarding their behaviour, particularly when it comes to the exploitation of natural resources.

Secondly, we pay keen attention to the effects of our own operations on people and the planet.

The PAX principle is: Practice what you preach, also in the choice of suppliers.

For explanatory remarks we refer to our annual public report.

7.1.7 Financial control

In the process of verifying the annual financial statement, the accountant checks the design, existence and functioning of our financial control systems and processes. The statement of approval by the accountant implies that no major shortcomings in our financial control have been identified. Risks of loss through deficiencies in administration, misuse, abuse or fraud are in control.

7.1.8 Volunteer policy

PAX has a volunteer policy that covers the fields of:

1. Recruitment and selection
2. Assistance
3. Binding
4. Safety and confidentiality

8. Explanation of the Balance

8.1 Assets

The position of the assets per 31 December 2015 has increased compared to 2014 due to advanced payments of funds from various grants, in particular the advance payment concerning the 2016-2020 grant *“Dialogue and Dissent”*. *Strategic partnerships for ‘lobby and advocacy’* from the Dutch Ministry of Foreign Affairs. There are more receivables and more cash or cash equivalents as well as more subsidy commitments. The increase of receivables is mainly due to the partner-contract terms with regard to the final instalment. The increase of subsidy commitments is mainly caused by the advance payment of € 5.152.500 concerning the Strategic Partnership *“Dialogue and Dissent”*.

8.2 Cash flow

Picturing the change in balance positions 2014 – 2015 three main interrelated positions change. While the reserve position 2013 – 2014 had grown (€ 451,000), prudent financial management with the prospect of the end of the MFS II contract period, securing unexpected causes of overspending, turned out to be effective in 2015. Overspending in 2015, caused by the drive to realize ambitions with the MFSII funds available and slightly less income from other sources, led to a decrease of the reserve position with € 482,000, approximately offsetting the increase in 2014.

At the same time the working capital position was significantly influenced by the advance payment concerning the Strategic Partnership Dialogue and Dissent on the one hand and by the finalization of partner commitments at the ending of the MFSII period, containing the final payment obligations, on the other hand. These movements have led to a slight diminution of our liquidity position (receivables and cash divided by short term debts, see table 4). In summary our liquidity position reflects mainly the size of our reserves (see next topics) and the position on receivables and cash versus subsidy commitments. The subsidy commitments consist mainly of obligations PAX has to meet towards donors and partners. The position of cash and cash equivalents is at the disposal of the mission of PAX without hindrance.

8.3 Liabilities

8.3.1 Short term reserve

€ 100.000 of the result was appropriated to the short term reserve to cover future plan cost for rehousing and expected modification costs concerning restructuring the chapel and 'Stiltecentrum' in a renovated Hoog Catharijne.

The short term reserve contained as well interest received on MFSII resources and can be used for MFS II objectives only. This amount was released for the purpose of financing MFSII expenditures.

8.3.2 Continuity and reserves policy

This annual account is based upon the going concern assumption.

PAX complies with the guidelines of the Association of Fundraising Institutions (Goede Doelen Nederland) for the reserves of charitable organizations, which is part of the CBF regulations. In accordance with the directive, PAX used a PricewaterhouseCoopers model in 2010 to analyse its risks for 2011 to 2015 and the continuity reserve that would be desirable to mitigate those risks. Based on this analysis, the Board of Directors set the desired amount of the continuity reserve in 2010, which was approved by the Supervisory Board at the end of November 2010. No changes were made in 2015, as there were no circumstances that required the risk analysis to be revised. The IKV and PAX Christi are equal guarantors for covering risks up to € 2,320,000, i.e. € 1,160,000 for each partner.

The STIKAV supports PAX Christi's guarantee. The assets that the two legal entities provided for this purpose total € 276,000. The remaining guarantee is covered by the established forced-sale value of the Officebuiding (including 'Stiltecentrum') under STIKAV management. Under the long-term lease that runs through to 2028, the STIKAV will be the beneficiary of the proceeds of the property should it be sold. The valuation (forced-sale value) was newly indicated in 2012 and fixed, still in excess of PAX Christi's total guarantee. IKV's own assets cover IKV's guarantee. The PAX premises is part of a shopping mall ('Hoog Catharijne') which is under major renovation. A new valuation will be performed after the renovation of 'Hoog Catharijne' is finalized, which is now foreseen for 2017.

PAX has few options for strengthening its reserves. It is against the MFS grant conditions to allocate MFS funds to the reserves. In 2015 the continuity reserve decreased compared to 2014, and remains still substantially below the maximum level in the Association of Fundraising Institutions directive. The norm was not achieved in 2015 nor will it be achieved in the coming years. The solvability ratio (reserves divided by total liabilities) evolved as depicted in the table below.

	Benchmarks	Achieved in 2014	Budget 2015	Achieved in 2015	Budget 2016
1	Solvability	75%	75%	23%	60%
2	Liquidity	1,7	1,7	1,2	1,5

Table 4. Consolidated benchmarks for solvability liquidity

In 2015 the image of the solvability level is distorted by the above mentioned abnormal high cash and subsidy commitment levels. These levels will come down during 2016.

8.3.3 Responsible asset management

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

Responsible asset management entails the following for us:

1. *Practice what you preach*: PAX applies the same principles to its own asset management as the principles it urges companies to adopt under Corporate Social Responsibility principles. We participate in the Fair Banking Guide (Eerlijke Bankwijzer) and use sustainable banks as our preferred banking partners.
2. Related to these ethical norms, our basic principle for asset management and investment is to maintain the value of the principle at the highest possible yield. PAX has opted for very risk-averse asset management. It does not invest in shares or bonds, listed or unlisted. Moreover PAX doesn't apply any kind of financial instrument with a high risk profile. This minimisation of risks influenced the total amount of interest income.

8.3.4 Risk management

In line with our responsibility to minimise financial risks we monitor our risks in a systematic way. Our conception of the most important challenges are:

- The coverage of our funding ambitions in relation to the intended expenditures. Every tender is subject to an assessment and calculation procedure, leading to a go or no go decision by the board of directors.
- A balanced, diversified donor portfolio to avoid too substantial one-sided dependency. The increase of funding from the Dutch Ministry of Foreign Affairs related to the successful awarding of the Strategic Partnership Dialogue and Dissent 2016 – 2020 funding, causes the need to rebalance our donor portfolio.. Different scenario's will be developed to support our decision making process for a more targeted strategic funding.
- The control of cumulating matching-fund requirements in 2016 and beyond. Donors require a partial 'own contribution' of PAX to match their funding. Having the go or no go assessment procedure well in place for estimating and calculating possible financial shortfalls, provides the board of directors insight in this exposure strengthening their decisions on funding opportunities.
- A strengthened fundraising strategy; realistic expectations of return on investment given the highly competitive fundraising context. The requirements for success in this arena need to be established on a even higher level than already achieved.
- Maintaining financial control standards in the context of a growing organization. To be in control means continuing alertness, especially with the fast organizational growth in this period of launching the programmes for 2016 - 2020. In 2015 we already anticipated by tightening our invoicing and different payment procedures. In 2016 we will focus on financial programme supporting policies and procedures.

8.3.5 Short-term debts

The combination of the 'holding' of the final payment obligations to partners in light of finalization of partner commitments at the ending of the MFSII period on the one hand and the advance payment concerning the Strategic Partnership Dialogue and Dissent on the other hand, resulted in the boos of the subsidy commitment position.

9. Explanation of the Statement of Income and Expenditure

9.1 Result

The result 2015 amount to minus € 482,000. This result should be seen in the frame of the budget period 2011 till 2015, being the grant period of MFSII. A slower start of the implementation led to an underspending of private funds in the first years. Based on conservative budgeting in following years, these funds were dammed back to mitigate risks. With the programmes gaining momentum over the last years, the earlier underspending was largely compensated for. Over the five year period, this now results in a positive result of € 389,000. Considering the increasing budget and growth of staff this will result in a

level of the continuity reserve that is still substantially below sector criteria. For an explanation on the continuity reserve please see the paragraph on Continuity and reserves policy.

	2011	2012	2013	2014	2015	Total
Result	+ 190	+ 230	0	+ 451	- 482	+ 389

Table 5. Result PAX 2011 till 2015 (amount x € 1000)

9.2 Income: available for objectives

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

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

The total income achieved for 2015 is € 16,016,730, which is € 800,550 more than 2014 and slightly below budget. If we exclude the amounts relating to our Freedom from Fear Alliance partners, the income achieved in 2015 is € 13,186,519.

The total of programme activities financed by Dutch government funds increased by € 148,053 (2015 € 12.478.984 compared to 2014 € 12.330.931) and remained slightly below the 2015 budget (€ 12.759.928). Private and other institutional income increased by € 652,497 (2015 € 3.537.746 compared to 2014 € 2.885.249) and was approximately in line with the 2015 budget (€ 3.505.761).

9.2.1 Private fundraising

With private fundraising, we mean income from individual members of the general public.

Total income from private sector fundraising comes from:

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

Consolidating the amount of this income requires increasingly more effort. The amount can remain stable by specifically focusing on target groups, this seems to pay off. Specific effort continues to be put into integrating these fundraising efforts into our increased campaigning effort. Furthermore opportunities with major private donors will be explored.

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

The total amount of private fundraising in 2015 was € 710,408. We exceeded the budgeted target of € 650,000. The private fundraising in 2015 performed slightly under level 2014.

9.2.2 Institutional fundraising

The original target was to achieve a 10% increase in spending on institutional funding each year from 2011. Although the number of different donors increased, the total income from institutional donors was lower than expected. Three major causes are identified:

1. Shift in international governmental policies related to political and economic developments
2. Impact of capacity strain related to obtaining the Strategic Partnership Dialogue and Dissent
3. Slower 'return on investment' from the increased institutional fundraising efforts.

We will continue the chosen fundraising strategy of donor diversification and internationalization, whilst we sharpen our priority setting towards a higher return, without over-stretching our policy-consistency. To this end the introduction of a strict 'go or no go' assessment and procedure has proven useful.

The governmental policy to award subsidies increasingly through tendering procedures and to reward tenders by alliances, has increased the fundraising workload of programme responsible. We will seek ways to strengthen our programming capacity in this field.

9.2.3 Ministry of Foreign Affairs Grants

As indicated above, the strategic long-range plan contains certain benchmarks in order to monitor the achievement of our strategic ambitions. Diversification of funds is one of these ambitions, which is partially reflected in the comparison table below.

Benchmarks		Achieved in 2011	Achieved in 2012	Achieved in 2013	Achieved in 2014	Budget 2015	Achieved in 2015	Budget 2016
1	MFS II Subsidy	67%	74%	65%	58%	53%	55%	56%
2	Non Dutch MFA contribution	25%	26%	26%	23%	26%	27%	28%

Table 6. Consolidated benchmarks for income diversification

In this calculation, the MFS II contribution is treated as a percentage of total income. To ensure the integrity of the figures and their comparability with those of preceding years, we used the portion of the MFS II grant in our calculations that PAX managed and used for its own activities, i.e. apart from the MFS II grant disbursed by the parties in the alliance Freedom from Fear. Funding that was received from the Dutch Ministry of Foreign Affairs indirectly is not included in the calculation: neither in the "other contribution" part, nor in the MFSII subsidy itself. In absolute figures, compared to 2014 PAX used a comparable amount of MFS II funds in 2015. The total amount used for activities was higher than in 2014. This means we used a higher percentage "other funding" compared to last year.

For reasons that are inherent to the grant, the MFS II amounts in the annual accounts include the share for which PAX is responsible as the leading alliance party. This comes to € 2,830,211, which has therefore been excluded when calculating this percentage. This applies to both income and expenditures.

Benchmark 1

The MFS II grant represents 55% of total expenditures. That means that MFS II funds finance 55% of PAX's activities. This percentage includes funds received through the Communities of Change Alliance (7%, 48% Freedom from Fear).

Benchmark 2

This percentage represents the Non Dutch Ministry of Foreign Affairs share in total income. This private input represents funds that do not come directly (MFS II) or indirectly from the Dutch Ministry of Foreign Affairs. Over 2015, this percentage for PAX added up to 27%. This is 1% higher than was projected for 2015.

PAX will continue to invest in maintaining present donors and explore new sources of income. At the same time, we will continue our efforts on our strategic positioning by tendering on selected calls from the Dutch Ministry of Foreign Affairs in the field of 'peace building'. This is expected to have a similar influence on the benchmarks for 2016.

9.2.4 Income from third parties

Following an interim evaluation, the National Postcode Lottery (NPL) in 2015 decided to extend PAX's beneficiary-ship for a period of five years. In 2015 we were awarded a yearly € 500,000 grant. Due to a change in accounting requirements, both the 2015 and the 2016 grants are accounted for in 2015.

9.2.5 Interest

In 2015, PAX received € 40,663 in interest on liquid assets. € 13,732 of this interest was received on MFS II resources as well spent on MFS financed expenditures.

9.2.6 Other income

PAX filled a objection on a VAT tax ruling by the Dutch tax authorities. After a formal hearing, the Dutch tax authorities decided that PAX is entitled to a refund of shifted VAT concerning purchases of services outside the EU. This refund amounts to € 215.309 after deduction of tax advise costs.

9.3 Expenditure

Activities phased out

In 2015, activities in Colombia had to be reduced in anticipation of reduced funding opportunities in the years to come. With the delay in the peace process, related funding is delayed as well. Our efforts in Colombia related to the 'Blood Coal' campaign continue as before.

Activities started

In 2015 we initiated an innovative project to increase the involvement of PAX with a younger Dutch public between twenty and thirty years old. The project called Manifeest, organised with third parties, will be evaluated after three years.

Furthermore we started a pilot with the methodology of a 'Human Security Survey' as part of our programme innovation. This methodology should increase insight in the appreciation of local communities of international protection efforts. Furthermore we started initial activities on 'Dealing with the Past', in collaboration with Impunity Watch. In follow up of exploration in 2014, in 2015 PAX developed programmes in Ukraine with priority on dialogue and social contract.

9.3.1 Spending on our objectives

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

Table 8 shows PAX's spending on each sub-programme in comparison with its 2015 budget. Table 7 provides a brief explanation of these figures for each sub-programme where relevant. In comparison to 2014 spending in 2015 rose with €1,5 mln from € 10,1 mln to € 11,6 mln, which is on a same level as the ambition of the budget 2015.

To see a more extensive elaboration on the results, please consult the 2015 Annual Report.

Programmes	Sub-programmes	Performance	Explanation
1. Human Security and Human Rights in Fragile States	Bosnia (Srebrenica)	Slightly over budget	
	Colombia	Over budget	Additional budget granted to support 'Darkside of Coal' campaign.
	DR Congo	Under budget	Due to limited partner implementation capacity
	Kosovo	On budget	
	Uganda	Under budget	Less budget available
	Sudan*	On budget	
	South Sudan	On budget	
2. Human Security and Human Rights in Repressive States	Iraq	Over budget	Additional funding realised
	Lebanon	Over budget	Additional funding realised
	Syria	Over budget	Additional funding realised
	Palestina	Under budget	Increase in violence was constraint to programme implementation.
	Ukraine	New budget	Programme was originally not budgeted for
3. Security and Disarmament	Nuclear Disarmament *	Over budget	Additional budget granted in light of No Nukes public campaign
	Inhumane Weapons	Under budget	Reduced funding available
	Human Security, DDR/SSR ***	Under budget	Less activities implemented then planned for
4. Networks for Conflict Prevention	Regional Action & Network Strengthening	Over budget	Additional investment in international campaigning
	Action Learning		
	Policy & Advocacy		
	Public Outreach		

Table 7 Explanation of Sub-programmes

Programme expenditures	2014	2015	2015
Sub programmes	<i>Final spend</i>	<i>Budget</i>	<i>Final spend</i>
Srebrenica	260	261	312
Colombia	962	729	1.034
DR Congo	688	964	713
Kosovo	209	200	217
Uganda	178	1.102	637
Sudan / South Sudan *	59	0	31
South Sudan *	2.314	2.121	2.096
Ukraine ***	0	0	344
Iraq	893	1.427	1.659
Lebanon	291	338	528
Syria	1.237	568	894
Palestinian Territories	298	529	319
Nuclear Disarmament	130	150	257
Inhumane Weapons	773	1.319	872
Human Security **	460	809	416
DDR/SSR			
Networks for conflict prevention	566	281	343
Freedom from Fear Alliance	9.336	10.799	10.672
Communities of Change Alliance	775	849	902
Total PAX programmes	10.111	11.648	11.574

Table 8. Programme Expenditures

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

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

***Since 2015 PAX developed programs in Ukraine with priority on dialogue and social contract

9.3.2 Management and administration

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

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

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

Efficiency benchmarks		Final result	Budget	Final result	Budget
		2014	2015	2015	2016
1	Costs of fundraising	20%	22%	22%	22%
2	Costs of Management & Administration	5%	6%	5%	4%
3	Spent on objectives	92%	92%	92%	93%

Table 9. Efficiency Benchmarks

Benchmark 1

The costs of private fundraising as a percentage of the yield of private fundraising. The CBF maximum averages at 25% over 3 years. PAX remains within the set conditions.

Benchmark 2

Management and administration costs as a percentage of total outlay, including the cost inherent to being the leading party, are 5% and therefore fairly below the target of the 6% budgeted.

Benchmark 3

Expenditure on objectives as percentage of total expenditure (excluding exceptional expenses). This index shows how much income is spent directly on activities to reach our objectives. 92% is on the target of 92%.

9.3.3 Pay and Salaries

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

The Supervisory Board sets the remuneration for members of the Board of Directors. It also gives each member of the Board of Directors an annual performance interview. The salaries of members of the Board of Directors, like the salaries of the Management Team and all other staff members fall well below the maximum pay for Board Members according to the Association of Fundraising Organizations recommendation for remuneration for directors of charitable institutions. And they therefore also fall well below the level of pay scale 19 set in the Civil Servants' Pay Decree (BBRA). For the implementation of the Dutch Law on standards remuneration of executives in the (semi) public sector ('Wet normering bezoldiging toefunctionarissen in de (semi)publieke sector , WNT2') PAX has complied with the Dutch guideline on the remuneration of directors of charities, for supervisory boards ('de Regeling belonging directeuren van goede doelen ten behoeve van besturen en raden van toezicht') and used this policy as a frame in the preparation of the financial accounts.

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

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.

The annual income, the taxable disbursements, employers pension contribution and other (future) benefits for respectively general director J. Gruiters € 115,245 per FTE/12 months and for director F.J.T. Landmeter € 107,890 per FTE/12 months remain well below the in the guideline stated maximum of € 178,000 per year.

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

The amount and composition of remuneration are explained in the financial statements in the notes to the statement of income and expenses.

10. Expectations for the future

Have expectations 2015 been met?

The selection of PAX as strategic partner, including Freedom from Fear partner Amnesty International Netherlands, of the Dutch Ministry of Foreign Affairs for the period 2015 till 2020, we appreciated as a major recognition of the relevance and necessity of our mission and the work we do together with our partners in conflict countries, on research, advocacy and public campaigning in national and international alliances. We managed to agree to a partnership framework Dialogue and Dissent that will strengthen our political independence and enhance both the synergy and constructive dialogue between the Ministry and PAX.

We managed to consolidate relations with existing institutional donors and extended this network to the United States, United Kingdom, Germany and Switzerland. Although the financial support in 2015 was less than aimed for, the good relations give confidence to achieving our long term objective of donor diversification.

The increasing violence in for example South Sudan, Iraq and Syria, had serious influences on our partners and our interventions. Through strategic agility, programmatic innovation and persistence, we adapted our strategies and thus remained a relevant actor in more and more complex contexts.

In this context, the challenge to still achieve the overall objectives of our MFSII programme 2011 till 2015 was successfully addressed. Facing a slower start up in the first years, we managed to gear up our efforts over the last years. With 2015 being the final year, we satisfactory managed to realise both the five year goals and budget.

Expectations for 2016

With the violence in Ukraine and the number of people seeking refuge in Europe and the Netherlands, peace and security became a more relevant issue in European and Dutch politics and public. Combined with the Dutch relation to Ukraine and involvement in military action towards IS, it challenged the position and positioning of PAX; both abroad and in the Netherlands. So did and does the increase in violent jihadis expressing itself in Dutch citizens participating in fighting in the middle east, terrorist actions in Europe and the heated public and political debate on refugees. This all led to an increase in our involvement in the debate and campaigning in the Netherlands, with an related increase in spending on 'Strengthening Civil Society'. We decided to increase our involvement even more in 2016 and are successfully seeking support from both the Dutch government and institutional foundations. The rapid development of above contexts require a higher strategic capacity and strategic agility of the organization. This could imply adaption of strategic priorities and more flexible allocation of personel and financial resources.

Early 2016, we received an additional grant of the Dutch Postcode Lottery of 1.240.000 euro to support our work with peace activist in Aleppo, Syria through the project Lessons in Peace.

Our 75 Peace Embassies throughout the Netherlands, offer us a growing connection with Dutch society. With the above mentioned issues surrounding and influencing Europe, the relevance of the connections shows in the increase in engagement of these Embassies in their own communities and with PAX. Following five years of support, the foundation 'V-fonds' decided to end their financial support to the Embassies. PAX will continue this project with alternative funding.

We do not expect any major changes in organizational cost and aim to keep our benchmarks in line with 2015. We will review our housing from the perspective of growth of staff and cost level and might decide to relocate.

The combination of the increasing complexity of our work, the increasing engagement of Dutch public and the increasing financial support, f.e. through Strategic Partnership Dialogue and Dissent, will present opportunities and challenges to PAX and its partners.

The increase in income from the Ministry of Foreign Affairs, present a challenge to the ambition of diversification of funds. In 2016 the multi year financial planning and its underlying principles will be reviewed in discussion with the Supervisory Board.

This strategic partnership holds the requirement to report according to the IATI standards, an international standard to increase conformity and transparency in reporting. PAX is investing in the development and implementation of this standard for all of its programmatic activities.

This will be one of our strategic investments in 2016. Other strategic investment in 2016 and the years to come will, amongst others, be:

- Developing the methodology of a Human Security Survey, increasing insight in the appreciation of local communities of international protection efforts, and exploring ways of rapid response to emerging crisis.
- Increased involvement on Dutch and EU security and defence policies Increased response to root causes and consequences of the present European refugee debate.
- Strengthening our strategic and operational capacity and quality
- Strengthening our evaluation, learning and staff development capacity

In 2016 we will invest in the inspiration, motivation and development of our growing number of employees, whilst consolidating our control and accountability level in balance with our strategic agility, in our focus on realising sustainable impact on our ambitions for peace.

**Consolidated
Financial Statements 2015
Stichting Vredesbeweging Pax Nederland**

BALANCE SHEET

(after appropriation of result)

		31 December 2015	31 December 2014
		€	€
ASSETS			
Intangible fixed assets	1	55.790	118.068
Tangible fixed assets	2	134.630	103.440
Financial fixed assets	3	27.711	27.291
Trade and other receivables	4	2.282.867	1.001.692
Cash and Cash Equivalents	5	8.879.401	5.162.933
		<u>11.380.399</u>	<u>6.413.424</u>

BALANCE SHEET

(after appropriation of result)

		31 December 2015	31 December 2014
		€	€
LIABILITIES			
Reserves and funds			
Continuity reserve	6	2.034.160	2.616.200
Purpose reserve	7	100.000	112.267
Provisions	8	40.000	40.000
Short-term debts			
Subsidy commitments	9	7.863.942	2.578.488
Other accounts payable	10	485.261	389.044
Other liabilities	11	857.036	677.425
		<u>9.206.239</u>	<u>3.644.957</u>
		<u>11.380.399</u>	<u>6.413.424</u>

STATEMENT OF INCOME AND EXPENDITURE

		Actual	Budget	Actual
		2015	2015	2014
		€	€	€
INCOME				
Private fundraising	12	710.408	650.000	742.172
Grants from Institutional Donors	13	1.465.198	2.337.661	1.551.493
Income from third parties	14	1.000.000	500.000	500.000
Grants from Dutch government	15	9.648.773	9.909.928	9.500.720
Grants from Dutch government alliance parties		2.830.211	2.850.000	2.830.211
Interest and investment income	16	41.083	17.600	65.684
Other income	17	321.057	500	25.900
Total income		16.016.730	16.265.689	15.216.180
EXPENSES				
Spent on behalf of the objective				
	18			
Human Security and Human Rights in Fragile States		6.043.016	6.225.617	5.508.725
Human Security and a voice in Repressive States		3.743.396	2.862.646	2.777.132
Security & Disarmament		1.577.153	2.278.051	1.258.549
Networks for conflict prevention and Peace Building		208.764	281.259	565.642
Networks for peace building		140.866	103.100	213.725
Partners in Masterpeace project		500.000	250.000	250.000
Strengthening Civil Society		197.170	116.000	128.399
The Freedom from Fear Alliance parties MFS II liabilities		2.830.211	2.850.000	2.830.211
		15.240.576	14.966.673	13.532.383
Acquisition costs				
Cost of private fundraising	19	155.164	140.000	146.772
Cost of institutional donor fundraising		217.919	220.700	320.236
		373.083	360.700	467.008
Management and administration				
Cost of management and administration	20	885.111	938.316	765.781
Total Expenditures		16.498.770	16.265.689	14.765.172
Result		482.040-	-	451.008
Appropriation of Result				
Continuity reserve		582.040-		
Short term reserve		100.000		
		482.040-		

Cash flow Statement

		<u>2015</u>	<u>2014</u>
		€	€
Year End Result		482.040-	451.008
Adjusted for			
Depreciations	1,2	139.603	142.295
Changes in provisions	8	-	40.000
Interest on Income and expenditure	16	24.601-	9.359
Changes in Working Capital		<u>4.280.107</u>	<u>360.957-</u>
Cash flow from operating activities		3.913.069	281.705
Interest received	16	<u>24.600</u>	<u>9.357-</u>
Cash Flow from primair activities		24.600	9.357-
Investment /disinvestment in intangible fixed assets	1	12.660-	44.220-
Investment/disinvestment in tangible fixed assets	2	95.855-	8.605-
Investment/disinvestment in financial fixed assets	3	<u>420-</u>	<u>412-</u>
Cash flow from investing activities		108.935-	53.237-
Release of MFS II interest component in the Short Term Reserve		<u>112.266-</u>	<u>-</u>
Cash flow from financing activities		112.266-	-
Changes in Cash and Cash Equivalents	5	<u><u>3.716.468</u></u>	<u><u>219.111</u></u>

Notes to the 2015 Financial Statements

General

Peace Movement PAX Netherlands Foundation (hereinafter referred to as: PAX) is located and has its registered office in Utrecht, Godebaldkwartier 74. See also page 4 section 3 'Notes on Legal Persons'. 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.

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 in PAX. PAX carries out all peace programmes; it is also the employer of all staff members. PAX's Board of Directors is appointed in accordance with its articles of association. It consists of a 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.

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

Reporting Directive for Fundraising Institutions

The 2015 Financial Statements have been prepared in accordance with Directive RJ650 for Fundraising Organisations (revised in 2011) and the Ministry of Foreign Affairs co-financing system II regulations (of Ministry of Foreign Affairs MFSII regulations).

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

The consolidated annual report contains the following entities:

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

The consolidation is based on the full consolidation method.

The cash flow statement is prepared using the indirect method

PAX has used the WNT2 policy guidelines of 'Goede Doelen Nederland' as frame for the specification of the remuneration of the board of directors. The remuneration of the board of directors is specified on page 39. See also page 19 'Statement WNT2 remuneration board of directors' for explanation of the application of the WNT2 guidelines.

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.

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.

Intangible Fixed Assets

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

Tangible Fixed Assets

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

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

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

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

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

Financial Fixed Assets

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

Financial Instruments

Financial Instruments include receivables, cash and cash equivalents, cash and accounts receivables, current liabilities and other liabilities. Financial instruments are initially recognised at fair value. After initial recognition the financial instruments are measured at amortised costs on the basis of the effective interest method. The amortised costs equals the fair value. The fair value is based on the estimated present value of the future net cash flows. Purchased loans and other receivables are measured at amortised costs on the basis of the

effective interest method, less impairment losses. Financial commitments that are not held for trading are carried at amortised cost on the basis of the effective interest rate method.

Continuity reserve

The PAX policy on continuity reserve meets the requirements of the CBF. See also page 8 chapter 7 'Explanation of the Balance'.

Purpose reserve

The purpose of this reserve is determined by the Board.

Provisions

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

A provision is recognised if the following applies:

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

Long Term Debts and Current Liabilities

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

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

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

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 private 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.

Cash flow statement

The cash flow statement is prepared using the indirect method.

See also page 10 item Cash Flow section 8. Explanation of the Balance

Operating leases

If the company acts as lessee in an operating lease, the leased property is not capitalised. Lease payments regarding operating leases are recognised to the profit and loss account on a straight-line basis over the lease term.

Income from private fundraising

Income from own fundraising involves contributions, donations, collections, legacies and the sale of materials. Income from contributions, donations, collections and sales of materials are accounted for in the year in which they are received/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 recognized based on a statement received from the executor in the year in which the amount can be determined reliably. The valuation of legacies with property is done based on the most recent correspondence and receipts are included up to the preparation of financial statements. The valuation is done prudently. We work closely together with Centrum Nalatenschappen, who check and archive the documents and calculations.

Income from institutional donors including Dutch Government

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

Income from third-parties

Income from third-parties is accounted 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 received or pledged.

Interest income and income from investments

The line item interest income and income from investments contains the (gross) interest, dividends 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 of the number of hours really worked.

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

These are specified in the table explaining expense distribution.

Salary top officials

PAX has used the remuneration policy guidelines of 'Goede Doelen Nederland' as frame for the specification of the remuneration of the board of directors. The remuneration of the board of directors is specified on page 39. See also page 19 'Statement WNT2 remuneration board of directors' for explanation of the application of the WNT2 guidelines.

Pensions

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

The pension scheme is financed externally at sector pension Zorg en Welzijn. The coverage of the sector pension as per December 31, 2015 is 97 %.

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

Transactions with related parties

The remuneration of the managing and supervisory directors is specified on page 39.

Consolidated PAX

Explanation of the balance sheet

	31 December 2015	31 December 2014		
	€	€		
1. Intangible fixed assets				
Balance as at 31/12 *				
Software	42.228	107.014		
Licences	13.562	11.054		
	<u>55.790</u>	<u>118.068</u>		
*) Software and licences are regular enterprise software and licenses				
Movement in intangible fixed assets:	Software	Licences	Total	
Balance as at January 1				
Purchase Value	323.930	72.949	396.879	
Accumulated depreciation	216.916	61.895	278.811	
Book value	<u>107.014</u>	<u>11.054</u>	<u>118.068</u>	
Changes in book value				
Purchases	-	12.660	12.660	
Disinvestments	-	-	-	
Depreciations	64.786	10.152	74.938	
Balance	<u>64.786-</u>	<u>2.508</u>	<u>62.278-</u>	
Balance as at December 31				
Purchase Value	323.930	85.609	409.539	
Accumulated depreciation	281.702	72.047	353.749	
Book value	<u>42.228</u>	<u>13.562</u>	<u>55.790</u>	
2. Tangible fixed assets				
Balance as at 31/12				
Installations		14.140	16.937	
Other fixed operating assets		102.323	49.014	
Renovation		18.167	37.489	
		<u>134.630</u>	<u>103.440</u>	
Movement in tangible fixed assets	Installations	Other fixed operating assets	Renovation	Total
Balance as at January 1				
Purchase Value	27.976	744.479	298.064	1.070.519
Accumulated depreciation	11.039	695.465	260.575	967.079
Book value	<u>16.937</u>	<u>49.014</u>	<u>37.489</u>	<u>103.440</u>
Changes in book value *				
Investments	-	95.855	-	95.855
Disinvestments	-	-	-	-
Depreciations	2.797	42.546	19.322	64.665
Balance	<u>2.797-</u>	<u>53.309</u>	<u>19.322-</u>	<u>31.190</u>
Balance as at December 31				
Purchase Value	27.976	840.334	298.064	1.166.374
Accumulated depreciation	13.836	738.011	279.897	1.031.744
Book value	<u>14.140</u>	<u>102.323</u>	<u>18.167</u>	<u>134.630</u>
*) Investments in office equipment, workstations and laptops, renewal and enlargement of server capacity				

Explanation of the balance sheet (cont.)

	31 December 2015	31 December 2014
	€	€
3. Financial Fixed Assets		
Oiko credit certificates *	27.711	27.291
Balance as at Januari 1		
Book value	27.291	26.879
Received dividend	420	412
Book value as at December 31	27.711	27.291
*) 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. Trade and other receivables		
Ministry of Foreign Affairs MFS II *	449.358	-
Communities of Change Alliance	33.389	-
Other donors	1.038.796	408.155
Currents accounts alliance partners	263.289	18.743
Accounts receivable Inheritances and legacies	-	116.423
Sales tax	228.528	-
Prepaid amounts and guarantees	255.052	445.645
Other receivables	14.455	12.726
	2.282.867	1.001.692
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.		
*) The last payment 1% of total contract MFSII will be received after final reporting in november 2016.		
5. Cash and Cash equivalents		
Deposits (term under 3 months)	7.839.961	4.560.769
Credit balances on Dutch Bank accounts	1.013.201	590.197
Cash balance	26.239	11.967
	8.879.401	5.162.933

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

Consolidated PAX

6. Continuity reserve

Continuity reserve	2.034.159	2.616.199
Balance as at January 1	2.616.199	2.191.091
Allocation of the result	582.040-	425.108
Balance as at December 31	2.034.159	2.616.199

7. Purpose reserve plancost for rehousing (before short term reserve)

Purpose reserve plancost for rehousing	100.000	112.267
Balance as at January 1	112.267	94.805
Paid to alliance partners	-	8.438-
Become available *	112.267-	-
Allocation of the result **	100.000	25.900
Balance as at December 31	100.000	112.267

*) Interest from MFS II resources is used for the objective

**) Plancost for rehousing, part of expected modification costs concerning restructuring Hoog Catharijne

8. Provisions

Provision for maintenance costs *	40.000	40.000
Balance as at January 1	40.000	-
Provisions used during the year	-	-
Dotation	-	40.000
Withdrawal due to expenses	-	-
Balance as at December 31	40.000	40.000

*) Provision for major maintenance has been deferred.

9 Subsidy commitments

Ministry of Foreign Affairs not spent 2014 MFS II used in 2015	*	-	73.071
Ministry of Foreign Affairs advance Strat. Partn. Dialogue and Dissent	**	5.152.500	-
Ministry of Foreign Affairs MR Fund not spent in 2014 used in 2015		-	501.547
Ministry of Foreign Affairs Fund not spent in 2015 to use in 2016		2.047.982	694.423
Communities of Change Alliance not spent in 2014 used in 2015		-	228.230
Cordaid Gender Fund		233.233	226.932
Payment obligation allotted grants		345.709	441.234
Other expenses to be paid		84.517	45.850
Other prepaid grants by donors		-	367.201
*) Under the grant conditions this sum has been spent in 2015		7.863.941	2.578.488

**) The advance Strat. Partn. Dialogue and Dissent comprises the commitment of alliance party Amnesty International amounting to € 473,800 as well, PAX being the secretary of the alliance.

10 Accounts payable

	485.261	389.044
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11 Other short term liabilities

Income taxes and social security contribution	1.284	251.826
Sales tax	-	19.219
Reservation for leave days and holiday allowance	357.990	313.504
Payable salaries and pension contributions	21.289	22.011
Other debts, accruals and deferred income	476.473	70.865
	857.036	677.425

No short term liabilities due after more than 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.

Long-term financial commitments

- b PAX has € 1,489,701 in commitments to ongoing partner contracts and consultancy contracts.
- c PAX rents office and meeting space from Meeting Plaza at an annual rent of € 239.580. The contract ends per 30-11-2016. Coffee usage amounts to € 22,854 per year. PAX rents space from Hoog Catharijne B.V. at an annual rate of € 2,224.
- d The scanner/copier machines are leased for € 18,968 per year.
- e The maintenance contract on the scanner/copier machine software costs € 2,976 per year.
- f The maintenance contract on the KPN telephone system costs € 4,186 per year.
- g Mobile telephone contract KPN is estimated on € 100,000 per year.
- h Mobile telephone contract Telfort is estimated on € 9,600 per year.
- i Consultancy contract for optimizing telephone expenses € 3,708 per year.
- j The combined cost of the ICT hardware maintenance and software contracts of the outsourced ICT services amount € 10,599 per year (part of contract > 1 year).
- k Climate Neutral Group € 7,000,- per year, related to flying tickets Raptim and Multatuli.
- l Maintenance contract on the Inventive ERP system € 20,545 per year.
- m The Ministry of Foreign Affairs has granted co-financing system Strat. Partn. Dialogue and Dissent funds totalling € 59,500,000 for the period 2016 through 2020 for the Freedom from Fear Alliance (PAX, Amnesty Int.).
- h PAX is leading party in the Freedom from Fear Alliance. As such it bears legal responsibility toward the Ministry of Foreign Affairs for all obligations of the entire alliance.
- i The pension contract will run until 2017

Explanation of the Income and expenditure account

	Actual 2015 €	Budget 2015 €	Actual 2014 €
See also the explanation of the Statement of Income and Expenditures in section 9 of the financial report			
12 Income from private fundraising			
Contributions	76.781	87.000	89.119
Donations	548.275	363.000	513.670
Legacies	25.352	100.000	79.383
Vredesweek Collection	60.000	100.000	60.000
	<u>710.408</u>	<u>650.000</u>	<u>742.172</u>
13 Income from institutional fundraising			
EU	459.137	438.065	298.187
Other domestic donors	501.603	166.667	669.974
Foreign donors	504.458	1.732.929	583.332
	<u>1.465.198</u>	<u>2.337.661</u>	<u>1.551.493</u>
14 Income third parties			
Dutch Postcode Lottery (regular contribution)	1.000.000	500.000	500.000
Adaptation to general principles of RJ650 leads to allocation in 2015 of the award of €500.000 in January 2016			
15 Grants Dutch Government			
<i>Direct</i>			
Ministry of Foreign Affairs (MFS II)	6.320.864	6.247.367	6.356.003
Freedom from Fear Alliance parties	2.830.211	2.850.000	2.830.211
Other direct	1.653.905	1.925.097	1.519.218
	<u>10.804.980</u>	<u>11.022.464</u>	<u>10.705.432</u>
<i>Indirect</i>			
Communities of Change Alliance	901.734	886.921	775.389
Other indirect	772.270	850.543	850.110
	<u>1.674.004</u>	<u>1.737.464</u>	<u>1.625.499</u>
Total grants from Dutch government	12.478.984	12.759.928	12.330.931
Freedom from Fear Alliance parties	2.830.211	2.850.000	2.830.211
	<u>9.648.773</u>	<u>9.909.928</u>	<u>9.500.720</u>
The Ministry of Foreign Affairs Subsidy (MFS II) allocated an amount totalling €44,935,967 for the Freedom from Fear Alliance for the period 2011 through 2015			
16 Interest and investment income			
Interest	40.663	17.000	65.272
Investment income Oikos Credit	420	600	412
	<u>41.083</u>	<u>17.600</u>	<u>65.684</u>
17 Other income			
Annual rent income Stiltecentrum	13.462	-	13.328
Sales tax refund *	215.309	-	-
Shared costs travel expenses and received discounts **	92.286	500	12.572
	<u>321.057</u>	<u>500</u>	<u>25.900</u>

*) After a hearing the tax authorities decided that PAX is entitled to a refund of shifted VAT concerning purchases of services outside the EU. This refund amounts to €215.309 after deduction of tax advise costs.

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

Explanation of the income and expenditure account (cont.)

Actual 2015	Budget 2015	Actual 2014
% or €	% or €	% or €

18 Spent on behalf of the objective

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

Programme costs (x €1,000)	Direct	Indirect	Total	Total	Total
Human Security in Fragile States	5.122	921	6.043	6.226	5.509
Human Security in Repressive States	2.603	1.141	3.743	2.863	2.777
Security & Disarmament	1.286	291	1.577	2.278	1.259
Networks for conflict prevention	2	207	209	281	566
Networks for peacebuilding	120	21	141	103	214
Strengthening Civil Society	89	108	197	116	128
	9.222	2.689	11.910	11.867	10.452
Partners in Masterpeace project			500	250	250
The Freedom from Fear Alliance parties' MFS II liabilities			2.830	2.850	2.830
			15.241	14.967	13.532

Allocation is based on logbook results.

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

Income (x €1,000)	16.017	16.266	15.216
Expenses (x €1,000)	16.499	16.266	14.765

Percentage spent on objective in relation to income. 95,2% 92,0% 88,9%

Percentage spent on objective in relation to expenses. 92,4% 92,0% 91,7%

See also the explanation of the Statement of Income and Expenditures in section 9 of the financial report

19 Cost of private fundraising

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

Income from private fundraising	710	650	742
Cost of private fundraising *	155	140	147

*) the method of cost allocation and resulting figure 2015 have been reset in consistency with former years.

Costs of own fundraising in % 21,8% 21,5% 19,8%

See also the explanation of the Statement of Income and Expenditures in section 9 of the financial report

20 Management & administration

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

The separated Secretary Alliance FfF costs included here came to € 224,417

Management and administration costs as percentage of total expenditures. 5,4% 6,0% 5,2%

See also the explanation of the Statement of Income and Expenditures in section 9 of the financial report

Explanation of the income and expenditure account (cont.)

	<u>2015</u>	<u>2014</u>
	€ x 1,000	€ x 1,000
Specification of personnel costs		
Gross salaries	3.995	3.523
Social security contributions	656	553
Pension	<u>402</u>	<u>387</u>
	5.053	4.462
Other personnel costs	1.492	892
Total	6.545	5.354
Average # of FTEs in the Netherlands	80,0 FTE	72,9 FTE
Number of FTEs on balance sheet date in the Netherlands	83,5 FTE	76,6 FTE
Average # of FTEs Foreign	12,4 FTE	11,6 FTE
Number of FTEs on balance sheet date foreign	12,0 FTE	12,8 FTE
Explanation of changes		
Change in employed personnel costs	591,1	
Change in other personnel costs	600,7	
Total change in personnel costs	1.191,8	
Change in number of FTEs on balance sheet date in the Netherlands	6,9 FTE	
Change in number of FTEs on balance sheet date foreign	- 0,8 FTE	
Total change FTEs on balance sheet	6,1 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.

Consolidated PAX

	2015	2014
	€	€
Explanation to the Remuneration for 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
Remuneration (EUR)		
Annual Income, gross:		
Gross salary	80.940	73.808
Holiday allowance	6.432	5.865
Year-end allowance, 13th/14th month	6.760	6.168
Variable annual income	0	0
Total	94.132	85.841
Employers Social Security costs	9.969	9.969
Taxable Disbursement	500	500
Employers Pension contribution	11.383	10.238
Pension Compensation	0	0
Other (future) benefits	207	1024
Severance entitlement	0	0
Total remuneration 2015	116.191	107.572
Total remuneration 2014	115.245	107.890

The annual income of the individual members of the board of directors remains well within the maximum limits of the 'Regeling beloning directeuren van goede doelen t.b.v. besturen en raden van toezicht', respectively

J. Gruiters 110K vs 94K per FTE and F.J.T. Landmeter 98K vs 86K.

Also the annual income, the taxable disbursements, employers pension contribution and other (future) benefits remain below the in the guideline stated maximum of EUR 178K per year.

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

For an explanation of the policy and assumptions of the remuneration of the directors see Statement WNT2 remuneration board of directors in section 9 of the financial report.

The supervisory board has approved this specification of the remuneration with the approval of this financial statement.

Boards of supervisors

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

Compensations	1.774	1.611
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**Table: Itemisation of expenses
in €**

Expenditures	Fragile states	Repressive states	Security & Disarmament	Networks for Conflict Prevention	Networks for Peacebuilding	Fundraising Private	Fundraising Institutional	Strengthening Civil Society	Management & Administration	Secretary costs Alliance FFF	Total 2015	Total 2014
1. Grants and contributions	1.492.378	785.329	10.876	181-	-	-	-	4	-	-	2.288.406	2.015.965
2. Purchases and acquisitions	3.214.135	1.384.882	1.052.203	-	119.969	84.265	39.930	88.834	-	-	5.984.218	4.083.349
3. Publicity and Promotion	415.151	432.624	223.350	2.177	-	-	-	-	-	-	1.073.302	1.376.601
4. Personnel	636.200	787.566	200.747	142.774	-	48.956	122.903	74.804	456.214	154.962	2.625.126	3.056.248
5. Accommodations	121.301	150.161	38.275	27.222	13.996	9.334	23.433	14.263	86.984	29.546	514.515	549.930
6. Office expenses	16.751	20.737	5.285	3.759	1.155	1.289	3.236	1.970	12.012	4.080	70.274	72.446
7. General expenses	9	11	3	2	2.948	1	2	1	6	2	2.985	4.340
8. ICT	90.196	111.655	28.461	20.242	-	6.941	17.424	10.605	64.679	21.969	372.172	299.350
9. Depreciation and interest	33.155	41.043	10.462	7.441	2.798	2.551	6.405	3.898	23.775	8.076	139.604	142.295
10. Management costs	23.740	29.388	7.491	5.328	-	1.827	4.586	2.791	17.024	5.782	97.957	84.437
Total	6.043.016	3.743.396	1.577.153	208.764	140.866	155.164	217.919	197.170	660.694	224.417	13.168.559	11.684.961
	46,0%	28,4%	12,0%	1,6%	1,1%	1,2%	1,7%	1,5%	5,0%	1,7%		
Partner in Masterpeace project											500.000	250.000
Freedom from Fear Alliance parties											2.830.211	2.830.211
											16.498.770	14.765.172

Explanation to expenses and distribution:

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

**STATEMENT OF INCOME AND EXPENDITURE
2016 BUDGET**

	Actual 2015	Budget 2016
	€	€
INCOME		
Private fundraising	710.408	739.935
Grants from Institutional Donors	1.465.198	3.289.957
Income from third parties	1.000.000	500.000
Grants from Dutch government	12.478.984	12.983.264
Interest and investment income	41.083	50.000
Other income	321.057	35.000
Total income	16.016.730	17.598.156
EXPENSES		
Spent on behalf of objective		
Community based security and citizens rights		7.478.525
Dealing with the past		1.085.895
Humanitarian Disarmament		1.714.276
Natural resources and conflict		3.212.941
Protection of Civillians		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	140.866	86.100
Partners in Masterpeace project	500.000	250.000
Strengthening Civil Society	197.170	116.000
The Freedom from Fear Alliance parties MFS II liabilities	2.830.211	1.094.356
	15.240.576	16.440.956
Cost of earning		
Cost of private fundraising	155.164	166.400
Costs of institutional donor fundraising	217.919	220.700
	373.083	387.100
Management and administration		
Cost of management and administration	885.111	770.100
Total liabilities	16.498.770	17.598.156
Result	482.040-	-
Appropriation of Result		
Continuity reserve	582.040-	
Short term reserve	100.000	
	482.040-	

Consolidated PAX

<u>2015</u>	<u>2014</u>
€	€

Proposal Regarding the Appropriation of Result

Result	482.040-	451.008
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Other notes**Motion to adopt and approve**

The annual accounts for PAX over 2015 was drafted and signed by the Board of Directors and approved by the Supervisory Board on 25 April 2016, including the already accepted proposal regarding the appropriation of result, as presented on p. 22.

Subsequent events

PAX was selected in march 2015 as a strategic partner of the Ministry of Foreign Affairs of the Kingdom of the Netherlands with an A qualification. PAX has succesfully tendered a programme proposal with a maximum amount of 11,9 mln euro per year covering the period from 2016 to 2020.

Stichting Vredesbeweging Pax Nederland (PAX)

Executive board

J. Gruiters MSc, managing director

ing. F.J.T. Landmeter, director

Supervisory board

Marieke de Wal, chairwoman

Carla Kuijpers-Groensmit

Marina van Notten

Peter van der Veer

Wieger E. Bakker

Sander Smits-van Oyen

Stichting Interkerkelijk Vredesberaad (IKV)

The legal form is foundation.

The registered office of the foundation is located in Utrecht.

Members

Ineke Bakker, chairman

Jan Gruiters MSc, director

Ben Schennink

Caecillia van Peski

Christine Welschen

Cocky de Graaf

Jack Bogers

Lucien van Liere

Mijnke Bosman Huizinga

Patrick Groenewegen

Waldo Idoe

Vereniging Vredesbeweging Pax Christi Nederland (Pax Christi)

The legal form is association.

The registered office of the association is located in Utrecht.

Executive board

J. Gruiters MSc, managing director

ing. F.J.T. Landmeter, director

Members' council

Jan Peters sj, chairman interim

Anita Böcker

Ineke Malsch

Bert van Roermund

Désirée Verweij

Piet Kruizinga

Peter Peelen sj

Rian Evers

Sanneke Brouwers

Sarita Bajnath

Stichting Katholieke Vredesbeweging (STIKAV)

The legal form is foundation.

The registered office of the foundation is located in Utrecht.

Executive board

J. Gruiters MSc, managing director

ing. F.J.T. Landmeter, director

Financial Statements 2015
PAX

BALANCE SHEET

(after appropriation of result)

		31 December <u>2015</u> €	31 December <u>2014</u> €
ASSETS			
Intangible fixed assets	1	55.790	118.068
Tangible fixed assets	2	120.490	86.503
Current accounts	3	539.960	456.381
Trade and other receivables	4	2.005.123	808.800
Cash and Cash Equivalents	5	7.105.022	3.527.753
		<u>9.826.385</u>	<u>4.997.505</u>

BALANCE SHEET

(after appropriation of result)

		31 December 2015	31 December 2014
		€	€
LIABILITIES			
Reserves and funds			
Continuity reserve	6	660.968	1.243.086
Short term reserve	7	-	112.267
Short-term debts			
Subsidy commitments:	8	7.863.942	2.578.488
Other accounts payable	9	485.261	389.045
Other Liabilities	10	816.214	674.619
		<u>9.165.417</u>	<u>3.642.152</u>
		<u><u>9.826.385</u></u>	<u><u>4.997.505</u></u>

STATEMENT OF INCOME AND EXPENDITURE

		Actual	Budget	Actual
		2015	2015	2014
		€	€	€
INCOME				
Private fundraising	11	486.225	508.000	509.505
Grants from Institutional Donors	12	1.463.180	2.337.661	1.577.655
Income from third parties	13	1.000.000	500.000	500.000
Grants from Dutch government	14	9.648.773	9.909.928	9.500.720
Grants from Dutch government alliance parties		2.830.211	2.850.000	2.830.211
Interest and investment income	15	26.339	-	52.502
Other income	16	321.057	-	25.900
Total income		15.775.785	16.105.589	14.996.493
EXPENSES				
Spent on behalf of the objective				
	17			
Human Security and Human Rights in Fragile States		6.043.016	6.225.617	5.508.725
Human Security and a voice in Repressive States		3.743.396	2.862.646	2.777.132
Security & Disarmament		1.577.153	2.278.051	1.258.549
Networks for conflict prevention and Peace Building		208.764	281.259	565.642
Partners in Masterpeace project		500.000	250.000	250.000
Strengthening Civil Society		197.170	116.000	128.399
Freedom from Fear Alliance parties MFS II liabilities		2.830.211	2.850.000	2.830.211
		15.099.710	14.863.573	13.318.658
Acquisition costs				
Cost of private fundraising	18	155.164	140.000	146.772
Cost of institutional donor fundraising		217.919	220.700	320.236
		373.083	360.700	467.008
Management and administration				
Cost of management and administration	19	885.111	881.316	765.781
Total Expenditures		16.357.904	16.105.589	14.551.447
Result		582.119-	-	445.046
Appropriation of Result				
Continuity reserve		582.119-		419.146
Short term reserve		-		25.900
		582.119-		445.046

Cash flow Statement

		<u>2015</u>	<u>2014</u>
		€	€
Year End Result		582.119-	445.046
Adjusted for			
Depreciations	1,2	136.806	139.498
Interest on income and expenditures	15	26.163-	4.397
Changes in Working Capital		4.243.364	159.140-
Cash Flow from operating activities		<u>3.771.888</u>	<u>429.801</u>
Interest received	15	26.162	4.396-
Cash Flow from primair activities		<u>26.162</u>	<u>4.396-</u>
Investment /disinvestment in intangible fixed assets	1	12.660-	44.220-
Investment/disinvestment in tangible fixed assets	2	95.855-	8.605-
Cash flow from investing activities		<u>108.515-</u>	<u>52.825-</u>
Release of MFS II intrest component in the Short Term Reserve		112.266-	-
Cash flow from financing activities		<u>112.266-</u>	<u>-</u>
Changes in Cash and Cash Equivalents	5	<u><u>3.577.269</u></u>	<u><u>372.580</u></u>

Notes to the 2015 Financial Statements

General

Peace Movement PAX Netherlands Foundation (hereinafter referred to as: PAX) is located and has its registered office in Utrecht, Godebaldkwartier 74. See also page 4 section 3 'Notes on Legal Persons'. 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.

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 in PAX. PAX carries out all peace programmes; it is also the employer of all staff members. PAX's Board of Directors is appointed in accordance with its articles of association. It consists of a 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.

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

Reporting Directive for Fundraising Institutions

The 2015 Financial Statements have been prepared in accordance with Directive RJ650 for Fundraising Organisations (revised in 2011) and the Ministry of Foreign Affairs co-financing system II regulations (of Ministry of Foreign Affairs MFSII regulations).

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

The consolidated annual report contains the following entities:

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

The consolidation is based on the full consolidation method.

The cash flow statement is prepared using the indirect method

PAX has used the WNT2 policy guidelines of 'Goede Doelen Nederland' as frame for the specification of the remuneration of the board of directors. The remuneration of the board of directors is specified on page 60. See also page 19 'Statement WNT2 remuneration board of directors' for explanation of the application of the WNT2 guidelines.

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.

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.

Intangible Fixed Assets

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

Tangible Fixed Assets

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

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

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

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

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

Financial Instruments

Financial Instruments include receivables, cash and cash equivalents, cash and accounts receivables, current liabilities and other liabilities. Financial instruments are initially recognised at fair value. After initial recognition the financial instruments are measured at amortised costs on the basis of the effective interest method. The amortised costs equals the fair value. The fair value is based on the estimated present value of the future net cash flows. Purchased loans and other receivables are measured at amortised costs on the basis of the

effective interest method, less impairment losses. Financial commitments that are not held for trading are carried at amortised cost on the basis of the effective interest rate method.

Continuity reserve

The PAX policy on continuity reserve meets the requirements of the CBF. See also page 10 chapter 7 'Explanation of the Balance'.

Purpose reserve

The purpose of this reserve is determined by the Board.

Provisions

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

A provision is recognised if the following applies:

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

Long Term Debts and Current Liabilities

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

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

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

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 private 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.

Cash flow statement

The cash flow statement is prepared using the indirect method.

See also page 10 item Cash Flow section 8. Explanation of the Balance

Operating leases

If the company acts as lessee in an operating lease, the leased property is not capitalised. Lease payments regarding operating leases are recognised to the profit and loss account on a straight-line basis over the lease term.

Income from private fundraising

Income from own fundraising involves contributions, donations, collections, legacies and the sale of materials. Income from contributions, donations, collections and sales of materials are accounted for in the year in which they are received/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 recognized based on a statement received from the executor in the year in which the amount can be determined reliably. The valuation of legacies with property is done based on the most recent correspondence and receipts are included up to the preparation of financial statements. The valuation is done prudently. We work closely together with Centrum Nalatenschappen, who check and archive the documents and calculations.

Income from institutional donors including Dutch Government

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

Income from third-parties

Income from third-parties is accounted 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 received or pledged.

Interest income and income from investments

The line item interest income and income from investments contains the (gross) interest, dividends 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 of the number of hours really worked.

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

These are specified in the table explaining expense distribution.

Salary top officials

PAX has used the remuneration policy guidelines of 'Goede Doelen Nederland' as frame for the specification of the remuneration of the board of directors. The remuneration of the board of directors is specified on page 60. See also page 19 'Statement WNT2 remuneration board of directors' for explanation of the application of the WNT2 guidelines.

Pensions

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

The pension scheme is financed externally at sector pension Zorg en Welzijn. The coverage of the sector pension as per December 31, 2015 is 97 %.

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

Transactions with related parties

The remuneration of the managing and supervisory directors is specified on page 60.

Explanation of the balance sheet

	31 December 2015	31 December 2014	
	€	€	
1. Intangible fixed assets			
Balance as at 31/12 *			
Software	42.228	107.014	
Licences	13.562	11.054	
*) Software and licences are regular enterprise software and licenses	55.790	118.068	
Movement in intangible fixed assets:	Software	Licences	Total
Balance as at January 1			
Purchase Value	323.930	72.949	396.879
Accumulated depreciation	216.916	61.895	278.811
Book value	107.014	11.054	118.068
Changes in book value			
Purchases	0	12.660	12.660
Disinvestments	0	-	0
Depreciations	64.786	10.152	74.938
Balance	-64.786	2.508	-62.278
Balance as at December 31			
Purchase Value	323.930	85.609	409.539
Accumulated depreciation	281.702	72.047	353.749
Book value	42.228	13.562	55.790
2. Tangible fixed assets			
Balance as at 31/12			
Other fixed operating assets	102.323	49.014	
Renovation	18.167	37.489	
	120.490	86.503	
Movement in tangible fixed assets	Other fixed operating assets	Renovation	Total
Balance as at January 1			
Purchase Value	744.479	298.064	1.042.543
Accumulated depreciation	695.465	260.575	956.040
Book value	49.014	37.489	86.503
Changes in book value *			
Investments	95.855	-	95.855
Disinvestments	-	-	-
Depreciations	42.546	19.322	61.868
Balance	53.309	19.322-	33.987
Balance as at December 31			
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
*) Investments in office equipment, workstations and laptops, renewal and enlargement of server capacity			

Explanation of the balance sheet (cont.)

	31 December 2015	31 December 2014
	€	€
3. Current accounts		
Stichting Katholieke Vredesbeweging	86.972	187.676
Stichting IKV	73.859	38.343
Vereniging Pax Christi	115.840	211.619
Alliantie partners	263.289	18.743
	<u>539.960</u>	<u>456.381</u>
4. Trade and other receivables		
Ministry of Foreign Affairs MFS II *	449.358	-
Communities of Change Alliance	33.389	-
Other donors	1.038.796	363.155
Sales tax	228.528	-
Prepayments and receivables and guarantees	255.052	445.645
	<u>2.005.123</u>	<u>808.800</u>
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.		
*) The last payment 1% of total contract MFSII will be received after final reporting in november 2016.		
5. Cash and Cash equivalents		
Deposits (term under 3 months)	6.520.590	3.251.707
Credit balances on Dutch Bank accounts	558.193	264.079
Cash balance	26.239	11.967
	<u>7.105.022</u>	<u>3.527.753</u>
The position of cash and cash equivalents is at the disposal of the mission of PAX without hindrance		
6. Continuity reserve	660.967	1.243.086
Balance as at January 1	1.243.086	823.940
Allocation of the result	582.119-	419.146
Balance as at December 31	<u>660.967</u>	<u>1.243.086</u>
7. Short term reserve	-	112.267
Balance as at January 1	112.267	94.805
Paid to partner	-	8.438-
Become available *	112.267-	-
Allocation of the result	-	25.900
Balance as at December 31	<u>-</u>	<u>112.267</u>

*) Interest from MFS II resources is used for the objective

Explanation of the balance sheet (cont.)

	31 December 2015	31 December 2014
	€	€
8 Subsidy commitments		
Ministry of Foreign Affairs not spent 2014 MFS II used in 2015	*	73.071
Ministry of Foreign Affairs advance Strat. Partn. Dialogue and Dissent	** 5.152.500	-
Ministry of Foreign Affairs MR Fund not spent in 2014 used in 2015	-	501.547
Ministry of Foreign Affairs Fund not spent in 2015 to use in 2016	2.047.982	694.423
Communities of Change Alliance not spent 2014 used in 2015	-	228.230
Cordaid Gender Fund	233.233	226.932
Payment obligation allotted grants	345.709	441.233
Other expenses to be paid	84.517	45.850
Other prepaid grants by donors	-	367.201
	<u>7.863.941</u>	<u>2.578.487</u>
*) Under the grant conditions this sum has been spent in 2015		
**) The advance Strat. Partn. Dialogue and Dissent comprises the commitment of alliance party Amnesty International amounting to € 473,800 as well, PAX being the secretary of the alliance.		
9 Accounts payable	485.261	389.044
10 Other short term liabilities		
Income taxes and social security contribution	1.284	251.826
Sales tax	-	19.219
Reservation for leave days and holiday allowance	357.990	313.504
Payable salaries and pension contributions	21.289	22.011
Other debts, accruals and deferred income	435.651	68.058
<i>No short term liabilities due after more than one year</i>	<u>816.214</u>	<u>674.618</u>

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.

Long-term financial commitments

- b PAX has € 1,489,701 in commitments to ongoing partner contracts and consultancy contracts.
- c PAX rents office and meeting space from Meeting Plaza at an annual rent of € 239.580. The contract ends per 30-11-2016. Coffee usage amounts to € 22,854 per year. PAX rents space from Hoog Catharijne B.V. at an annual rate of € 2,224.
- d The scanner/copier machines are leased for € 18,968 per year.
- e The maintenance contract on the scanner/copier machine software costs € 2,976 per year.
- f The maintenance contract on the KPN telephone system costs € 4,186 per year.
- g Mobile telephone contract KPN is estimated on € 100,000 per year.
- h Mobile telephone contract Telfort is estimated on € 9,600 per year.
- i Consultancy contract for optimizing telephone expenses € 3,708 per year.
- j The combined cost of the ICT hardware maintenance and software contracts of the outsourced ICT services amount € 10,599 per year (part of contract > 1 year).
- k Climate Neutral Group € 7,000,- per year, related to flying tickets Raptim and Multatuli.
- l Maintenance contract on the Inventive ERP system € 20,545 per year.
- m The Ministry of Foreign Affairs has granted co-financing system Strat. Partn. Dialogue and Dissent funds totalling € 59,500,000 for the period 2016 through 2020 for the Freedom from Fear Alliance (PAX, Amnesty Int.).
- h PAX is leading party in the Freedom from Fear Alliance. As such it bears legal responsibility toward the Ministry of Foreign Affairs for all obligations of the entire alliance.
- i The pension contract will run until 2017

Explanation of the Income and expenditure account

	Actual 2015 €	Budget 2015 €	Actual 2014 €
See also the explanation of the Statement of Income and Expenditures in section 9 of the financial report			
11 Income from private fundraising			
Contributions private fundraising Vereniging Pax Christi	31.353	56.400	72.380
Contribution private fundraising Stichting IKV	34.179	38.200	33.103
Contribution private fundraising STIKAV	47.000	10.000	70.000
Donations	373.693	403.400	334.022
	<u>486.225</u>	<u>508.000</u>	<u>509.505</u>
12 Income from institutional fundraising			
EU	459.137	438.065	298.187
Other domestic donors	499.585	166.667	696.136
Foreign donors	504.458	1.732.929	583.332
	<u>1.463.180</u>	<u>2.337.661</u>	<u>1.577.655</u>
13 Income third parties			
Dutch Postcode Lottery (regular contribution)	1.000.000	500.000	500.000
Adaptation to general principles of RJ650 leads to allocation in 2015 of the award of €500.000 in January 2016			
14 Grants Dutch Government			
<i>Direct</i>			
Ministry of Foreign Affairs (MFS II including interest)	6.320.864	6.247.367	6.356.003
Freedom from Fear Alliance parties	2.830.211	2.850.000	2.830.211
Other funds	1.653.905	1.925.097	1.519.218
	<u>10.804.980</u>	<u>11.022.464</u>	<u>10.705.432</u>
<i>Indirect</i>			
Communities of Change Alliance	901.734	886.921	775.389
Other indirect	772.270	850.543	850.110
	<u>1.674.004</u>	<u>1.737.464</u>	<u>1.625.499</u>
Total grants from Dutch government	12.478.984	12.759.928	12.330.931
Freedom from Fear Alliance parties	2.830.211	2.850.000	2.830.211
	<u>9.648.773</u>	<u>9.909.928</u>	<u>9.500.720</u>
The Ministry of Foreign Affairs Subsidy (MFS II) allocated an amount totalling €44,935,967 for the Freedom from Fear Alliance for the period 2011 through 2015			
15 Interest and investment income			
Interest	26.339	-	52.502
16 Other income			
Annual rent income Stiltecentrum	13.462	-	13.328
Sales Tax refund *	215.309	-	-
Shared costs travel expenses and received discounts **	92.286	-	12.572
	<u>321.057</u>	<u>-</u>	<u>25.900</u>

*) After a hearing the tax authorities decided that PAX is entitled to a refund of shifted VAT concerning purchases of services outside the EU. This refund amounts to €215.309 after deduction of tax advise costs.

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

Explanation of the income and expenditure account (cont.)

Actual 2015	Budget 2015	Actual 2014
% or €	% or €	% or €

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.

Programme costs (x €1,000)	Direct	Indirect	Total	Total	Total
Human Security in Fragile States	5.122	921	6.043	6.226	5.509
Human Security in Repressive States	2.603	1.141	3.743	2.863	2.777
Security & Disarmament	1.286	291	1.577	2.278	1.259
Networks for conflict prevention	2	207	209	281	566
Strengthening Civil Society	89	108	197	116	128
	9.102	2.668	11.769	11.764	10.239
Partners in Masterpeace project			500	250	250
The Freedom from Fear Alliance parties' MFS II liabilities			2.830	2.850	2.830
			15.100	14.864	13.319

Allocation is based on logbook results.

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

Income (x €1,000)	15.776	16.106	14.996
Expenses (x €1,000)	16.358	16.106	14.551
Percentage spent on objective in relation to income.	95,7%	92,3%	88,8%
Percentage spent on objective in relation to liabilities.	92,3%	92,3%	91,5%

See also the explanation of the Statement of Income and Expenditures in section 9 of the financial report

18 Cost of private fundraising

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

Income from private fundraising	486	508	510
Cost of private fundraising *	155	140	147

*) the method of cost allocation and resulting figure 2015 have been reset in consistency with former years.

Costs of own fundraising in %	31,9%	27,6%	28,8%
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See also the explanation of the Statement of Income and Expenditures in section 9 of the financial report

19 Management & administration

Costs incurred for internal management and administration are not charged to the objectives or fundraising, but are listed separately. The separated Secretary Alliance FfF costs included here came to € 224,417

Management and administration costs as percentage of total expenditures.	5,4%	5,5%	5,3%
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See also the explanation of the Statement of Income and Expenditures in section 9 of the financial report

Explanation of the income and expenditure account (cont.)

	2015	2014
	€ x 1,000	€ x 1,000
Specification of personnel costs		
Gross salaries	3.995	3.523
Social security contributions	656	553
Pension	402	387
	5.053	4.462
Other personnel costs	1.492	892
Total	6.545	5.354
Average # of FTEs	80,0 FTE	72,9 FTE
Number of FTEs on balance sheet date in the Netherlands	83,5 FTE	76,6 FTE
Average # of FTEs Foreign	12,4 FTE	11,6 FTE
Number of FTEs on balance sheet date foreign	12,0 FTE	12,8 FTE
Explanation of changes		
Change in employed personnel costs	591	
Change in other personnel costs	601	
Total change in personnel costs	1.192	
Change in number of FTEs on balance sheet date in the Netherlands	6,9 FTE	
Change in number of FTEs on balance sheet date foreign	- 0,8 FTE	
Total change FTEs on balance sheet	6,1 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.



Independent auditor's report

To: the Board of Stichting Vredesbeweging PAX Nederland

Report on the financial statements

We have audited the accompanying financial statements 2015 of Stichting Vredesbeweging PAX Nederland, Utrecht, which comprise the consolidated and the foundation's balance sheet as at 31 December 2015, the profit and loss account for the year then ended and the notes comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management of the Foundation is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 'Fundraising Institutions' of the Dutch Accounting Standards Board. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Vredesbeweging PAX Nederland as at 31 December 2015, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 'Fundraising Institutions' of the Dutch Accounting Standards Board.

Utrecht, 29 April 2016

KPMG Accountants N.V.

J.L.C. van Sabben RA

	2015	2014
	€	€
Explanation to the Remuneration for 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
Remuneration (EUR)		
Annual Income, gross:		
Gross salary	80.940	73.808
Holiday allowance	6.432	5.865
Year-end allowance, 13th/14th month	6.760	6.168
Variable annual income	0	0
Total	94.132	85.841
Employers Social Security costs	9.969	9.969
Taxable Disbursement	500	500
Employers Pension contribution	11.383	10.238
Pension Compensation	0	0
Other (future) benefits	207	1024
Severance entitlement	0	0
Total remuneration 2015	116.191	107.572
Total remuneration 2014	115.245	107.890

The annual income of the individual members of the board of directors remains well within the maximum limits of the 'Regeling beloning directeuren van goede doelen t.b.v. besturen en raden van toezicht', respectively J. Gruiters 110K vs 94K per FTE and F.J.T. Landmeter 98K vs 86K.

Also the annual income, the taxable disbursements, employers pension contribution and other (future) benefits remain below the in the guideline stated maximum of EUR 178K per year.

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

For an explanation of the policy and assumptions of the remuneration of the directors see Statement WNT2 remuneration board of directors in section 9 of the financial report.

The supervisory board has approved this specification of the remuneration with the approval of this financial statement.

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.

Other notes

Proposal Regarding the Appropriation of Result

Result	582.119-	445.046
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OTHER INFORMATION

	<u>2015</u>	<u>2014</u>
	€	€
Proposal Regarding the Appropriation of Result		
Result	582.119-	445.046

Motion to adopt and approve

The annual accounts for PAX over 2015 was drafted and signed by the Board of Directors and approved by the Supervisory Board on 25 April 2016, including the already accepted proposal regarding the appropriation of result, as presented on p. 40.

Subsequent events

PAX was selected in march 2015 as a strategic partner of the Ministry of Foreign Affairs of the Kingdom of the Netherlands with an A qualification. PAX is allowed to tender a programme proposal with a maximum amount of 11,9 mln euro per year covering the period from 2016 to 2020,

Stichting Vredesbeweging Pax Nederland (PAX)

Executive board

J. Gruiters MSc, managing director
ing. F.J.T. Landmeter, director

Supervisory board

Marieke de Wal, chairwoman
Carla Kuijpers-Groensmit
Marina van Notten
Peter van der Veer
Wieger E. Bakker
Sander Smits-van Oyen

Stichting Interkerkelijk Vredesberaad (IKV)

The legal form is foundation.

The registered office of the foundation is located in Utrecht.

Members

Ineke Bakker, chairman
Jan Gruiters MSc, director
Ben Schennink
Caecillia van Peski
Christine Welschen
Cocky de Graaf
Jack Bogers
Lucien van Liere
Mijnke Bosman Huizinga
Patrick Groenewegen
Waldo Idoe

Vereniging Vredesbeweging Pax Christi Nederland (Pax Christi)

The legal form is association.

The registered office of the association is located in Utrecht.

Executive board

J. Gruiters MSc, managing director

ing. F.J.T. Landmeter, director

Members' council

Jan Peters sj, chairman interim

Anita Böcker

Ineke Malsch

Bert van Roermund

Désirée Verweij

Piet Kruizinga

Peter Peelen sj

Rian Evers

Sanneke Brouwers

Sarita Bajnath

Stichting Katholieke Vredesbeweging (STIKAV)

The legal form is foundation.

The registered office of the foundation is located in Utrecht.

Executive board

J. Gruiters MSc, managing director

ing. F.J.T. Landmeter, director

**Table: Itemisation of expenses
in €**

Expenditures	Fragile states	Repressive states	Security & Disarmament	Networks for Conflict Prevention	Fundraising Private	Fundraising Institutional	Strengthening Civil Society	Management: & Administration	Secretary costs Alliance FFF	Total 2015	Total 2014
1. Grants and contributions	1.492.378	785.329	10.876	181-	-	-	4			2.288.406	2.015.965
2. Purchases and acquisitions	3.214.135	1.384.882	1.052.203		84.265	39.930	88.834			5.864.249	3.961.419
3. Publicity and Promotion	415.151	432.624	223.350	2.177						1.073.302	1.376.601
4. Personnel	636.200	787.566	200.747	142.774	48.956	122.903	74.804	456.214	154.962	2.625.126	3.056.248
5. Accommodations	121.301	150.161	38.275	27.222	9.334	23.433	14.263	86.984	29.546	500.519	464.360
6. Office expenses	16.751	20.737	5.285	3.759	1.289	3.236	1.970	12.012	4.080	69.119	71.002
7. General expenses	9	11	3	2	1	2	1	6	2	37	2.356
8. ICT	90.196	111.655	28.461	20.242	6.941	17.424	10.605	64.679	21.969	372.172	299.350
9. Depreciation and interest	33.155	41.043	10.462	7.441	2.551	6.405	3.898	23.775	8.076	136.806	139.498
10. Management costs	23.740	29.388	7.491	5.328	1.827	4.586	2.791	17.024	5.782	97.957	84.437
Total	6.043.016	3.743.396	1.577.153	208.764	155.164	217.919	197.170	660.694	224.417	13.027.693	11.471.236
	46,3%	28,7%	12,0%	1,6%	1,2%	1,7%	1,5%	5,1%	1,7%		
Partners in Masterpeace project										500.000	250.000
Freedom from Fear Alliance parties										2.830.211	2.830.210
										16.357.904	14.551.447

Explanation to expenses and distribution:

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

**STATEMENT OF INCOME AND EXPENDITURE
2016 BUDGET**

	Actual 2015	Budget 2016
	€	€
INCOME		
Private fundraising	486.225	554.335
Grants from Institutional Donors	1.463.180	3.289.957
Income from third parties	1.000.000	500.000
Grants from Dutch government	12.478.984	12.983.264
Interest and investment income	26.339	36.900
Other income	321.057	25.900
Total income	15.775.785	17.390.356
EXPENSES		
Spent on behalf of objective		
Community based security and citizens rights		7.478.525
Dealing with the past		1.085.895
Humanitarian Disarmament		1.714.276
Natural resources and conflict		3.212.941
Protection of Civillians		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	
Partners in Masterpeace project	500.000	250.000
Strengthening Civil Society	197.170	116.000
The Freedom from Fear Alliance parties' MFS II liabilities	2.830.211	1.094.356
	15.099.710	16.354.856
Acquisition costs		
Cost of private fundraising	155.164	166.400
Cost of institutional donor fundraising	217.919	220.700
	373.083	387.100
Management and administration		
Cost of management and administration	885.111	648.400
Total Expenditures	16.357.904	17.390.356
Result	582.119-	-
Appropriation of Result		
Continuity reserve	582.119-	
Short term reserve	-	
	582.119-	

Annexes
Financial Statements 2015
PAX

Financial Statements 2015
Stichting Interkerkelijk Vredesberaad

BALANCE SHEET

(after appropriation of result)

		31 December <u>2015</u> €	31 December <u>2014</u> €
ASSETS			
Trade and other receivables	1	12.644	10.385
Cash and Cash Equivalents	2	1.470.757	1.397.463
		<u>1.483.401</u>	<u>1.407.848</u>

BALANCE SHEET

(after appropriation of result)

		31 December 2015	31 December 2014
		€	€
LIABILITIES			
Reserves and funds			
Continuity reserve	3	1.369.424	1.369.424
Short-term debts			
Other accounts payable	4	73.859	38.343
Other Liabilities	5	40.118	81
		<u>113.977</u>	<u>38.424</u>
		<u>1.483.401</u>	<u>1.407.848</u>

Stichting Interkerkelijk Vredesberaad

STATEMENT OF INCOME AND EXPENDITURE

	Actual	Budget	Actual
	2015	2015	2014
	€	€	€
INCOME			
Private fundraising	6 27.935	25.300	29.805
Interest	7 12.513	15.000	10.349
Total income	<u>40.448</u>	<u>40.300</u>	<u>40.154</u>
EXPENSES			
Spent on behalf of the objective	8		
Networks for peace building	38.623	38.600	38.623
	<u>38.623</u>	<u>38.600</u>	<u>38.623</u>
Management and administration	9		
Cost of management and administration	1.825	1.700	1.531
Total Expenditures	<u>40.448</u>	<u>40.300</u>	<u>40.154</u>
Result	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Cash Flow Statement

	<u>2015</u>	<u>2014</u>
	€	€
Year End Result	-	-
Adjusted for		
Depreciations	-	-
Changes in provisions	-	-
Interest on income and expenditures	2.164	4.102
Changes in Working Capital	<u>73.294</u>	<u>49.681-</u>
Cash Flow from operating activities	75.458	45.579-
Interest paid/received	<u>2.164-</u>	<u>4.102-</u>
Cash Flow from primary activities	73.294	4.102-
Investment /disinvestment in intangible fixed assets	-	-
Investment/disinvestment in tangible fixed assets	<u>-</u>	<u>-</u>
Cash flow from investing activities	-	-
Repayment of borrowings/take-up of long term debt	<u>-</u>	<u>-</u>
Cash flow from financing activities	-	-
Changes in Cash and Cash Equivalents	<u><u>73.294</u></u>	<u><u>49.681-</u></u>

Notes to the 2015 Financial Statements Stichting Interkerkelijk Vredesberaad

General

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.

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 in PAX. PAX carries out all peace programmes; it is also the employer of all staff members. PAX's Board of Directors is appointed in accordance with its articles of association. It consists of a 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.

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 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.

Reporting Directive for Fundraising Institutions

The 2015 Financial Statements have been prepared in accordance with Directive RJ650 for Fundraising Organisations (revised in 2011) and the Ministry of Foreign Affairs' co-financing system II regulations (of Ministry of Foreign Affairs MFSII regulations).

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.

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.

Intangible Fixed Assets

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

Tangible Fixed Assets

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

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

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

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

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

Financial Instruments

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

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 private 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

Cash flow statement

The cash flow statement is prepared using the indirect method.

See also page 10 item Cash Flow section 8. Explanation of the Balance

Income from private fundraising

Income from own fundraising involves donations, collections, legacies and the sale of materials. Income from donations, collections and sales of materials are accounted for in the year in which they are received/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 recognized based on a statement received from the executor in the year in which the amount can be determined reliably. The valuation of legacies with property is done based on the most recent correspondence and receipts are included up to the preparation of financial statements. The valuation is done prudently. We work closely together with Centrum Nalatenschappen, who check and archive the documents and calculations.

Income from institutional donors

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

Income from third-parties

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

Interest income

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.

Explanation of the balance sheet

	31 December 2015	31 December 2014
	€	€
1 Trade and other receivables		
Other receivables	12.644	10.385
	<u>12.644</u>	<u>10.385</u>
No receivables due after more than one year.		
2 Cash and cash equivalents		
Deposits (term under 3 months)	1.319.371	1.309.062
Credit balance on Dutch Bank accounts	151.386	88.401
	<u>1.470.757</u>	<u>1.397.463</u>
The position of cash and cash equivalents is at the disposal of the mission of IKV 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	73.859	38.343
	<u>73.859</u>	<u>38.343</u>
5 Other short term liabilities		
VU second tranche promotion research	38.623	-
Bank and other costs	1.495	81
	<u>40.118</u>	<u>81</u>

Explanation of the Income and Expenditure account

	Actual 2015 €	Budget 2015	Actual 2014 €
6 Income from private fundraising			
Gifts and donations	3.517	3.500	4.124
Vredesweek collection	60.000	60.000	60.000
Legacies	-	-	-
Release participation loan	1.403-	-	1.216-
Contribution private fundraising PAX	34.179-	38.200-	33.103-
	<u>27.935</u>	<u>25.300</u>	<u>29.805</u>
7 Interest	12.513	15.000	10.349
Total Income	40.448	40.300	40.154
8 Networks for peace building			
Support for research on New Wars, New Peace	27.123	27.100	27.123
Contribution Chair Vrije Universiteit	11.500	11.500	11.500
	<u>38.623</u>	<u>38.600</u>	<u>38.623</u>
9 Cost Management and administration			
Office expenses	-		-
Management costs	1.337	1.300	1.100
Other costs	488	400	431
	<u>1.825</u>	<u>1.700</u>	<u>1.531</u>
Total expenditures	40.448	40.300	40.154

Boards of supervisors

The members of the 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	853	-	907
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Proposal Regarding the Appropriation of Result

	<u>2015</u>	<u>2014</u>
	€	€
Result	-	-

Motion to adopt and approve

The annual accounts for Stichting Interkerkelijk Vredesberaad over 2015 was drafted and signed by the Board of Directors and approved by the Supervisory Board on 25 april 2016, including the already accepted proposal regarding the appropriation of result, as presented on page 64.

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
Mijnke Bosman Huizinga
Patrick Groenewegen
Waldo Idoe

**STATEMENT OF INCOME AND EXPENDITURE
2015 BUDGET**

	Actual 2015 <u>€</u>	Budget 2016 <u>€</u>
INCOME		
Income from private fundraising		
Gifts and donations	3.517	2.900
Vredesweek collection	60.000	60.000
Legacies	-	-
Release participation loan	1.403-	-
Contribution private fundraising PAX	<u>34.179-</u>	<u>60.600-</u>
	27.935	2.300
Other income		
Interest and investment income	12.513	11.000
	<u> </u>	<u> </u>
Total income	40.448	13.300
EXPENSES		
Networks for peace building		
Support for research on New Wars, New Peace	27.123	-
Contribution Chair Vrije Universiteit	<u>11.500</u>	<u>11.500</u>
	38.623	11.500
Cost Management and Administration		
Management costs	1.337	1.400
Bank and other costs	<u>488</u>	<u>400</u>
	1.825	1.800
	<u> </u>	<u> </u>
Total expenditures	40.448	13.300
Result	<u><u>-</u></u>	<u><u>-</u></u>

Financial Statements 2015
Vereniging "Vredesbeweging Pax Christi Nederland"

Vereniging "Vredesbeweging Pax Christi Nederland"

BALANCE SHEET

(after appropriation of result)

		31 December <u>2015</u> €	31 December <u>2014</u> €
ASSETS			
Trade and other receivables	1	58	161.523
Cash and Cash Equivalents	2	118.965	55.301
		<u>119.023</u>	<u>216.824</u>

Vereniging "Vredesbeweging Pax Christi Nederland"

BALANCE SHEET

(after appropriation of result)

		31 December 2015	31 December 2014
		€	€
LIABILITIES			
Reserves and funds			
Continuity reserve	3	2.479	2.479
Short-term debts			
Short-term debts	4	116.544	214.345
		<u>119.023</u>	<u>216.824</u>

Vereniging "Vredesbeweging Pax Christi Nederland"

STATEMENT OF INCOME AND EXPENDITURE

		Actual	Budget	Actual
		2015	2015	2014
		€	€	€
INCOME				
Private fundraising	5	81.548	66.600	111.162
Grants from institutional donors	6	2.018	-	26.162-
Interest	7	58	100	181
Total income		<u>83.624</u>	<u>66.700</u>	<u>85.181</u>
EXPENSES				
Spent on behalf of the objective	8			
Networks for peace building		63.561	64.500	63.618
		<u>63.561</u>	<u>64.500</u>	<u>63.618</u>
Management and administration	9			
Cost of management and administration		20.063	2.200	21.563
Total Expenditures		<u>83.624</u>	<u>66.700</u>	<u>85.181</u>
Result		<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Vereniging "Vredesbeweging Pax Christi Nederland"

Cash Flow Statement

	2015	2014
	€	€
Year End Result	-	-
Adjusted for		
Depreciations	-	-
Changes in provisions	-	-
Interest on income and expenditures	123-	4
Changes in Working Capital	63.664	103.935-
Cash Flow from operating activities	63.541	103.931-
Interest paid/received	123	4-
Cash Flow from primair activities	123	4-
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	63.664	103.935-

Notes to the 2015 Financial Statements Vereniging Vredesbeweging Pax Christi Nederland

General

Relationship with parent organisation and principle

Pax Christi (established in 1948) continues to exist as separate peace organisation with its own identity and distinct characteristics even after it combined its peace work 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.

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 in PAX. PAX carries out all peace programmes; it is also the employer of all staff members. PAX's Board of Directors is appointed in accordance with its articles of association. It consists of a 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.

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 euro's at the applicable exchange rates applying on the transaction date. Translation gains and losses are taken to the profit and loss account as expenditure.

Reporting Directive for Fundraising Institutions

The 2015 Financial Statements have been prepared in accordance with Directive RJ650 for Fundraising Organisations (revised in 2011) and the Ministry of Foreign Affairs' co-financing system II regulations (of Ministry of Foreign Affairs MFSII regulations).

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.

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 reliable established.

Intangible Fixed Assets

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

Tangible Fixed Assets

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

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

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

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

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

Financial Instruments

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

Long Term Depts 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 private 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.

Cash flow statement

The cash flow statement is prepared using the indirect method

Income from private fundraising

Income from own fundraising involves donations, collections, legacies and the sale of materials. Income from donations, collections and sales of materials are accounted for in the year in which they are received/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 recognized based on a statement received from the executor in the year in which the amount can be determined reliably. The valuation of legacies with property is done based on the most recent correspondence and receipts are included up to the preparation of financial statements. The valuation is done prudently. We work closely together with Centrum Nalatenschappen, who check and archive the documents and calculations.

Income from institutional donors

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

Income from third-parties

Income from third-parties is accounted 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 received or pledged.

Interest income

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.

Vereniging "Vredesbeweging Pax Christi Nederland"

Explanation of the balance sheet

	31 December <u>2015</u>	31 December <u>2014</u>
	€	€
1 Trade and other receivables		
Accounts receivables Inheritances and legacies	-	116.423
Account receivable 'Mensen van Goede Wil'	-	45.000
Interest and interest gifts	<u>58</u>	<u>100</u>
	58	161.523
No receivables due after more then one year.		
2 Cash and cash equivalents		
Deposits (no term)	118.965	55.301
The position of cash and cash equivalents is at the disposal of the mission of PAX Christi without hindrance		
3 Continuity reserve		
Continuity reserve as at January 1	2.479	2.479
Allocation of the result	-	-
Balance as at December 31	<u>2.479</u>	<u>2.479</u>
4 Short-term debts		
Current account 'PAX	115.840	211.619
Other short term liabilities	<u>704</u>	<u>2.726</u>
Balance as at December 31	116.544	214.345

Vereniging "Vredesbeweging Pax Christi Nederland"

Explanation of the Income and Expenditure account

	Actual 2015 €	Budget 2015	Actual 2014 €
5 Income from private fundraising			
Gifts and donations	36.380	36.000	15.040
Contribution	76.781	87.000	89.119
Legacies	260-	-	79.383
Contribution private fundraising PAX	31.353-	56.400-	72.380-
	81.548	66.600	111.162
6 Income form institutional fundraising			
Mensen van Goede Wil	2.018	-	26.162-
7 Interest	58	100	181
Total Income	83.624	66.700	85.181
8 Networks for peace building			
Contribution Pax Christi International	63.048	64.000	63.229
Chair at the Radboud University.	513	500	389
	63.561	64.500	63.618
9 Cost Management and Administration			
Council of members	1.611	1.200	884
Costs private fundraising	17.785	-	19.689
Bank and other costs	667	1.000	990
	20.063	2.200	21.563
Total Expenditures	83.624	66.700	85.181

Boards of supervisors

The members of members' 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	921	704
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Vereniging "Vredesbeweging Pax Christi Nederland"

Proposal Regarding the Appropriation of Result

	<u>2015</u>	<u>2014</u>
	€	€
Result	-	-

Motion to adopt and approve

The annual accounts for the Vereniging "Vredesbeweging Pax Christi Nederland" over 2015 was drafted and signed by the Board of Directors and approved by the Supervisory Board on 25 april 2016, including the already accepted proposal regarding the appropriation of result, as presented on page 76.

Vereniging Vredesbeweging Pax Christi Nederland (Pax Christi)

The legal form is association.

The registered office of the association is located in Utrecht.

Executive board

J. Gruiters MSc, managing director
ing. F.J.T. Landmeter, director

Members' council

Jan Peters sj, chairman interim
Anita Böcker
Ineke Malsch
Bert van Roermund
Désirée Verweij
Piet Kruizinga
Peter Peelen sj
Rian Evers
Sanneke Brouwers
Sarita Bajnath

Vereniging "Vredesbeweging Pax Christi Nederland"

STATEMENT OF INCOME AND EXPENDITURE 2015 BUDGET

	Actual 2015	Budget 2016
	€	€
INCOME		
Income from private fundraising		
Gifts and donations	36.380	21.000
Contribution	76.781	86.000
Vredesweek collection	#VERW!	-
Legacies	260-	-
Contribution private fundraising PAX	31.353-	39.000-
	#VERW!	68.000
Income form institutional fundraising		
Mensen van Goede Wil	2.018	-
Other income		
Interest and investment income	58	100
	_____	_____
Total income	#VERW!	68.100
EXPENSES		
Networks for peace building		
Contribution Pax Christi International	63.048	63.800
Meeting on Gaudium et Spes	-	2.000
Chair at the Radboud University.	513	500
	63.561	66.300
Cost Management and administration		
Council of members	1.611	1.000
Costs private fundraising	17.785	-
Bank and other costs	667	800
	20.063	1.800
	_____	_____
Total expenditures	83.624	68.100
	_____	_____
Result	-	-
	=====	=====

Financial Statements 2015
Stichting Katholieke Vredesbeweging

BALANCE SHEET

(after appropriation of result)

		31 December <u>2015</u> €	31 December <u>2014</u> €
ASSETS			
Tangible fixed assets	1	14.140	16.937
Financial fixed assets	2	27.711	27.291
Trade and other receivables	3	1.753	2.241
Cash and Cash Equivalents	4	184.657	182.416
		<u>228.261</u>	<u>228.885</u>

BALANCE SHEET

(after appropriation of result)

		31 December 2015	31 December 2014
		€	€
LIABILITIES			
Reserves and funds			
Continuity reserve	5	1.289	1.209
Purpose reserve	6	100.000	
Provisions	7	40.000	40.000
Short term debts	8	86.972	187.676
		<u><u>228.261</u></u>	<u><u>228.885</u></u>

STATEMENT OF INCOME AND EXPENDITURE

		Actual	Budget	Actual
		2015	2015	2014
		€	€	€
INCOME				
Private fundraising	9	161.700	161.700	161.700
Income interest and from investment	10	2.173	2.000	2.652
Total income		<u>163.873</u>	<u>163.700</u>	<u>164.352</u>
EXPENSES				
Spent on behalf of the objective				
Gifts	11	47.000	70.000	70.000
		<u>47.000</u>	<u>70.000</u>	<u>70.000</u>
Management and administration				
	12			
Cost of management and administration		16.794	48.100	88.390
Total Expenditures		<u>63.794</u>	<u>118.100</u>	<u>158.390</u>
Result		<u>100.079</u>	<u>45.600</u>	<u>5.962</u>
Appropriation of Result				
Continuity reserve		79		
Short term reserve		100.000		
		<u>100.079</u>		

Cash flow Statement

	<u>2015</u>	<u>2014</u>
	€	€
Year End Result	100.079	5.962
Adjusted for		
Depreciations	2.797	2.797
Changes in provisions	-	-
Interest on income and expenditures	479-	855
Changes in Working Capital	<u>100.215-</u>	<u>8.200-</u>
Cash flow from operating activities	2.182	1.414
Interest paid/received	<u>479</u>	<u>855-</u>
Cash flow from primair activities	479	855-
Investment /disinvestment in intangible fixed assets	-	-
Investment/disinvestment in tangible fixed assets	<u>420-</u>	<u>412-</u>
Cash flow from investing activities	420-	412-
Repayment of borrowings/take-up of long term debt	<u>-</u>	<u>-</u>
Cash flow from financing activities	-	-
Changes in Cash and Cash Equivalents	<u><u>2.241</u></u>	<u><u>147</u></u>

Notes to the 2015 Financial Statements Stichting Katholieke Vredesbeweging

General

Relationship with parent organisation and principle

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

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 in PAX. PAX carries out all peace programmes; it is also the employer of all staff members. PAX's Board of Directors is appointed in accordance with its articles of association. It consists of a 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.

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 euro's at the applicable exchange rates applying on the transaction date. Translation gains and losses are taken to the profit and loss account as expenditure.

Reporting Directive for Fundraising Institutions

The 2015 Financial Statements have been prepared in accordance with Directive RJ650 for Fundraising Organisations (revised in 2011) and the Ministry of Foreign Affairs' co-financing system II regulations (of Ministry of Foreign Affairs MFSII regulations).

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.

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 reliable established.

Intangible Fixed Assets

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

Tangible Fixed Assets

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

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

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

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

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

Financial Fixed Assets

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

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

Financial Instruments

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

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 2015 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.

Income from private fundraising

Income from private fundraising has only one source i.e. the donation by the congregation Sisters of the Eucharist of the rent at market value

Cash flow statement

The cash flow statement is prepared using the indirect method

Interest income and income from investments

The line item interest income and income from investments contains the (gross) interest, dividends 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.

Explanation of the balance sheet

Explanation of the balance sheet

	31 December 2015	31 December 2014
	€	€
1 Tangible fixed assets		
Balance as at 31/12		
Inventory	14.140	16.937
Movement in tangible fixed assets:		
Balance as at January 1		
Purchase Value	27.976	27.976
Accumulated depreciation	11.039	8.242
Book value	16.937	19.734
Changes in book value		
Purchases	-	-
Disinvestments		
Depreciations	2.797	2.797
Balance	2.797-	2.797-
Balance as at December 31		
Purchase Value	27.976	27.976
Accumulated depreciation	13.836	11.039
Book value	14.140	16.937
2 Financial fixed assets		
Oiko credit certificates *	27.711	27.291
Balance Oiko credit as at January 1	27.291	26.879
Stock dividend	420	412
Balance Oiko credit as at December 31	27.711	27.291
*) 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.		
3 Trade and other receivables		
Accounts receivables	1.753	2.241
Balance account PAX	1.753	2.241
No receivables due after more then one year.		
4 Cash and cash equivalents		
Current accounts	184.657	182.416
Saving accounts	-	-
	184.657	182.416

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

Explanation of the balance sheet

	31 December 2015	31 December 2014
	€	€
5 Continuity reserve	1.289	1.209
Continuity reserve as at January 1	1.209	4.753-
Allocation of the result	80	5.962
Balance as at December 31	<u>1.289</u>	<u>1.209</u>
6 Purpose reserve plancost for rehousing (before short term reserve)		
Purpose reserve plancost for rehousing	100.000	-
Balance as at January 1	-	-
Allocation of the result *	<u>100.000</u>	<u>-</u>
Balance as at December 31	100.000	-
*) Plancost for rehousing, part of expected modification costs concerning restructuring Hoog Catharijne		
7 Provision		
Maintenance as at January 1 *	40.000	-
Growth	-	40.000
Spended	-	-
Maintenance as at December 31	<u>40.000</u>	<u>40.000</u>
*) Provision for major maintenance has been deferred.		
8 Short-term debts		
Current account PAX	86.972	187.676
Other Liabilities	-	-
Balance as at December 31	<u>86.972</u>	<u>187.676</u>

Explanation of the Income and Expenditure account

	Actual 2015 €	Budget 2015	Actual 2014 €
9 Income from private fundraising			
Donation, value of free rent	161.700	161.700	161.700
10 Income from interest and investments			
Interest	1.753	2.500	2.240
Dividend	420	500	412
	<u>2.173</u>	<u>3.000</u>	<u>2.652</u>
Total Income	<u>163.873</u>	<u>164.700</u>	<u>164.352</u>
11 Spent on behalf of the objective			
Gifts, provision of business accommodation PAX	47.000	10.000	70.000
12 Cost Management and Administration			
Accommodation costs	13.996	150.000	85.570
Depreciations	2.798	2.800	2.797
Other liabilities	-	300	23
	<u>16.794</u>	<u>153.100</u>	<u>88.390</u>
Total Expenditures	<u>63.794</u>	<u>163.100</u>	<u>158.390</u>

Proposal Regarding the Appropriation of Result

	<u>2015</u>	<u>2014</u>
	€	€
Result	100.079	5.962

Motion to adopt and approve

The annual accounts for the Stichting Katholieke Vredesbeweging over 2015 was drafted and signed by the Board of Directors and approved by the Supervisory Board on 25 April 2016, including the already accepted proposal regarding the appropriation of result, as presented on page 88.

Stichting Katholieke Vredesbeweging (STIKAV)

The legal form is foundation.

The registered office of the foundation is located in Utrecht.

Executive board

J. Gruiters MSc, managing director

ing. F.J.T. Landmeter, director

**STATEMENT OF INCOME AND EXPENDITURE
2016 BUDGET**

	Actual 2015 <u>€</u>	Budget 2016 <u>€</u>
INCOME		
Private fundraising		
Donation, value of free rent	161.700	161.700
Interest	1.753	1.500
Dividend	420	500
	<u>163.873</u>	<u>163.700</u>
Total income	163.873	163.700
EXPENSES		
Spent on behalf of the objective		
Gifts, provision of business accommodation PAX	47.000	4.000
Cost Management and administration		
Accommodation costs	13.996	156.400
Depreciations	2.798	2.800
Other liabilities	-	200
	<u>16.794</u>	<u>159.400</u>
Total expenditures	63.794	163.400
Result	<u><u>100.079</u></u>	<u><u>300</u></u>
Appropriation of Result		
Continuity reserve	79	
Short term reserve	100.000	
	<u><u>100.079</u></u>	