

Independent Auditor's report on the Annual Accounts and the Final Statement of eligible expenditure actually incurred of Sallux for the year ended 31 December 2016

In accordance with our service contract dated 18 November 2016 with the European Union represented by the European Parliament, we report to you on the performance of our audit which was entrusted to Ernst & Young Réviseurs d'Entreprises scrl. This report includes the opinion on the balance sheet as at 31 December 2016, the income statement for the year ended 31 December 2016 and the Notes (all elements together the "Annual Accounts") and on the Final Statement of eligible expenditure actually incurred as well as on compliance with rules and regulations applicable to funding of political parties and political foundations at European level.

Report on the Annual Accounts and the Final Statement of eligible expenditure actually incurred- Unqualified opinion

We have audited the Annual Accounts of Sallux (the "Entity") as of and for the year ended 31 December 2016, prepared in accordance with the financial-reporting framework applicable in the Netherlands, we have audited the Final Statement of eligible expenditure actually incurred for the period of eligibility defined by the grant award decision of Sallux, and prepared in accordance with the rules and regulations applicable to funding of political parties and political foundations at European level.

The Annual Accounts show a balance sheet total of € 86.676 and the income statement shows a profit for the year of € 2.246. The profit of the year, transferred to the reserve account, is used to reduce the losses carried forward. Accumulated losses (including the result of the year) amount to € 3.147.

Responsibility of the Members of the Board for the preparation of the Annual Accounts and the Final Statement of eligible expenditure actually incurred

The Members of the Board are responsible for the preparation of Annual Accounts that give a true and fair view in accordance with the financial-reporting framework as applicable in the Netherlands. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of Annual Accounts that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the given circumstances.

The Members of the Board are responsible towards the European Parliament for the use of the grant and must comply with the provisions of the Regulation EC (No) 2004/2003 and the underlying acts.

Responsibility of the Auditor

Our responsibility is to express an opinion on these Annual Accounts, based on our audit. Furthermore, with respect to the Final Statement of eligible expenditure actually incurred, it is our responsibility to express an opinion on the compliance with rules and regulations applicable to funding of political parties and political foundations at European level.

We conducted our audit in accordance with the International Standards on Auditing (“ISAs”). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Accounts and the Final Statement of eligible expenditure actually incurred are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and Notes in the Annual Accounts and the Final Statement of eligible expenditure actually incurred. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Annual Accounts and the Final Statement of eligible expenditure actually incurred, 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 Annual Accounts and the Final Statement of eligible expenditure actually incurred that give a true and fair view, 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 used, the reasonableness of significant accounting estimates made by the Members of the Board, as well as evaluating the overall presentation of the Annual Accounts and the Final Statement of eligible expenditure actually incurred.

We have obtained from the Members of the Board and the Entity’s officials the explanations and information necessary for performing our audit procedure and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified Opinion

In our opinion, the Annual Accounts (i.e. balance sheet, income statement and Notes) give a true and fair view of the Entity’s net equity and financial position as at 31 December 2016, and of its results for the year ended, prepared in accordance with the financial-reporting framework applicable in the Netherlands and the Final Statement of eligible expenditure has been prepared in accordance with the rules and regulations applicable to funding of political parties and political foundations at European level.

Emphasis of certain matters

Notwithstanding the loss carried forward which impact the Annual Accounts of the Foundation, the Annual Accounts are prepared under the assumption that the activities will be continued. This assumption is sustainable as long as the Foundation will receive financial support from the European Parliament or other financing sources. Without altering our audit opinion, we draw your attention to the Notes in the Annual Accounts in which the Foundation justifies the application of accounting policies under the assumption of going concern.

Report on other legal and regulatory requirements

The Members of the Board are responsible for the compliance by the Entity of the legal and regulatory requirements applicable in the Netherlands, its articles of association, the legal and regulatory requirements regarding bookkeeping and the provisions of the European Parliament’s grant award decision, Regulation (EC) No 2004/2003 and the underlying acts.

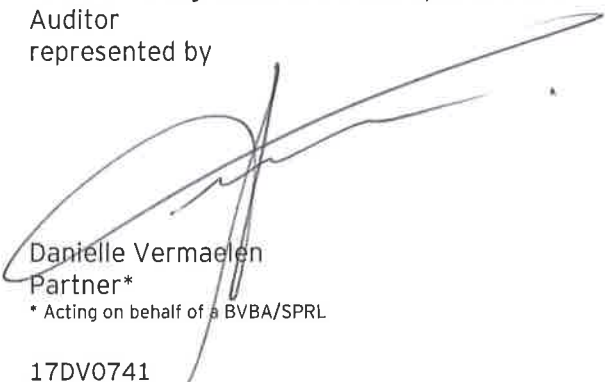
Our audit work included specific procedures to gather sufficient and appropriate audit evidence that the financial provisions and obligations of the grant award decision, Regulation (EC) No 2004/2003 and the underlying acts have been met.

We make the following additional statements, which do not modify the scope of our opinion on the Annual Accounts and on the Final Statement of eligible expenditure actually incurred:

- ▶ without prejudice to certain formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in the Netherlands;
- ▶ the financial documents submitted by Sallux to the European Parliament are consistent with the financial provisions of the Bureau's grant award decision;
- ▶ the expenditure declared was actually incurred;
- ▶ the statement of revenue is exhaustive;
- ▶ the obligations arising from the Regulation (EC) No 2004/2003 have been met;
- ▶ the obligations arising from the Bureau decision of 29 March 2004 have been met;
- ▶ the obligations arising from the grant award decision, in particular from Article II.7 - Award of contracts and Article II.11 - Eligible expenditure, have been met.

Diegem, 11 April 2017

Ernst & Young Réviseurs d'Entreprises scrl
Auditor
represented by



Danielle Vermaelen
Partner*
* Acting on behalf of a BVBA/SPRL

17DV0741



ECPM FOUNDATION

Financial Report 2016

David Fieldson

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General Information

Sallux (formerly CPFE)

The objectives of the association are to reinforce Christian politics on a European, national, regional and local level.

Sallux is an association which has its seat in the municipality of Amersfoort.

Amendment of the Articles

On May 22, 2014 the name of the association was changed from European Christian Political Foundation into Christian Political Foundation for Europe. And on December 5th 2016 the name was changed in Sallux, ECPM Foundation.

Financial report 2015 approved

At the general assembly, held on May 8, 2016, the financial report 2015 has been approved, including all small changes made with regard to EP services comments.
The result of the financial year 2016, a profit of € 2.246, has been added to the general reserve.

Board at December 31, 2016

| | | |
|------------|-------------------------|---------------------------|
| Chairman: | David fieldsend | (since September 9, 2010) |
| Treasurer: | Walter van Lwijk | (since June 7, 2012) |
| Secretary: | Christophe Foltzenlogel | (since May 8, 2015) |
| Members: | Peter Danku | (since March 25, 2013) |
| | Antero Laukkanen | (since March 25, 2013) |
| | Annelie Enochsson | (since May 8, 2014) |
| | Njoki Mahiaini | (Since May 9, 2016) |
| | Silviu Rogobete | (Since May 9, 2016) |

Meetings in 2016

The Christian Political Foundation for Europe held in 2016 one general assembly at May 9, 2016 in Amsterdam.

Furthermore the following major meetings took place:

- 1 "Which Europe?" in cooperation with THEOS, UK London at 27 January
- 2 The Christian Political Foundation for Europe (CPFE) in partnership with the Schuman Centre for European Studies arranged on the 8 and 9 May in Amsterdam, "The State of Europe Forum".
- 3 During the European Leadership Forum the CPFE provided the political track in the largest Evangelical leadership gathering in Europe (22 - 24 May).
Christianity and the future of our societies' CPFE with the Association for Christian Philosophy and other partners organised this event that took place from 15 to 19 August with over 100 academics
- 4
- 5 The European Economic Summit meeting took place from 7 to 9 September.

The board had meetings on 19 February, 11 April, 9 September and 6 December.

All major and minor Sallux events are registered on the website www.sallux.eu

Audit

For the year 2015 an external auditor audited the annual accounts and issued an unqualified opinion.

Balance Sheet at December 31, 2016

| | 2016 | | 2015 | |
|--|--------|---------------|--------|---------------|
| | € | € | € | € |
| <u>ASSETS</u> | | | | |
| Fixed Assets | | | | |
| Tangible Assets | | 3.140 | | 4.452 |
| Current Assets | | | | |
| Inventories | 1.562 | | 1.680 | |
| European Parliament grant | 65.205 | | 53.349 | |
| Other Assets | 14.124 | | 5.473 | |
| Membership fees | - | | - | |
| | | 80.890 | | 60.502 |
| Cash and cash equivalents | | | | |
| Rabobank 1537.31.095 | 1.342 | | - | |
| Rabobank Savings account | 1 | | - | |
| Cash | - | | 245 | |
| Payroll | 1.302 | | 27 | |
| | | 2.645 | | 272 |
| | | 86.676 | | 65.226 |
| | | | | |
| <u>LIABILITIES & EQUITY</u> | | | | |
| General reserve | | | | |
| | | 3.147- | | 5.393- |
| Current Liabilities | | | | |
| Creditors | 17.266 | | 18.619 | |
| Taxes | 9.722 | | 6.744 | |
| Short term loans | 59.112 | | 40.136 | |
| Holiday allowance | 3.613 | | 4.516 | |
| Rabobank 1537.31.095 | - | | 467 | |
| Other liabilities | 109 | | 137 | |
| | | 89.823 | | 70.619 |
| | | 86.676 | | 65.226 |

Statement of Income and Expenditures

| | 2016 | Budget 2016 | 2015 |
|---|----------------|----------------|----------------|
| | € | € | € |
| Revenue | | | |
| D.2 European Parliament grant | 326.023 | 351.000 | 266.745 |
| D.3 Membership fees | | | |
| 3.1 from member parties | 12.150 | 20.000 | 14.000 |
| 3.2 from individual members | 50 | 654 | 100 |
| D.4. Donations | | | |
| 4.1 above 500 EUR | 40.500 | 24.000 | 32.242 |
| 4.2 below 500 EUR | 1.621 | 5.000 | 1.470 |
| D.5 Other own resources (to cover expenditure) | 6.704 | 12.287 | 3.451 |
| D.6 Contributions in kind | - | - | - |
| D. TOTAL REVENUE | 387.047 | 412.941 | 318.008 |
| Expenditure | | | |
| A.1: Personnel costs | | | |
| 1. Salaries | 156.936 | 151.000 | 100.939 |
| 2. Contributions | - | - | - |
| 3. Professional training | 1.950 | - | - |
| 4. Staff missions expenses | 30.733 | 25.000 | 29.377 |
| 5. Other personnel costs | 7.894 | 7.000 | 35.338 |
| | 197.513 | 183.000 | 165.653 |
| A.2: Infrastructure and operating costs | | | |
| 1. Rent, charges and maintenance costs | 10.088 | 9.500 | 12.103 |
| 2. Costs relating to installation, operation etc | 3.108 | 2.000 | 1.235 |
| 3. Depreciation of movable and immovable prop. | 1.311 | 1.300 | 1.776 |
| 4. Stationery and office supplies | 909 | 1.500 | 1.799 |
| 5. Postal and telecommunications charges | 4.288 | 3.000 | 2.861 |
| 6. Printing, translation and reproduction costs | - | 1.000 | 1.648 |
| 7. Other infrastructure costs | 11 | - | 450 |
| | 19.714 | 18.300 | 21.870 |
| A.3: Administrative expenditure | | | |
| 1. Documentation costs (newspapers, press etc.) | - | 500 | - |
| 2. Costs of studies and research | 39.495 | 80.341 | 16.226 |
| 3. Legal costs | 650 | 300 | 155 |
| 4. Accounting and audit costs | 4.527 | 4.000 | 3.337 |
| 5. Support to affiliated organisations etc. | - | - | - |
| 6. Miscellaneous administrative costs | 614 | 1.000 | 625 |
| | 45.285 | 86.141 | 20.344 |
| A.4: Meetings and representation costs | | | |
| 1. Costs of meetings of the political party | 89.900 | 100.000 | 97.857 |
| 2. Participation in seminars and conferences | 740 | 1.000 | 500 |
| 3. Representation costs | - | 1.000 | 597 |
| 4. Costs of invitations | - | - | - |
| 5. Other meeting-related costs | 974 | 1.000 | 604 |
| | 91.614 | 103.000 | 99.558 |
| A.5: Information and publication costs | | | |
| 1. Publication costs | - | 1.000 | 900 |
| 2. Creation and operation of Internet sites | 1.284 | 3.200 | 2.727 |
| 3. Publicity costs | 28.346 | 18.000 | 4.598 |
| 4. Communications equipment (gadgets) | 301 | - | 350 |
| 5. Seminar and exhibitions | - | - | - |
| 6. Election campaigns | - | - | - |
| 7. Other information-related costs | - | - | - |
| | 29.930 | 22.200 | 8.573 |
| A.6: expenditure relating to contributions in kind | - | - | - |
| A. TOTAL ELIGIBLE EXPENDITURE | 384.057 | 412.641 | 315.998 |
| B.1 Non-eligible expenditure | | | |
| 1. Allocations to other provisions | - | - | - |
| 2. Financial charges | 184 | 300 | 184 |
| 3. Exchange losses | - | - | - |
| 4. Doubtful claims on third parties | - | - | - |
| 5. Others (to be specified) | 560 | - | 362 |
| | 744 | 300 | 545 |
| B. TOTAL NON ELIGIBLE EXPENDITURE | 744 | 300 | 545 |
| C. TOTAL EXPENDITURE | 384.801 | 412.941 | 316.543 |
| PROFIT | 2.246 | - | 1.465 |

Notes to Financial Statements

Statement of Accounting Policies

General

The accounting principles used are based on historical costs.

The financial statements have been prepared in accordance with the Guideline for annual reporting 640 'Not for-profit organisations'.

The financial statements were prepared on March 27th 2017.

There were no changes in accounting policies.

The financial statements are prepared to assist Sallux to comply with Part B:

Financial Provisions of the grant award decision dated December 17th 2015.

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Tangible fixed assets in use by the company are carried at the cost of acquisition net of accumulated depreciation

Depreciation is calculated on a straight-line basis over their expected useful economic lives, taking into account the

Inventories are carried at the lower of cost and the recoverable amount.

Receivables are carried at face value net of a provision for doubtful debts where necessary.

Cash at bank and in hand are carried at face value.

Current liabilities are carried at face values.

The gross operating result represents the grant from the European Parliament, memberships fees, donations, other own resources and contributions in kind.

Interest income is recognised pro rata in the profit and loss account, taking into account the effective interest rate for the asset concerned.

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate.

Interest is allocated to successive financial reporting periods in proportion to the outstanding principal.

Going Concern

The financial statements indicate that the Foundation incurred a net profit of € 2.246.

During the year ended December 31, 2016 the Foundation's current liabilities exceeded its total assets by € 3.147.

These conditions indicate the existence of an uncertainty which may cast doubt about the Foundation's ability to continue as a going concern.

For the year 2017 the Bureau of the European Parliament awarded a grant of maximum € 310.163,69

Based on this grant and the expectation that adequate additional proceeds and intermediate financing can be obtained, the financial statements have been prepared on a going concern basis.

Notes to the balance sheet

General reserve

| | € |
|--------------------------------------|---------------|
| General reserve at January 1, 2016 | 5.393- |
| Generated in financial year 2016 | 2.246 |
| General reserve at December 31, 2016 | <u>3.147-</u> |

Arrangements not shown in the balance sheet

According to Dutch law, the rental commitment for the coming year should be mentioned:

Sallux has a rental commitment for office space until March 2020. The amount payable until March 15th 2020 is € 20.913.

Notes to statement of Income and Expenditures

The European Parliament grant is recognized for the full amount of the contract with the European Parliament for 2016.

This grant is based on an annual application. The provisions for this grant are laid down in the grant decision FINS-2016-26 dated on December 17, 2015.

The Final report over 2015 has been approved by the European Parliament on September 12, 2016.

Analytical review of budget versus actual

The differences between budget and actual are:

- The staff was expanded in 2016. A new staff-member was appointed, this also means extra Staff Mission Expenses (A.1.4.) and Other Personell Costs (A.1.5.), which were not fully budgeted for.
- Because of the Rebranding-proces several costs were higher (A.2.2., A.5.3.)
- Because of the before mentioned less money than budgetted was available for Publications and Meetings (A.3.2., A.3.1. and A.4.1.).

A.1.1. Salaries

According to Dutch law the costs of personell have to be split in:

| | <u>2016</u> | <u>2015</u> |
|--------------------------|----------------|----------------|
| | € | € |
| Wages | 104.206 | 77.487 |
| Social security premiums | 19.931 | 12.434 |
| Pensions | - | - |
| Other personell costs | <u>32.799</u> | <u>11.018</u> |
| | <u>156.936</u> | <u>100.939</u> |

The average number of staff (including interns) employed by the Foundation in 2014 was 3,0 (2015: 1,6).

D.3 Membership fees

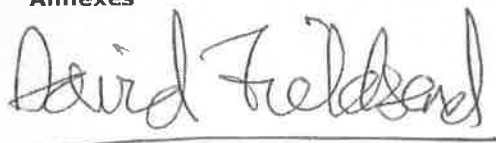
3.1 from member parties

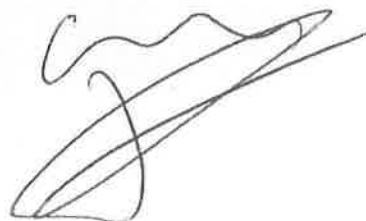
| | |
|---------------------------------------|---------------|
| ECLJ | 500 |
| Guido de Bresstichting (WI-SGP) | 500 |
| Groen van Prinstererstichting (WI-CU) | 500 |
| FICDD | 10.000 |
| Barankovics Foundation | 50 |
| KEESZ | 50 |
| Keresztény Demokrata Fórum, | 50 |
| Jubilee Centre | 500 |
| | <u>12.150</u> |

D.4.1. Donations above € 500

| | |
|---|---------------|
| Jubilee Campaign Netherlands | 12.000 |
| Jubilee Campaign USA | 2.000 |
| WEA Business coalition EV Germany | 8.000 |
| mrs S. Korteweg Netherlands | 1.500 |
| Stichting Christian Coalition Netherlands | 8.500 |
| European Christian Political Movement | 2.000 |
| Ergun Y or Ozaslan Z Netherlands | 3.500 |
| Bahro Productions Netherlands | 3.000 |
| | <u>40.500</u> |

Annexes





| EXPENDITURE | | Budget | Actual |
|--|--|------------|------------|
| Eligible expenditure | | | |
| A.1: Personnel costs | | | |
| 1. Salaries | | 183,000.00 | 197,512.63 |
| 2. Contributions | | 151,000.00 | 156,935.56 |
| 3. Professional training | | 0.00 | 0.00 |
| 4. Staff mission expenses | | 25,000.00 | 1,950.00 |
| 5. Other personnel costs | | 7,000.00 | 30,733.07 |
| A.2: Infrastructure and operating costs | | | |
| 1. Rent, charges and maintenance costs | | 18,300.00 | 19,714.48 |
| 2. Costs relating to the installation, operation and maintenance of equipment | | 9,500.00 | 10,087.71 |
| 3. Depreciation of movable and immovable property | | 2,000.00 | 3,108.21 |
| 4. Stationery and office supplies | | 1,300.00 | 1,311.32 |
| 5. Postal and telecommunications charges | | 1,500.00 | 909.02 |
| 6. Printing, translation and reproduction costs | | 3,000.00 | 4,287.72 |
| 7. Other infrastructure costs | | 1,000.00 | 0.00 |
| A.3: Administrative expenditure | | | |
| 1. Documentation costs (newspapers, press agencies, databases) | | 86,141.00 | 45,285.28 |
| 2. Costs of studies and research | | 500.00 | 0.00 |
| 3. Legal costs | | 80,341.00 | 39,484.50 |
| 4. Accounting and audit costs | | 300.00 | 649.89 |
| 5. Support to affiliated organisations and subsidies to third parties | | 4,000.00 | 4,526.54 |
| 6. Miscellaneous administrative costs | | 0.00 | 0.00 |
| 7. Other meeting-related costs | | 1,000.00 | 514.33 |
| A.4: Meetings and representation costs | | | |
| 1. Costs of meetings of the Foundation | | 103,000.00 | 91,614.42 |
| 2. Participation in seminars and conferences | | 100,000.00 | 85,900.42 |
| 3. Representation costs | | 1,000.00 | 740.00 |
| 4. Cost of invitations | | 1,050.00 | 0.00 |
| 5. Other meeting-related costs | | 0.00 | 0.00 |
| 6. Other meeting-related costs | | 1,000.00 | 974.00 |
| A.5: Information and publication costs | | | |
| 1. Publication costs | | 22,200.00 | 29,930.47 |
| 2. Creation and operation of internet sites | | 1,000.00 | 1,284.12 |
| 3. Publicity costs | | 3,200.00 | 28,345.66 |
| 4. Communications equipment (gadgets) | | 18,000.00 | 300.68 |
| 5. Seminars and exhibitions | | 0.00 | 0.00 |
| 6. Election campaigns ¹ | | 0.00 | 0.00 |
| 7. Other information-related costs | | 0.00 | 0.00 |
| A.6: Expenditure relating to contributions in kind | | | |
| A.7: Allocation to "Provision to cover eligible expenditure to be incurred in the first quarter of N+1" | | | |
| A. TOTAL ELIGIBLE EXPENDITURE | | 412,541.00 | 384,057.26 |
| B.1: Non-eligible expenditure | | | |
| 1. Allocations to other provisions | | 300.00 | 744.02 |
| 2. Financial charges | | 300.00 | 183.88 |
| 3. Exchange losses | | 0.00 | 0.00 |
| 4. Doubtful claims on third parties | | 0.00 | 590.14 |
| 5. Others (to be specified) | | 0.00 | 744.02 |
| B. TOTAL NON-ELIGIBLE EXPENDITURE | | 300.00 | 744.02 |
| C. TOTAL EXPENDITURE | | 412,841.00 | 384,801.28 |
| H.1 Allocation of own resources to the specific reserve account¹ | | 0.00 | 2,246.78 |
| H. Profit/loss for verifying compliance with the no-profit rule (G-H.1)² | | 0.00 | 0.00 |

| REVENUE | | Budget | Actual |
|--|--|------------|------------|
| D.1 Dissolution of "Provision to cover eligible costs to be incurred in the first quarter of N+1" | | | 0.00 |
| D.2 European Parliament grant | | | |
| costs to be incurred in the first quarter of N+1 | | 351,000.00 | 326,023.00 |
| D.3 Membership fees | | 20,654.00 | 12,200.00 |
| 3.1 from member parties | | 20,000.00 | 12,150.00 |
| 3.2 from individual members | | 654.00 | 50.00 |
| D.4 Donations | | 28,000.00 | 42,120.50 |
| 4.1 above 500 EUR | | 24,000.00 | 40,500.00 |
| 4.2 below 500 EUR | | 5,000.00 | 1,620.50 |
| D.5 Other own resources (to cover eligible expenditure) (to be listed) | | 12,287.00 | 6,703.56 |
| Book Sales | | 10,000.00 | 5,759.90 |
| Meeting Fees | | 2,000.00 | 816.10 |
| Interest received | | 287.00 | 117.56 |
| D.6 Contributions in kind | | 0.00 | 0.00 |
| D. REVENUE (to cover eligible expenditure) | | 412,941.00 | 387,047.06 |
| E.1 Additional other own resources (to cover non-eligible expenditure) (to be listed) | | | |
| E. REVENUE (to cover non-eligible expenditure) | | | |
| F. TOTAL REVENUE | | 412,941.00 | 387,047.06 |
| G. Profit/loss (F-C) | | | |

David Feldsen



¹: Not applicable to political foundations at European level