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***Financial statements 2016***  
Stichting Stedelijk Museum  
Amsterdam

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Version 25-4-2017

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## ***Contents***

Directors' Report

### **Financial statements 2016**

Balance sheet as at 31 December 2016	9
Statement of income and expenditure 2016	11
Statement of cash flows 2016	
Notes to the balance sheet and statement of income and expenditure	

# Directors' Report

## Introduction, Stedelijk Museum Amsterdam

The Stedelijk Museum is a bold, innovative institute, rooted in a rich national and international tradition. It is a world-class museum in Amsterdam that inspires visitors and art professionals alike. Among its core activities are managing and presenting the Amsterdam city collection of superlative modern and contemporary art and design. The Stedelijk also seeks to offer a lively and engaging program of educational activities to suit a broad spectrum of audiences.

For a varied local and international public, the museum acts as initiator of artistic debate whereby our collections, exhibitions and programming are continually informed and nurtured by topical issues raised by artists, art and society.

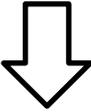
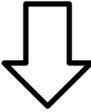
As an exciting destination for cultural tourists visiting the capital, the Stedelijk blends an internationally ambitious exhibition program with innovative, effective and efficient cultural entrepreneurship.

## Mission

The Stedelijk Museum enriches people's lives with modern and contemporary art and design.

## Vision

The Stedelijk Museum Amsterdam is the place that welcomes everyone to discover and experience modern and contemporary art and design. With our collection, exhibitions, publications, research and educational programs, we offer new insights into the present – at the level of the individual, and society.

VISITORS	SPENDING PER VISITOR	NUMBER OF EMPLOYEES
10% 	14% 	4% 
2016: 656.647	2016: € 9,91	2016: 190,5 (FTE: 169,47)
2015: 731.136	2015: € 11,51	2015: 198,5 (FTE: 168,26)
2014: 816.396	2014: € 9,96	2014: 204,5 (FTE: 171,27)

% OWN INCOME	REVENUE FROM HOSPITALITY SHOP AND EVENTS
5%	31%
2016: 52%	2016: € 1.560 THOUSAND
2015: 57%	2015: € 1.195 THOUSAND
2014: 54%	2014: € 1.102 THOUSAND

## Results: 2016

2016 was a year packed with inspiration and successes. It was a year in which we organized a great many engaging projects and exhibitions, welcomed many gifts of art into our collection, and received lavish praise from our audiences and the media. We welcomed over 656,000 visitors. In January, we submitted our application for the Arts Plan 2017-2020 along with our plans for the coming years. The Amsterdam Arts Council greeted our proposal warmly, and commented: “The Stedelijk’s programming is distinguished by audacity and innovation. Experimentation is at the core of its exhibition program (...). And there is also a deeper engagement with contemporary issues. The Stedelijk program not only features a compelling choice of artists and topics, but presents them in a way that is both well-conceived and daring.”

The Arts Council welcomed our ambitions as realistic, and wholly in line with the artistic vision we have pursued to good effect in recent years. The Council recommended a modest increase in our grant (which now stands at €11.639.400, and is set to rise to €12.003.530). In 2016, the City of Amsterdam adopted the recommendations of the Arts Council, providing clarity regarding our grant revenues for the next four years.

We reformulated our five core values in the run-up to our Arts Plan application: the Stedelijk is curious, audacious, open, ambitious and enterprising. We look forward to presenting you with the results of our policy in these financial statements.

In 2016, under the motto ‘to question the canon rather than affirm it’, and driven by the ambition to consistently highlight new narratives in art history, the Stedelijk Museum launched an adventurous program to appeal to a broad general public as well as specialists. We presented exhibitions exploring historic themes from a new perspective, solo shows of mid-career artists, presentations of young artists and even commissioned new projects. In-depth scholarly research paired with exhibition-making comprised the bedrock of our exhibition program.

Highpoints in 2016 include the major retrospective ‘Isa Genzken, Mach Dich hübsch!’, the magnificent ‘Living in the Amsterdam School’ and a third blockbuster presentation, ‘Jean Tinguely – Machine Spectacle’. In the design exhibition ‘Dream out Loud’ on the theme of social design, we addressed one of today’s most pressing socio-political topics with designers thinking aloud about a better world. Our exhibition year ended on a raucous note with the spectacular solo *Manic/Love/Truth/Love* of American artist Jordan Wolfson, featuring his controversial chain-suspended animatronic.

This year, the Stedelijk continued to seek new, sustainable ways to put its plans into practice. To bring out the best in our staff and the people we work with, we promote talent development and encourage many forms of

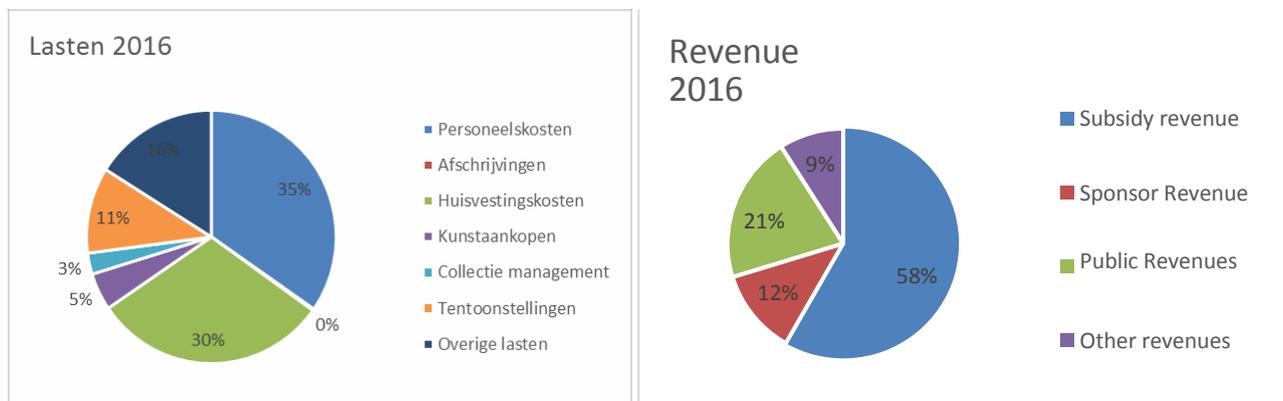
collaboration. We joined the collective bargaining agreement for the museum sector, improved our IT systems, and pursued ways of making our organization more sustainable both financially and ecologically.

The ambition to increase our self-generated income and reduce expenses in order realize our artistic ambitions, remains one of the Stedelijk's principal objectives. With regard to self-generated income, the city of Amsterdam has set the Stedelijk a benchmark percentage of 25%. Over the last few years, we've amply exceeded that percentage, achieving 52% in 2016 (2015: 57%). Healthy, enterprising, leading, provocative, accessible: in 2016, the Stedelijk proved its appeal on many different fronts.

Visitors rewarded the Stedelijk with an 8. Last year, we changed our late-night program from Thursday to Friday evening. Our dynamic line-up of performances and events attracted new, mainly younger, audiences.

2016 was also a great year for the museum's finances. Visitor figures were 5% higher than the estimated 625,000. In addition to the uptick in visitor numbers, the average paid entrance fee was 7% higher than the budgeted € 7.70. In total, revenue from ticket sales amounted to € 5.478.589. Overall, our income was € 442.337 lower than anticipated. As a consequence, our self-generated income for 2016 amounted to 52% of our total income, excluding the subsidy earmarked for the rent (41% including subsidy for the rent).

Our costs were € 263.879 lower than anticipated. Our personnel costs were more or less consistent with our budget. Costs relating to the buildings were 12% lower than originally foreseen, due primarily to the rent and rent subsidy being lower than budgeted. The costs of the exhibitions came in below budget, because the collection highlights exhibition in the Lower Level Galleries is scheduled for 2017 (the costs of which were already included in 2016). Moreover, other costs were also transferred to 2017 subsequent to an adjustment to the allocation of the costs relating to the period in which the presentations will be mounted. Publication expenses came in over budget, but are offset by extra yields. The costs of events overran the budget by 233%, but are also compensated by additional revenue. The museum invoices catering expenses to the client, but must then pay them to the caterer afterwards, one to one.



Solvability is 34%, which is normal in this range.

The quick ratio is 2.25, which means that the Stedelijk Museum is exceptionally liquid.

The Stedelijk relies on subsidies, public funding and sponsorship to finance the costs of running the museum. We do not anticipate needing to secure external financing; in the event of a budget shortfall, we are able to adjust our program by postponing or suspending certain activities. These relate to supplemental projects and activities, not to our core activities.

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## Risks

The Stedelijk Museum Amsterdam has drawn up a risk matrix setting out the most significant risks. In addition to the risk and impact of the risks identified, the risk matrix also specifies the control measures that have been taken to prevent the occurrence of these risks, and the steps taken to control and limit the consequences and damage caused should risks occur. The risk matrix is updated periodically by the Directors, and discussed with the Supervisory Board. The most significant (financial) risks in this matrix are:

### Funding/revenues/costs:

Decreased visitor numbers, a reduction in development opportunities and an over-dependence or over-reliance on a single revenue stream. The museum addresses this through excellent account management, diversifying activities, and sound financial policy. Through effective financial and legal management, and streamlined project management, anomalies and risks relating to operational aspects and current projects are identified at an early stage and managed by cost reduction measures or the relocation of budgets. The combination of effective management information systems that enable the organization to guide its processes, reduces the risks to acceptable proportions.

### Political:

Damage to our reputation resulting from paying insufficient attention to the sentiments of our public and stakeholders. The museum has a professional communications department and, should significant incidents arise, will seek external advice. This risk is already factored into the decision-making process. A PR/PA working group was established in 2016 to actively monitor short and long-term issues, and advise the Directors in this regard. Our stakeholder policy has also undergone further professionalization.

### Miscellaneous:

Other risks relate to the security of objects and people in the event of contingencies, and legislative amendments. We satisfy the standard requirements that apply throughout the museum sector, and are suitably insured.

New internal processes have been introduced to ensure compliance with (changing) legislation in the field of health and safety, hiring staff and procurement.

Measures were effectuated in 2016 in connection with plans to renew the layout of the Lower Level galleries, aimed at managing the project risks. This involved appointing an external project leader to oversee task-setting budgets and manage the planning. We have also hired the appropriate expertise for the effective management of technical risks.

We drew up a conservative budget that allows for the postponement of certain projects should we fail to secure external funding in the form of sponsoring or support from a fund or private benefactor.

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## Future Developments

In 2016, our subsidy application in the context of the Arts Plan Period 2017-202 was honored, and our funding was slightly increased. In our application, we announced our intention to take a more experimental direction in our programming. With this, compared to the previous application, the number of visitors is not expected to grow. The Stedelijk Museum is an entrepreneurial museum. Cultural entrepreneurship is not a goal in itself but rather a condition and an instrument to realize our artistic mission, ambitions and social mandate.

To fund the costs involved in exhibitions, research and education – both qualitative and quantitative – the Stedelijk intends to generate a significant share of its own revenue. The museum is committed to generating 35% or more of its income. However, as recorded in the budget, we have exceeded this amount, earning 50% of our total revenues, continuing the trend we began since the Stedelijk reopened in September 2012.

Besides income maximization, the museum aims to reduce costs through the application of management partnerships and innovations. Other ways of growing our revenues and paring down costs through collaboration (advantages of scale) will be explored or enhanced.

The current financial policy will be maintained. The municipality of Amsterdam has approved our grant application and assured us of a subsidy for the coming four years. Furthermore, we are establishing and extending contracts with current sponsors and have received pledges of financing from a variety of funds, which guarantee our income. In terms of expenditure, we recognize that, if financing is not forthcoming, we will need to cancel or postpone certain projects and exhibitions. Budget overruns or deficits will be borne by or accrue to the reserves. The surplus of cash and cash equivalents is not allocated to investments.

### *Good governance*

Since becoming a private institution on 1 January 2006, the Stichting Stedelijk Museum Amsterdam has followed a Supervisory Board model. The directors and the Supervisory Board endorse the Cultural Governance Code and apply the principles of the Code. This entails compliance with the principles and recommendations of the Code, and explaining any divergences from them. In 2016, the Directors and the Supervisory Board met six times. In the intervening period, the Directors notify the Supervisory Board of any exceptional events. The Directors provide monthly reports on the progress of the financial results with respect to the initial budget.

The Stichting Stedelijk Museum is affiliated with the legal entity Stichting Stedelijk Museum Foundation. The Foundation has an autonomous and predominantly independent board. With this, the museum exercises no controlling interest over the Foundation. For this reason, the financial statements of the Foundation are not consolidated in the figures of the Stedelijk Museum.

2016 was an outstanding year in many respects. We would like to thank everyone who worked so hard to make it such a success.

Beatrix Ruf

Karin van Gilst

Director

Managing Director

Stedelijk Museum Amsterdam

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## ***Financial statements 2016***

## Balance sheet as at 31 December 2016

(after profit appropriation)	<u>31 December 2016</u>		<u>31 December 2015</u> <i>recalculated</i>	
	€	€	€	€
<b>Assets</b>				
	Ref.			
<b>Tangible fixed assets</b>	4			
Land and buildings		21.919		0
Inventory		19.288		23
Art depot inventory		30.193		33.827
Other fixed operating assets		199.862		106.588
Art collection		1.368.527		509.000
		<u>1.639.789</u>		<u>649.438</u>
<b>Current assets</b>	5			
Inventories		688.731		215.216
<b>Receivables</b>	6			
Subsidies/sponsorship		843.012		2.924.554
Accounts receivable		1.218.203		994.364
Admission receipts		587.885		564.221
Advance payments		36.097		350.466
Taxes		469.353		1.086.489
Other receivables		546.934		629.660
		<u>3.701.484</u>		<u>6.549.754</u>
<b>Liquid assets</b>	7			
Liquid assets		8.469.430		8.039.867
<b>Total Assets</b>		<u><b>14.499.434</b></u>		<u><b>15.454.275</b></u>

<b>Liabilities</b>	Ref.	<b>31 December 2016</b>		<b>31 December 2015</b>	
				<b>recalculated</b>	
		€	€	€	€
<b>Capital and reserves</b>	8				
<i>Freely disposable capital</i>					
• Continuity reserve		2.578.317		2.578.317	
<i>Restricted capital</i>					
• Special-purpose reserve Collection presentation		1.000.000		1.000.	
• Special-purpose reserve acquisitions		0		158	
• Special-purpose reserve exhibitions		1.188.224		1.559	
• General reserve		0		448	
			4.766.541		
<b>Provisions</b>	9				
Personnel		1.132.026		1.202	
Major maintenance		2.210.334		1.525	
			3.342.360		
<b>Long-term liabilities</b>	10				
Long-term debt		738.645		309.	
			738.645		
<b>Current liabilities</b>	11				
Accounts payable		2.003.511		3.508	
Prepaid subsidies /contributions		391.463		507	
Tax and national insurance		407.722		440	
Other debts		2.849.192		2.216	
			5.651.888		
<b>Total Liabilities</b>		<b>14.499.434</b>		<b>15.454.275</b>	

# Statement of income and expenditure for 2016

		<i>Operations 2016</i>	<i>Budget 2016</i>	<i>Operations 2015 recalculated</i>
		€		
<b>Income</b>	Ref.			
Subsidy revenue	13	18.269.422		
Contributions	14	1.692.343		
Sponsor revenue	15	2.209.546		
Public revenues	16	6.505.115		
Other direct revenue	17	1.559.916		
Financial income	18	18.709		
Other indirect income	19	1.265.129		
<b>Total revenue</b>		<b>31.520.180</b>		
<b>Expenditure</b>				
Personnel costs	20	11.315.673		
Depreciation	4	65.897		
Building costs	21	9.858.114		
Art acquisitions	22	1.532.929		
Other expenditure	23	9.725.938		
<b>Total expenditure</b>		<b>32.498.551</b>		
<b>Balance</b>		<b>-978.371</b>		
<b>Apportionment of balance</b>				
• Movement special-purpose reserve collection presentation	8	0	0	0
• Movement special-purpose reserve acquisitions	8	158.614	0	232.048
• Movement special-purpose reserve continuity	8	0	0	0
• Movement special-purpose reserve exhibitions	8	371.731	800.000	65.680
• Movement special-purpose reserve publications	8	0	0	20.000
• General reserve	8	448.026		-387.490
		<b>978.371</b>		
<b>Result</b>				

## Statement of cash flows 2016

		2016		2015	
	Ref.	€	€	€	€
<b>Cash flows from operational activities</b>					
Subsidy revenue received	13	11.839.071		12.595.355	
Contributions received	14	3.484.298		123.682	
Sponsoring revenue received	15	2.256.835		2.823.448	
Public revenues received	16	6.581.496		8.667.768	
Direct revenues received	17	1.358.786		1.194.917	
Financial revenues received	18	13.211		64.464	
Other revenues received	19	1.151.642		508.443	
Total cash flows received			26.685.339		25.978.077
Payments arising from personnel costs	20	-11.111.434		-10.681.712	
Other expenditure paid	21-23	-14.947.623		-14.673.804	
Total outgoing cash flow			-26.059.057		-25.355.516
Cash flow from operational activities			626.282		622.561
<b>Cash flow from investment activities</b>					
Investments in tangible fixed assets	4	-196.720		-114.411	
Disposals of tangible fixed assets	4	0		0	
Cash flow from investments activities			-196.720		-114.411
<b>Cash flow from financing activities</b>					
Revenue from long-term liabilities	10			0	
Repayment of long-term liabilities	10			0	
Cash flow from financing activities			0		0
Net cash flow			429.562		508.150
Balance, exceptional income and expenditure	-		0		0
Increase/(decrease) in fin. resources			429.562		508.150

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Continuation of statement of cash flow for 2016:

In summary, the cash flow was as follows:

	<b>2016</b>	—
	€	
<b>Balance on 1 January</b>	8.039.867	
Movement in the financial year	429.563	
	—	—
<b>Balance on 31 December</b>	<b>8.469.430</b>	<b>—</b>

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# ***Notes to the balance sheet and statement of income and expenditure***

## **1. General explanation**

### ***Activities***

The mission of the Stichting Stedelijk Museum Amsterdam is to record, preserve, restore, enrich, document, publish, research, present, and dispose of museum collections that are the property of the municipality of Amsterdam under the name of, or with the designation “Stichting Stedelijk Museum Amsterdam”, and artworks that are (or will be in the future) the property of the Stichting or that will be made available to the Stichting in some other way.

### ***Subsidy***

The Amsterdam General Subsidy Regulation (Algemene Subsidieverordening Amsterdam, ASA 2012) came into effect on 1 January 2013 and was applicable throughout the period of the 2013-2016 Arts Plan. The funding is awarded on the basis of a decision taken by the Municipal Executive of the City of Amsterdam and the performance agreements that it sets out, subject to the museum’s program of activities, its business plan for 2013 -2016, and long-term budget for 2013-2016.

### ***Explanation of the cash flow statement***

The statement of cash flows was drawn up in accordance with the direct method. The financial resources in the statement of cash flows consist of the liquid assets. Cash flows in foreign currencies are translated into euro using an estimated average exchange rate. Exchange rate discrepancies in financial resources are shown separately in the statement of cash flows. Revenue and expenditure arising from interest, dividends and profits tax are included under the heading “Cash flow from operations”.

Repayments of the long-term loan are incorporated into the cash flow from financing activities. The tangible fixed assets are valued at the purchase price and included in the cash flow from investment activities insofar as payment was made in cash. Transactions that do not involve cash exchanges are not included in the statement of cash flows.

### ***Related parties***

The following are defined as related parties: all legal persons over which dominant control, joint control or significant influence can be exercised. Legal persons that can exercise predominant control are also classified as related parties. The statutory directors, other key individuals in the management of the stichting and close relatives are also considered related parties.

Significant transactions with related parties are clarified in the event that they were not conducted under normal market conditions. This clarification details the nature and the extent of the transactions and any other information that is necessary to provide transparency.

Stichting Stedelijk Museum is related to the Stedelijk Museum Foundation.

### ***Estimates***

In applying the principles and rules for drawing up the financial statements, the directors necessarily make a variety of judgements and estimates that may be essential to the sums of money included in the financial statements. If considered necessary to provide the transparency required under Book 2, article 362, paragraph 1 of the Netherlands Civil Code, the nature of these judgements and estimates, including the assumptions underlying them, is included in the explanation of the relevant item of the financial statements.

## 2. *Principles for the valuation of assets and liabilities*

### *General*

The financial statements were drawn up in accordance with RJ 640 for not-for-profit organizations, as issued by the Foundation for Annual Reporting [Raad voor de Jaarverslaggeving].

Assets and obligations are in general valued at the acquisition or manufacturing price or current value. If no specific basis of the valuation is given, valuation is based on purchase price. References are included in the balance sheet, the statement of income and expenditure and the statement of cash flow. These refer to the explanatory notes.

### *Comparison with the previous year*

The system was amended in 2016. Apart from the change in system, the comparative figures remain unaltered, and no further amendments were made to the accounting policies.

### *Change in system*

The valuation of an exhibition that begins in the year under review and ends in the year following the reporting year, has changed. In previous years, the costs were accounted for in the other liabilities in the year in which the exhibition opens. Starting in 2016, the costs connected with this exhibition, and the revenues relating to this exhibition (notably sponsorship or monies provided by foundations) allocated to the reporting year in question, in proportion to the time elapsed. The marketing costs are included in the year to which they relate.

### *Incorporation in the accounts*

In connection with the change in the system in 2016, the impact has been retrospectively incorporated into the 2016 financial statements by means of the general reserve. Due to the change in system, as of 1 January 2016, the starting capital was a total of € 448.026 higher because, thanks to the change in system, the exhibition expenses of presentations that take place in more than one year are attributed, rather than fully accounted for, in the year in which they open. € 60.536 is recorded as a direct change in equity as of 1-1-2015 (in line with RJ 140.211) on the basis of exhibitions that spanned several years of 2014-2015. In addition, the comparative figures in the financial statements of 2016 are presented as though the same new accounting principle applied in 2015, given these expenses are attributed to 2016 on the basis of the new accounting principle. The change in accounting policy leads to an amendment of the comparative figures of 2015 from € 60.536 increase of the starting capital as of 1 January 2015 and has a positive impact on the result of € 387.490 in the financial year 2015. As of 1-1-2016, this brings the total general reserve to € 448.026, which is brought back again to nil in 2016 through profit appropriation.

The course of the general reserve (formed as a result in the change in accounting policy) is as follows:

<b>General reserve</b>	<b>2016</b>	<b>2015</b>
	€	€
<b>Balance on 31 December 2015 and 31 December</b>	448.026	0
Change in accounting policy	-	60.536
<b>Balance on 1 January</b>	448.026	60.536
Profit appropriation	-448.026	387.490
<b>Balance on 31 December</b>	0	448.026

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## *Foreign currency*

The financial statements were drawn up in euro; this is both the functional and presentation currency of the Stichting Stedelijk Museum Amsterdam.

### *Transactions, receivables and debts*

Transactions in foreign currency during the reporting period have been incorporated into the financial statements using the rate of exchange at the date of the original transaction.

## *Art collection*

A large proportion of the art collection that is managed by the Stichting Stedelijk Museum Amsterdam is the property of the municipality of Amsterdam. Almost all of the objects that are the property of the Stichting Stedelijk Museum Amsterdam have been valued at nil. The acquisition costs of six objects are shown on the balance sheet. These costs depreciate in equal annual instalments. These objects are subject to a long-term debt, which is paid off in five equal instalments. Once this debt has been repaid, these works of art will continue to be listed on the balance sheet at nil value or, if applicable, transferred to the municipality of Amsterdam.

## *Tangible fixed assets*

The tangible fixed assets are valued at the purchase price, including directly attributable costs, minus the cumulative depreciation. The depreciation is based on estimated economic life and is calculated on the basis of a fixed percentage of the purchase price.

Land and buildings are valued at the purchase price plus additional expenses, or manufacturing price less straight-line depreciation during the expected future useful life. Land is not depreciated. The impairments that are expected on the balance sheet date are taken into account. In determining when and how intangible fixed assets are tested for impairment, reference is made to the relevant section.

Other assets are valued at acquisition or manufacturing price, including directly attributable costs, reduced by straight-line depreciations during the expected future useful life and impairment.

On each balance sheet date, the Stichting checks for any indications that a fixed asset may be subject to impairment. If any such indications are present, the realizable value of the asset is determined. Impairment is deemed to apply if the carrying amount of the asset is higher than its realizable value; the realizable value is the highest figure between the net realizable value and the value in use. An impairment loss is charged directly to the profit and loss account, accompanied by the simultaneous reduction of the carrying amount of the asset in question.

A reserve to cover the future costs of major maintenance of the museum's buildings has been formed. The addition of the reserve is determined on the basis of the estimated costs of the maintenance work and the period that elapses between each major refurbishment.

## *Inventories and work in progress*

The inventories are valued at purchase price in accordance with the FIFO ("first-in-first-out") method or lower realizable value, if appropriate, reduced by a sum providing for the possibility of obsolescence. The realizable value is the estimated selling price less directly attributable selling costs. The possible obsolescence of the inventories is taken into account when determining the realizable value.

The work in progress concerns the costs and revenues of exhibitions that are held fully or partly in future reporting years. In the situation in which an exhibition begins in the reporting year and ends in the year following the reporting year, the costs connected with this exhibition as well as the revenues related to this exhibition (namely sponsorship or contributions from foundations) are attributed to the reporting years in question, on a time basis.

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## *Receivables*

Receivables are initially recognized in the financial statements at according to the fair value of the consideration. Trade receivables are valued in subsequent expenditures at the amortized cost price. Provisions for bad debt are deducted from the book value of the receivable.

## *Liquid assets*

Liquid assets consist of cash on hand, bank balances and call deposits with a term of less than twelve months. Liquid assets are valued at their nominal value

## *Capital and reserves*

The capital and reserves of the Stichting are divided into reserves and funds.

### *Special-purpose reserve*

The board of Stichting Stedelijk Museum Amsterdam has set aside a share of the reserves for an appropriated purpose.

### *General reserve*

Provision is made for legally enforceable or constructive obligations that exist on the balance sheet date, in respect of which it is probable that an outflow of resources is necessary, the extent of which can be reliably estimated.

## *Provisions*

### *General*

Provisions are made for legally enforceable or constructive obligations that exist on the balance sheet date, in respect of which it is probable that an outflow of resources is necessary, the extent of which can be reliably estimated.

The provisions are valued according to the best estimate of the sums necessary to settle the obligations as of the balance sheet date. Pension provisions are valued on the basis of the actuarial principles. Other provisions are valued according to the nominal value of the expenditure which is expected to be necessary to settle the obligations, unless stated otherwise.

When a third party is expected to reimburse the costs, and when it is probable that this recompense will be received when the obligation is settled, this reimbursement is recorded as an asset on the balance sheet

### *Pension provision*

The Dutch pension plans are subject to the stipulations of the Dutch Pension Act and Stichting Stedelijk Museum Amsterdam pays contributions on a mandatory, contractual or voluntary basis to pension funds and insurance companies. The contributions are recognized as an expense on the balance sheet when the contributions are due. Contributions paid in advance are included as accrued income if they lead to a repayment or a reduction in future payments. Outstanding contributions are recognized as liabilities on the balance sheet.

The pension plan of Stichting Stedelijk Museum Amsterdam is administered by ABP. The pension plan is based on career-average earnings. Stichting Stedelijk Museum Amsterdam is not obligated to make additional payments or higher premiums as a consequence of the pension fund's low funding level.

### *Jubilee provision*

The provision for jubilees is included at the cash value of the expected payments throughout the course of employees' careers at the museum. When calculating the provision, anticipated salary increases and the likelihood of retention, among other things, are taken into account.

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### *Reserve for major maintenance*

With respect to the costs of major maintenance work on building facilities, a reserve is formed to distribute these costs equally over a number of financial years. Additions to the reserve are determined on the basis of the estimated cost of the maintenance work, and the period that elapses between each major refurbishment.

### *Long-term liabilities*

Long-term liabilities relate to donations by private individuals in the form of debts that are cancelled in equal annual instalments. The short-term part of these long-term liabilities is recorded under current liabilities.

### *Current liabilities*

Current liabilities are valued at nominal value when first entered. Current liabilities are subsequently valued at amortized cost, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

### *Operational leasing*

Lease contracts in which a large proportion of the advantages and disadvantages of ownership do not rest with the organization are recorded as operational leasing. Obligations arising from operational leasing are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the statement of income and expenditure for the duration of the contract.

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### **3. *Principles for determining the result***

#### *General*

The balance (result) is defined as the total of income less expenses. The income is recorded in the year in which it was generated, and the expenses in the year to which they relate. For income received in the form of goods or services, the real value is used insofar as it can be determined. Income of this kind is recorded in the statement of income and expenditure. Income reserved for a special purpose is included in the statement of income and expenditure; if some of this income is not spent in the reporting year, the portion not yet spent is included in the relevant special purpose reserve. A transfer of funds from a special purpose reserve is included as spending (an expense) in the statement of income and expenditure.

#### *Subsidies*

Operating subsidies are recorded in the statement of income and expenditure in the year in which the subsidized costs were incurred or income was lost, or when a subsidizing operating deficit occurred. The income is recorded when it is likely that it will be received and Stichting Stedelijk Museum Amsterdam can show the conditions for receipt.

Subsidies relating to investments in tangible fixed assets are deducted directly from the relevant investment and incorporated into the statement of income and expenditure as part of the depreciation.

#### *Sponsorship*

Sponsor contributions are recorded in the year to which the contribution relates.

#### *Public revenues*

The entrance fees and revenues generated by Museum Pass sales are recorded in the year in which the sale took place.

#### *Donations*

Non-monetary donations that are not gifted in a single installment, are recorded at their fair value in the Netherlands. Non-monetary donations that are gifted in a single installment, are not recorded on the balance sheet. Gifts of services are not generally shown in the financial statements with the exception of the donation of business services with a monetary value.

Non-monetary contributions by volunteers are not shown in the statement of income and expenditure.

#### *Exchange rate differences*

Exchange rate differences that occur in the settlement of monetary items are recognized in the statement of income and expenditure in the period in which they occur.

#### *Expenditure*

Expenditure is determined on a historical basis and recorded in the reporting year to which it relates.

#### *Art acquisitions*

The portions of the subsidy and other contributions earmarked for art acquisitions are recorded in the statement of income and expenditure, as are the art acquisitions themselves. Funds reserved for art acquisitions that had not been spent by the end of the financial year are added to designated reserve for art acquisitions and used to purchase artworks at a later stage.

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## *Employee benefits*

### *Periodic remunerations*

Wages, salaries and social security costs are recorded in the statement of income and expenditure on the basis of the conditions of employment insofar as they are payable to employees.

### *Pensions*

Stichting Stedelijk Museum Amsterdam uses the obligation approach to accounting for all pension plans. The contribution payable during the reporting year is recorded as an expense. Changes relating to pension provisions are also recorded in the statement of income and expenditure. The amount recorded under the heading of pension provisions is the best estimate of the unfunded amount that is required to meet the relevant obligations by the balance sheet date.

## *Exhibition expenditure*

The costs of exhibitions are recorded from the moment that the exhibition opens. Any costs incurred in previous years are accounted as prepaid expenses by means of the “work in progress” section on the balance sheet, until the year in which they open.

## *Depreciation*

Tangible fixed assets are depreciated over the expected future useful life of the assets, commencing at the moment they are first taken into use.

If the estimate of the future useful life is amended, the subsequent depreciation amounts are adjusted.

Capital gains and losses resulting from the sale of tangible fixed assets, are included under depreciation.

### *Interest income and interest expenses*

Interest income and interest expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities concerned. In accounting for interest expenses, the justified transaction expenses for loans received are taken into consideration when calculating the effective interest rate.

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## ***Off-balance sheet commitments***

### ***Building-related expenses***

At the end of the financial year, the commitments relating to building expenses were as follows:

<b><i>To be paid:</i></b>	€
Within one year	7.259.129
Between one and five years	1.600.555
In more than five years	0
<b>Total</b>	<u>8.859.684</u>

Amsterdam, 13 April 2016

Amsterdam, 13 April 2016

The Directors,

The Supervisory Board:

Karin van Gilst  
Beatrix Ruf

Cees de Bruin  
Madeleine de Cock Buning  
Rob Defares  
Rita Kersting  
Prins Constantijn van Oranje  
Alexander Ribbink, Chair  
Willem de Rooij

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