INTERNATIONAL ASSOCIATION OF PROSECUTORS

FINANCIAL REVIEW COMMITTEE

REPORT ON THE FINANCIAL STATEMENTS

FOR FISCAL YEAR 2025

In order to fulfill its duties, the Financial Review Committee (FRC) receives twice a year the financial statements issued by the IAP Secretariat (mid-year review) or from the accounting firm, Baker Tilly (annual statements). After reviewing the documents, the Committee team routinely holds a meeting in The Hague to discuss with the Secretary General and the staff of the Secretariat. It performs some physical checks of the bookkeeping and of the cash held in the safe box, and holds a meeting with the accounting firm's officers, in order to clarify the elements of the accounting documents.

The meeting took place on March 3-4, 2026 in The Hague between FRC members present, namely Jean-François Thony, Chair, Kathleen Roussel[1], Josip Cule and Michael Leitner, members, and members of the IAP Secretariat, namely Roel Dona, Secretary General and Benn Van Alphen, Executive Administrative Manager. A separate meeting was organized with the accountants Marc Scholtes and Kirsten Buisman-Sibbes from the accounting firm, Baker Tilly.

Overview of the financial situation

The financial situation has continued to improve in 2025 with a positive net result of 64.117 €[2] and a working capital (the assets that the Association may use for its operation) which is now established at 289.405 € as compared to 216.396 €, i.e. almost 7 months of operations. This means that with the current working capital, the Association could operate for 7 months if it did not receive and income.

However, there is great uncertainty about what will be the future needs of the association given the questions marks on the tax situation and the staffing evolving context[3]. As it stands, now that the IT investment period is over, the budget is quite stable compared to last year, as there were no substantial evolution in income and in expenditure. But there is a likelihood that the expenditure will increase substantially in the coming months/years, with limited possibility to estimate the volume of this increase.

Income has remained stable, with a total income of 594.428 € as compared to 591.691 € in 2024 (+1%). Organizational membership fees have slightly reduced (-3,6%), and the annual conference levy has increased in 2025 from 56.396 € to 66.836 €. A new budget line "Administration fee EventsAct" refers to a fixed 1 € fee that the association is taking on each

[1] Present by videoconference
[2] After payment of the corporate tax
[3] See infra

registration to conferences, to cover the online registration system costs. As opposed to previous years, registration fees collected on behalf of conference organizers do not appear in the accounting, as they are not an income per se. A note to the "income" line of the statement of activities provides with a detail of fees collected on behalf of conference organizers.

Expenditures showed a 8% increase for three main reasons:

- The depreciation of the investment in software systems. The expenditures for the design of the new membership management system, the PICP and the website are being spread over a write-off period of 10 years, which began mainly in 2025, for a total of 27.878 €.
- The internet budget line has also increased by 32% due to the renting of 2 virtual servers for the IP website platform, and to maintenance costs of the various software.
- Travel and representation costs have also increased significantly (+46%), because of the organization of conferences in remote parts of the world (Singapore, Mongolia, Cayman Islands) and the cost of accommodation in those locations. Overall, the amount of travel costs remains very reasonable for an international organization like the IAP.

Those increased expenses were partly compensated for by some savings on other budget lines. Office operational costs have decreased, mainly due to the sick leave of the Executive Director, who did not travel to The Hague for the second half of 2025, and to the fact that there were fewer staff members in general. Legal and professional service fees have also reduced but remain very high (40.990 €), mostly due to advisory fees to consultancy firms in relation to the tax situation (22.105 €). An agreement was found in 2025 with the accountant Baker and Tilly for a fixed fee (9.000 €) for compilation of accounts. However, this amount will increase in 2026 as the accountant has now to prepare an annual income tax report for the association.

The analysis of the statement of activities did not raise any other particular concern or issue to be raised by the FRC.

Checks performed by the Financial Review Committee

In order to ensure that financial procedures are faithfully followed, the FRC performed a number of checks. This includes checking receipts and invoices and how they are reported in the books. The FRC reviewed procedures in place regarding the double signature system for payments, the credit card statements and the collection of receipts and invoices to justify credit card payments, the bookkeeping procedures and the registration of cash payments or cash collection.

Regarding cash, the FRC noted that an important amount in Euros was held in the safe box according to the financial statements (16.993 €), mostly related to the payment of registration fees for the annual conference in Azerbaijan. Most of it was deposited to the bank account before the FRC meeting took place. Cash in dollars, which amounted to 7.078 $ in 2025, was spent on the occasion of various conferences to pay for expenses like accommodation, as the banking regulations in the Netherlands do not allow to deposit foreign currencies on the bank account of the association. At the date of the FRC meeting, the total amount of foreign currencies in cash was equivalent to 829 €. Every collection of cash as well as disbursements are duly registered in a paper registry including the reason for the collection/disbursement.

The FRC noted that bookkeeping was now mostly settled, and after a period of uncertainty about budget codes and budget lines that have to be entered into the bookkeeping system. The accountants agreed that the bookkeeping entries were in line with accounting standards. The new budget lines/codes created at the request of the FRC allowed for better clarity and logical breakdown of expenses. The Executive Administrative Manager now has a full mastering of bookkeeping.

Other points addressed during the meetings

The tax situation

Tax Authorities have confirmed that the IAP will be subject to corporate tax and to VAT, despite the solid reasons that were put forward to demonstrate that the association was not making profits. As a consequence, all annual net results are taxed, even if such results are put in a reserve to serve the purpose of the Association. In 2026, with a net result of 80.294 €, the association will have to disburse 16.177 € of corporate tax. This means that all unspent funds collected during the year will be taxed and raises the question as to whether the Association should adapt its budget strategy to limit the amount of unused funds at the end of the year.

There is an obvious need to create reserves to face future needs or ensure continuity in case of losses in revenue. **The question that the Executive Committee will have to address is up to which level such reserves should be built up**, bearing in mind that every saving made at the end of the year will be subject to corporate tax.

Currently, as explained in the report, the reserves at the end of 2025 amount to a total of 496.679 € with the following breakdown:

Earmarked reserve Granting Programme	22.957
Earmarked reserve Prosecutors International Cooperation Platform	25.000
Earmarked reserve future investments in software and equipment	62.564
Earmarked reserve continuity	336.158
Earmarked reserve Global training programme	50.000
TOTAL	**496.679**

Earmarked reserves are fungible and can be used for another purpose than the one for which they were earmarked. However, it is important to understand that an important part of those reserves (207.274 €) are tangible or intangible assets[4]. The actual reserves available to the association are the liquidities and goods for sale (goodies), amounting to 289.405 €. This corresponds, as noted above, to almost 7 months of operation, which is considered as a solid available capital of an organization like ours. However, the Executive Committee may want to have a conservative and prudent approach and constitute an even bigger reserve. This will have an impact on the amount of corporate tax to be paid for each annual amount saved to the reserve.

[4] Mainly the value of software (intangible) and equipment (tangible). There value is purely virtual as although those assets have been acquired for that value, they could not be sold for this amount, or they could not be sold at all, which means that their market value is close to zero. In addition, the amount of the assets decreases every year of an amount equal to the depreciation ratio (10%)

The financial situation of the IAP will depend on the expected evolution of income and expenses in the years to come. If expenses grow faster than income, the ability to increase the reserve will be limited.

If the contrary, this leaves an appreciation as to the financial strategy to have:

- Continue to grow reserves for security
- Spend the funds in excess during the fiscal year so as to use members' contribution for IAP activities rather than to pay taxes.

From discussions with the secretariat during the FRC meeting, there is an expectation that income will remain stable in the years to come, but expenses may increase sharply depending on the evolution of the staff situation.

The staff situation

In 2025, 4 employees of the IAP were seconded under various agreements with their respective Prosecutor's Office:

- The Secretary General Roel Dona, whose contract expires at the end of 2026. The Dutch Board of Prosecutors General indicated that the secondment of a Secretary General will not be continued. Until the end of the contract, salaries and benefits are paid by the Dutch Board but the IAP serves a contribution of 18.000 € per year to compensate partly.
- The General Counsel Shenaz Musaffer, seconded at no cost by the CPS. Her contract expires at the end of 2026.
- The Executive Administration Manager Benn Van Alphen, whose contract was extended until 2030. Until 2025, salary and benefits were covered by the Dutch Prosecution Service, and the IAP was paying for a lump-sum contribution of 8.000 € per year. However, after an agreement with the Dutch Prosecution service, this contribution will progressively increase as follows:
    - 2026: 13.000 €
    - 2027: 18.000 €
    - 2028: 23.000 €

  This corresponds to almost three times the current contribution.

The Executive Programme Manager, under secondment by the Georgian Prosecution Office until the end of 2026 and working from Georgia. There is no indication as to whether this secondment will be renewed.

The Executive Director's salary and benefits are fully covered by the Association, and her position cannot technically be considered as a secondment.

Three of the four secondments will end at the end of 2026, and the fourth one will continue subject to a substantial increase of the IAP contribution.

Two scenarios are possible:

- The IAP identifies suitable candidates that their respective employer is ready to second at no cost for the IAP, and the staff costs will increase only by the increase of the contribution for the Executive Administration Manager

- The IAP identifies suitable candidates, but no agreement is found for a secondment at no cost. The staff budget line will then sharply increase, to an amount which will depend on the number of staff to be borne by the association, and/or the amount of contribution reimbursed by the IAP to the employer, depending on the arrangements found.

There is a limit to what the Association will be able to cover in terms of new staff compensation. All things equal, since the net result in 2025 amounted to 80.000 €, and if there is no change in income or expenditure in the times to come, this amount is the maximum that the association could further sustain in terms of staff costs, bearing in mind that it would leave no room for unexpected expenditures.

The Executive Committee's decision on staff issues will have to consider the financial aspects of it, that the FRC will continue to monitor.

Conclusions

Subject to the above considerations, the Financial Review Committee is satisfied that:

- Financial procedures are strictly followed by IAP staff and Secretary General.
- Random checks did not demonstrate any inconsistency in the implementation of financial procedures.
- The financial situation of the association has returned to normal, with working capital corresponding to around seven months of operations. However, the staff costs may grow significantly in the coming times, and the tax situation imposes to adapt the IAP financial strategy in terms of the use of yearly contributions.

The FRC recommends that:

- Written financial procedures and guidelines be developed to allow for a smooth transition with the appointment of a new Secretary General
- Measures be put in place to put unused contributions on the savings account at least twice a year, subject to foreseeable expenses
- A financial strategy be put in place in the case of excess income during a fiscal year, to strike a balance between policies on earmarked reserves and the need to spend unused members' contribution for the benefit of the Association

The Financial Review Committee

Jean-François Thony, chair
Kathleen Roussel, Josip Cule, Michael Leitner, members