

EMMAUS EUROPE

THE ANNUAL ACCOUNTS

Financial year ending on 31st December 2013

Dear Sir / Madam,

In compliance with the assignment given to us by your Regional Council, we are presenting our report relating to the financial year ending on 31 December 2013:

- Audit of Emmaus Europe's annual accounts, as attached to the report.
- Justification of assessment
- Specific checks and information required by law.

Your Regional Council approved the annual accounts. It is our duty, based on our audit, to express an opinion on these accounts.

I - OPINION OF THE ANNUAL ACCOUNTS

We have conducted our audit in accordance with the professional standards applicable in France. These standards require checks to be carried out to give reasonable assurance that the annual accounts are free from significant irregularities. An audit involves verifying evidence of the amounts and disclosures that appear in the annual accounts using spot checks or other selection methods. An audit also involves assessing the accounting principles that have been followed, significant estimates made and the presentation of the entire set of accounts. We believe that we have collected sufficient and appropriate information on which to base our opinion.

We certify that the annual accounts, in light of French accounting rules and principles, are in order and are genuine, and provide a faithful image of the operating result from the previous financial year and of the association's financial position and property at the end of the financial year.

Without calling into question the opinion expressed above, we wish to draw your attention to the following point in note E of the appendix regarding the setting aside of a provision for expenditure.

II - JUSTIFICATION OF ASSESSMENT

In application of the provisions of article L 823-9 of the Code of Commerce relating to justification of our assessment, we inform you that in the absence of significant events and important decisions affecting the accounting policy and the presentation of the accounts, our assessment does not require any special justification.

III - CHECKS AND SPECIFIC INFORMATION

In accordance with the professional standards applicable in France, we also carried out the specific checks laid down by the law.

We have no observations to make about the veracity and correlation with the annual accounts of the information about the financial situation and annual accounts given in the treasurer's report and in the documents sent to the members.

Saint-Germain-en-Laye
27 February 2014
Auditor,
SEGESTE

Sylvie Thizon

BALANCE SHEET AND INCOME STATEMENT.

ASSETS STATEMENT				
	31/12/2013			31/12/2012
	Gross	Depreciations and provisions	Net	Net
PERMANENT ASSETS				
Intangible assets				
Software	7 957,46	5 217,59	2 739,87	73
Tangible assets				
Office equipment	9 681,41	7 439,18	2 242,23	3 881,86
General installation	1 949, 69	11,22	1 938,47	0,00
Financial assets				
Banca Etica shares	2 625,00		2 625,00	2 625,00
Emmaus Ethical Fund	150 000,00		150 000,00	150 000,00
TOTAL PERMANENT ASSETS	172 213,56	12 667,99	159 545,57	156 579,43
CIRCULATING ASSETS				
Accounts receivable	17 808,00		17 808,00	21 832,40
Solidarity receivable (dedicated funds)	0,00		0,00	4 769,89
Membership fees receivable	12 680,00		12 680,00	7 000,00
Solidarity receivable (off- dedicated funds)	4 000,00		4 000,00	6 000,00
Reimbursements receivable	0,00		0,00	2 378,91
Sundry debtors	0,00		0,00	1683,60
	1 128,00		1 128,00	0,00
Cash flow	308 104,79		308 104,79	260 980,08
Banca Etica	37 276,36		37 276,36	131 150,00
Crédit cooperative	190 955,09		190 955,09	51 431,74
Livret A – Savings account	79 174,10		79 174,10	77 938,30
Cash	699,24		699,24	460,04
Prepaid expenses	0,00		0,00	0,00
TOTAL CIRCULATING ASSETS	325 912,79	0,00	325 912,79	282 812,48
OVERALL TOTAL	498 126,35	12 667,99	485 458,36	439 391,91

BALANCE SHEET AND INCOME STATEMENT

LIABILITIES STATEMENT		
	31/12/2013	31/12/2012
	Net	Net
FUNDS		
Capital resources		
Funds without a clawback clause		
Income from previous financial years	250 429,72	249 161,83
Income from the financial year	1 565,62	1 297,89
Other Emmaus Europe funds		
TOTAL FUNDS	251 995,34	250 429,72
PROVISIONS		
Provisions for expenses	46 000,00	74 000,00
Provisions for contingencies		
TOTAL PROVISIONS	46 000,00	74 000,00
DEDICATED FUNDS		
Dedicated Funds Poland	16 000,00	0,00
Dedicated Funds Romania	0,00	15 883,79
Dedicated Funds Ukraine	13 075,29	3 725,71
Dedicated Funds Lithuania	15 530,00	2 000,00
Dedicated Funds Solidarity not allocated	87 406,50	49 296,40
TOTAL DEDICATED FUNDS	132 011,79	70 905,90
DEBTS		
Debts to suppliers and related items	8 746,19	9 725,71
Tax and social security debts	46 655,04	34 330,58
Prepaid income	50,00	
TOTAL DEBTS	55 451,23	44 056,29
OVERALL TOTAL	485 458,36	439 391,91

BALANCE SHEET AND INCOME STATEMENT

STATEMENT OF PROFIT AND LOSS		
OPERATING INCOME	31/12/2013	31/12/2012
2010 Membership fees	0,00	4 000,00
2011 Membership fees	0,00	11 910,00
2012 Membership fees	14 183,61	248 540,69
2013 Membership fees	245 334,93	
Emmaus International contribution - Follow-up/ Assessment	6 139,00	6 139,00
Emmaus International - Operations Opertaing		
Operations Opertaing and other contributions	39 500,00	22,50
Other income RAEE contributions		
Reversal of provisions for contingencies and charges	48 000,00	6 000,00
Transfer of expenditure	0,00	1 683,60
Operations sub-total	353 157,54	278 295,79
Solidarity collection for dedicated funds Emmaus International contribution	315 582,95	136 021,50
- Solidarity Off-budget solidarity contribution	8 333,00	8 333,00
Solidarity sub-total	323 915,95	144 354,50
TOTAL OPERATING INCOME	677 073,49	422 650,29
OPERATING EXPENSES		
Purchases and external expenses	138 874,07	106 569,27
Taxes	7 697,42	4 472,08
Salaries and wages	122 389,37	100 201,97
Social security contributions	57 320,28	44 172,56
Depreciation provision	5 601,49	2 943,57
Circulating assets provisions		
Provisions for contingencies and expenses	20 000,00	20 000,00
Other expenses	646,05	93,34
Other solidarity expenses	323 915,92	144 354,50
TOTAL OPERATING EXPENSES	676 444,60	422 807,29
OPERATING PROFIT / LOSS	628,89	-157,00
INTEREST RECEIVED	1 344,13	1 572,81
FINANCIAL EXPENSES	375,40	63,92
FINANCIAL PROFIT / LOSS	968,73	1 508,89
PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	1 597,62	1 351,89
EXTRAORDINARY INCOME		
On management operations		
EXTRAORDINARY EXPENSES		
On management operations		
On capital operations		
EXTRAORDINARY PROFIT / LOSS	0,00	0,00
Corporation income tax	32,00	84,00
NET RESULT	1 565,62	1 267,89

ACCOUNTING PRINCIPLES, RULES AND METHODS

1. INFORMATION ABOUT THE ASSOCIATION'S AIMS AND ITS FUNDING

The aims of the association have been carried out in accordance with the provisions of the statutes and the decisions taken by the Emmaus Europe Regional Council and the Emmaus Europe Regional Assembly.

The Association's income is made up of:

- Membership fees and contributions paid by members
- Funds received from members for solidarity initiatives and emergency relief work
- Other donations made by third parties.

2. IMPORTANT EVENTS DURING THE FINANCIAL YEAR

2013 was marked by the following events:

1. The Verona meeting. This was a success both from the groups' point of view and in economic terms as we were able to host 220 people, 20 more than initially anticipated.

It was noted that we could have welcomed close on 300 people, if we had had the space. This is clearly an important point when planning for the next RAEE in 2015.

2. The departure and replacement of the accountant.

3. The implementation of the SAGE accounting system which is not entirely living up to expectations:

- Insufficient budget monitoring
- Multi-year accounts still not being monitored.

The following two areas are yet to be analyzed in Excel.

Solidarity:

- Allocation of profits totalling €123,835.25 from the Porte de Versailles salon, earmarked for the campaign to combat human trafficking (Lithuania and Bosnia)
- Significant contributions by groups have led to a positive financial result, along with a reserve fund enabling cash advances to be made for groups' projects.

Membership dues are still not coming in at the level expected. In 2014, groups will be reminded that they must be up to date with membership in order to vote at the 2015 Regional Assembly. The hope is we can recoup membership dues this way.

3. ACCOUNTING PRINCIPLES, RULES AND METHODS. CHANGE IN METHODS

The annual accounts of the 2013 financial year have been drawn up and presented in accordance with the provisions of CRC rule 99-01 relative to the terms for the drawing up of the annual accounts of associations.

Assets were evaluated using the chronological costs method.

Funds received from the groups within the framework of the solidarity plan approved by the Emmaus Europe Regional Council or donated to a specific project are managed in dedicated funds. The as yet unused balance of these funds has been entered as a liability in the dedicated funds entry.

The presentation of the solidarity accounts in terms of profit / loss covers:

- Initiatives included in the annual solidarity programme approved by the Emmaus Europe Regional Council and supported by funding provided by the groups
- Initiatives off-annual solidarity programme punctually supported by the groups on their initiative
- Contributions of groups explicitly allocated to solidarity but not allocated to a precise initiative

The combined sum of these three items along with the profit / loss statement of the operating account constitutes the overall profit / loss statement.

4. NOTES ON THE BALANCE SHEET

A. PERMANENT ASSETS

On 24th September 2007 Emmaus Europe bought fifty shares in Banca Etica for a total value of €2,625, with this providing a basis for ethical loans in conjunction with Emmaus International.

In 2011, Emmaus Europe made a two-year fixed term deposit of €150,000 in the Emmaus Ethical Fund. The sum is guaranteed by Emmaus International.

The Regional Executive decided to renew the solidarity investment of €150,000 held by Emmaus International for a further two years starting from 1 January 2014.

B. CIRCULATING ASSETS

Debts are valued at their face value. A provision for depreciation is applied when the balance sheet value is inferior to the book value.

Accounts receivable mainly comprise sums to be received from groups:

- 12 680 euros for operations
- 4 000 euros for solidarity

C. CASH FLOW

	2013	2012
Banca Etica	37 276	131 150
Crédit Coopératif	190 955	51 432
Livret A - Savings account	79 174	77 938
Cash	699	460
TOTAL	308 104	260 980

D. FUNDS

The funds are made up of reserves from previous financial years of € 250 429 and 2013 surplus, € 1 565.

E. PROVISION FOR EXPENDITURE

€46 000 has been set aside for expenditure:

- €10,000 to cover the projected cost of the 2015 Regional Assembly in England.
- €26,000 to cover the projected increase of operating costs which will not be covered by membership dues following the 2011 Regional Assembly's decision to freeze dues for four years.
- €10,000 to cover the cost of the next Regional Council outside of Montreuil.

F. DEDICATED FUNDS

Following tables show funds received and utilized for solidarity work:

ACCOUNTING PRINCIPLES, RULES AND METHODS

a. Within the Annual solidarity programme

Item	Budget	Before 2013		Available balance	2013		Available balance	Receivable income	Funds to be utilised
	Total amount as of 31/12/12	Funds received	Expenditure	As of 31/12/12	Funds received	Expenditure	As of 31/12/12	As of 31/12/12	Dedicated funds as of 31/12/12
2013/ Emmaus Un coup de main, Iasi Improve the working environment in order to develop a more efficient income-generating activity.	34 315	30 949	26 315	4 634	13 366	18 000	0	0	0
2013/ Emmaus Forbach in the name of Amicii d'Emmaus, Târgu Jiu Create accommodation for the Târgu Jiu companions.	20 000	19 000	11 000	8 000	12 000	20 000	0	0	0
2013/ Frères Europa, Satu Mare Youth inclusion project: launching a mobile fast food business * 3 250 refers to dedicated funds by Romania 2012 – 2013 allocated by the regional executive of Emmaus Europe	18 500	3 250	0	3 250	15 250	18 500	0	0	0
Subtotal Romania	72 815	53 199	37 315	15 884	40 616	56 500	0	0	0
2013/ Oselya – LVIV Supporting the activity of the Community.	18 000	2 726	0	2 726	15 600	18 001	325	0	325
2013/ Oselya – LVIV External activity of the community – solidarity actions with homeless people and informational work in the region	14 100	0	0	0	14 100	14 100	0	0	0
2013/ Nasha Khata – DROHOBYCH Development of the activities of the community towards homeless people.	5 556	0	0	0	5 556	5 556	0	0	0
2014/ Oselya – Lviv not allocated		0	0	0	7 450	0	7 450	4 000	11 450
Subtotal Ukraine	37 656	2 726	0	2 726	42 706	37 657	7 775	4 000	11 775
2013/ International Forum of solidarity Emmaus Network against trafficking in human beings-combating and prevention through policy initiatives, training and capacity building	59 900	0	0	0	59 900	59 900	0	0	0
2013/ New Generation, Banja Luka Community Housing for homeless people	10 000	0	0	0	766	766	0	0	0
Subtotal Bosnia	69 900	0	0	0	60 666	60 600	0	0	0

ACCOUNTING PRINCIPLES, RULES AND METHODS

Item	Budget	Before 2013		Available balance	2013		Available balance	Receivable income	Funds to be utilised
	Total amount as of 31/12/12	Funds received	Expenditure	As of 31/12/12	Funds received	Expenditure	As of 31/12/12	As of 31/12/12	Dedicated funds as of 31/12/12
2013/ Missing Persons' Families Support Centre Girl and Boy Power in Lithuania	16 530	2 000	0	2 000	14 530	16 530	0	0	0
2013/ Missing Persons' Families Support Centre Dealing with It Together	30 000	0	0	0	30 000	16 470	13 530		13 530
2014/ Advance on action - Missing Persons' Families Support Centre	2 000			0	2 000		2 000		2 000
Subtotal Lithuania	48 530	2 000	0	2 000	46 530	33 000	15 530	0	15 530
2013/ Emmaus Arezzo Support the Emmaus community of Arezzo, which is threatened with closure due to financial problems.	60 000	0	0	0	2 000	2 000	0	0	0
Subtotal Italy	60 000	0	0	0	2 000	2 000	0	0	0
2013/ Emmaus Brat Albert, Kraków Achieving housing standard in community house (finishing works)	39 500	0	0	0	23 000	10 000	13 000	0	13 000
2013/ Emmaus Brat Albert, Kraków To improve the Companions' quality of life through making changes to their habitat. To increase the Community's self-sufficiency.	11 559	0	0	0	7 000	7 000	0	0	0
2013/ Foundation Among Us, Lublin Purchase of a bus for transporting disabled people.	5 000	0	0	0	5 000	5 000	0	0	0
Subtotal Poland	56 059	0	0	0	35 000	22 000	13 000	0	13 000
Total a	344 960	57 925	37 315	20 610	227 518	211 823	36 305	4 000	40 305

ACCOUNTING PRINCIPLES, RULES AND METHODS

b. Off-annual solidarity programme

Item	Budget	Before 2013		Available balance	2013		Available balance	Receivable income	Funds to be utilised
	Total amount as of 31/12/12	Funds received	Expenditure	As of 31/12/12	Funds received	Expenditure	As of 31/12/12	As of 31/12/12	Dedicated funds as of 31/12/12
2013/ Solidarity not allocated	0	49 296	0	49 296	151 419	114 309	86 406	0	86 406
2013/ Solidarity Nasha Khata	0	0	0	0	4 756	4 756	0	0	0
2014/ Solidarity out of programme Ukraine	0	0	0	0	1 300	0	1 300	0	1 300
2013/ Ukraine Oselya Cold winter 2012-2013	0	1 000	0	1 000	3 000	4 000	0	0	0
2013/ Romania Cold winter 2013 -2014	0	0	0	0	1 000	1 000	0	0	0
2013/ Poland Cold winter 2013-2014	0	0	0	0	3 000	0	3 000	0	3 000
2013/ Regional transport	0	0	0	0	1 000	0	1 000	0	1 000
Subtotal b	0	50 296	0	50 296	165 475	124 065	91 706	0	91 706

OVERALL TOTAL a+b	344 960	108 221	37 315	70 906	392 993	335 887	128 012	4 000	132 012
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G. DEBTS

The debts are mainly made up of:

- wages and social security contributions due on 31st December 2013 (€ 45 069)
- provisions for professional fees (€ 6 000)
- diverse suppliers (€ 2 033)

All accounts receivable and debt due dates are less than a year.

5. NOTES ON THE PROFIT / LOSS STATEMENT

The general profit/loss statement should be analyzed in two parts: the operating profit/loss and the solidarity projects profit/loss. It should be specified that no management fees were charged to the operating profits

OPERATING AND SOLIDARITY RESULT

OPERATING RESULT AS OF 31/12/2013		
INCOME	Balance on 31/12/2013	Balance on 31/12/2012
<i>Annual membership fees</i>	259 519	264 451
<i>Groups' contributions to operations</i>	39 500	
<i>Emmaus International operations contribution</i>	6 139	6 139
<i>External contributions</i>		
<i>Regional Assembly contributions</i>		
<i>Other income</i>	1 344	3 256
<i>Reversal of provisions for contingencies and charges</i>	48 000	6 000
TOTAL INCOME	354 502	279 846
EXPENDITURE		
<i>Secretariat operating costs: staff costs</i>	187 407	148 847
<i>General expenses</i>	36 384	27 722
<i>Communication</i>		6 860
<i>Coordination and missions</i>	8 337	9 656
<i>Specifics missions</i>	3 674	2 183
<i>Accommodation and meetings: Regional Assembly</i>		
<i>European meeting</i>	60 472	1 627
<i>Regional Council</i>	27 539	24 182
<i>Regional Executive</i>	3 089	2 926
<i>Collectives</i>		30 864
<i>Training</i>	433	768
<i>Depreciations and provisions</i>	25 601	22 944
<i>Solidarity transfer</i>		
TOTAL EXPENDITURE	352 936	278 578
Operating Result as of 31/12/2012	1 566	1 268

OPERATING AND SOLIDARITY RESULT

SOLIDARITY RESULT AS OF 31/12/2013		
INCOME	2013	2012
Regional Solidarity Fund from Emmaus International	8 333	8 333
N-1 unused dedicated funds carried over	21 610	57 822
Solidarity collection for dedicated funds	279 917	73 200
Off-budget solidarity initiatives	14 056	5 000
TOTAL INCOME	323 916	144 355
EXPENDITURE		
Dedicated funds initiatives	231 445	97 295
Dedicated funds outstanding balance to be carried over	82 715	47 060
Solidarity out of programme	9 756	
TOTAL EXPENDITURE	323 916	144 355
Solidarity result as of 31/12/2013	0	0

EMMAUS EUROPE

SPECIAL REPORT OF THE AUDITOR
ON REGULATED AGREEMENTS

Financial year ending on 31st December 2013

In our capacity as your association's auditor, we are submitting to you our report on regulated agreements.

It is our duty to inform you, based on the information given to us, about the characteristics and key conditions of the agreements about which we have been notified or that we may have discovered when carrying out the audit, without having to rule on their validity and merits or to seek out other agreements. It is your duty, in accordance with the terms of article R. 612-6 of the Code of Commerce, to assess the benefits of concluding these agreements with a view to their approval.

We have carried out the checks that we deemed necessary based on the professional policy of the *Compagnie nationale des commissaires aux comptes* (French body of statutory auditors) with regard to this assignment.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE DECISION-MAKING BODY

We inform you that we were not informed of any agreements reached during the past financial year to be submitted for the approval of the decision-making body in application of the provisions of article L. 612-5 of the Code of Commerce.

Saint-Germain-en-Laye
27 February 2014
Auditor,
SEGESTE

Sylvie Thizon