

ASSOCIATION EMMAUS EUROPE

47 Avenue de la Résistance
93100 Montreuil



THE AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS

01/01/2018 – 31/12/2018

SEGESTE

Société de Commissaires aux Comptes
Membre de la Compagnie Régionale de Versailles

Dear Sir / Madam,

Audit opinion on the annual accounts

In compliance with the assignment entrusted to us by your Regional Council, we have conducted our audit of the Emmaus Europe Association's annual accounts relating to the financial year ending on 31 December 2018, which are attached to this report.

In accordance with French accounting rules and principles, we certify that the annual accounts are in order, are genuine and present a faithful image of the operating result from the previous financial year and the Emmaus Europe Association's financial position and assets at the end of the financial year.

Basis of audit opinion

Auditing terms of reference

We have conducted our audit in accordance with professional standards applicable in France. We believe we have collected sufficient and appropriate audit evidence on which to base our opinion.

The responsibilities assigned to us under these standards are specified in the "Auditor's responsibilities for the audit of annual accounts" section of this report.

Independence

We have completed our audit assignment in accordance with applicable independence requirements for the period from 1st January 2018 to the date of our report and, in particular, have not provided any services prohibited under the auditing profession's code of ethics.

Justification of assessment

In application of the provisions of articles L 823-9 and R.823-7 of the Code of Commerce relating to justification of our assessment, we inform you that, in our professional judgement, our key assessments were made based on the relevance and suitability of the accounting principles used.

These assessments were made as part of our audit of the annual accounts taken as a whole and were instrumental in shaping our opinion expressed in the first part of this report. We do not express any opinion on aspects of these annual accounts taken in isolation.

Checks of the financial statement and other documents sent to Members

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

We have no observations to make about the veracity and consistency with the annual accounts of the information provided both in the financial statement and other documents sent to the Association's members, regarding its financial situation and annual accounts.

Responsibilities of the management and those tasked with governance of annual accounts

It is the management's responsibility to draw up annual accounts that are a true representation of the Association's assets drawn up in accordance with French accounting rules and principles, and to implement any internal control procedures deemed necessary to the preparation of annual accounts free from material irregularities, whether due to fraud or error.

When preparing the annual accounts, the management is responsible for assessing the Association's ability to continue as a going concern. In addition, it must, if required, disclose any information relating to its ability to continue as a going concern and adopt the 'going concern' basis of accounting unless it intends to liquidate the Association or cease operations.

The annual accounts have been approved by your Regional Council.

Auditor's responsibilities for the audit of annual accounts

Our remit is to prepare a report on the annual accounts. Our objective is to obtain reasonable assurance that the annual accounts taken as a whole are free from material irregularities. Reasonable assurance provides a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will consistently detect any material irregularity. Irregularities may be the result of fraud or error and are considered material if, individually or collectively, they may reasonably be expected to influence the economic decisions of users of these accounts, taken on the basis of these financial statements.

As specified in article L.823-10-1 of the Code of Commerce, our role is to certify the Association's accounts, not to guarantee its viability or the quality of its management.

A more detailed description of our audit responsibilities when auditing the annual accounts is provided in the appendix to this report and is an integral part of it.

Drawn up in Saint-Germain-en-Laye,
8 February 2019
Auditor, SEGESTE

Sylvie THIZON

Review

	Gross	Amortization Depreciation	Net on 31/12/18	Net on 31/12/17
ASSETS				
Intangible assets				
Set-up costs				
R&D costs				
Concessions, patents and similar rights	9 012	9 012		6
Leaseholds				
Other intangible assets/Advances and payments on account				
Tangible assets				
Land				
Constructions				
Technical facilities, equipment and tooling				
Other tangible assets	15 029	12 380	2 649	2 926
Assets in progress/ Advances and payments on account				
Financial assets				
Participating interests and related receivables				
Portfolio investments and other fixed securities	2 625		2 625	2 625
Loans	86 162		86 162	50 749
Other financial assets	70 000		70 000	150 000
FIXED ASSETS	182 828	21 391	161 436	206 300
Stock				
Raw materials and other supplies				
Goods under production				
Services under production				
Semi-finished products and finished products				
Goods				
Advances and payments on account for orders				
Receivables	38 665		38 665	6 350
Trade receivables and related accounts	2 032		2 032	5 888
Other receivables				
Other				
Short-term investments				
Cash instruments				
Liquid assets	462 775		462 775	452 917
Prepaid expenses	1 533		1 533	4 699
CURRENT ASSETS	505 005		505 005	469 854
Expenses deferred over several financial years				
Obligations reimbursement premium				
Exchange differentials - Assets				
ADJUSTMENT ACCOUNT				
TOTAL ASSETS	687 832	21 391	666 441	676 155

Balance sheet

	Net on 31/12/18	Net on 31/12/17
LIABILITIES		
Association's funds without clawback		
Revaluation differences		
Restricted reserves		
Statutory or contractual reserves		
Regulated reserves	257 969	257 042
Other reserves		
Balance carried forward		
FINANCIAL YEAR OPERATING RESULT	979	926
Investment grants		
Regulated provisions		
OWN FUNDS	258 948	257 968
<i>Contributions</i>		
<i>Legacies and donations</i>		
<i>Allocated grants</i>		
Association's funds with clawback		
Audited result		
Owners' rights		
OTHER ASSOCIATION FUNDS		
Provisions for contingencies		
Provision for expenditure	74 000	101 500
PROVISIONS FOR CONTINGENCIES AND CHARGES	74 000	101 500
Allocated funds - grants		
Allocated funds – other resources	287 807	248 915
ALLOCATED FUNDS	287 807	248 915
Convertible debenture loans		
<i>Loans</i>		
<i>Bank lending and overdrafts</i>		
Loans and debts with lending institutions		
Other financial debts and loans		
Advances and down payments received for current orders		18 263
Supplier debts and associated accounts	10 590	49 288
Tax and social security debts	34 097	
Amounts payable on fixed assets and related accounts		
Other debts	1 000	
Cash instruments		
Prepaid income		220
DEBTS	45 687	67 772
Exchange differentials - Liabilities		
EXCHANGE DIFFERENTIALS		
TOTAL LIABILITIES	666 441	676 155

Profit and loss statement

	01/01/18 to 31/12/18 12 months	01/01/17 to 31/12/17 12 months	Simple: Change in value
Sale of goods			
Production sold			
Production left in stock			
Capitalised production			
Operating subsidies	207 172	202 466	4 707
Reversals and cost transfers	36 5000		36 500
Membership dues	326 973	378 767	-51 794
Other income	33 000	40 000	-7 000
Operating income	603 645	621 232	-17 587
Purchase of goods			
Variation of stock of goods			
Purchase of raw materials			
Variation of stock of raw materials			
Other non-stored purchases and external expenditure	201 280	178 829	22 451
Taxes and duties	870	180	690
Salaries and wages	158 055	148 114	9 941
Social security contributions	68 808	67 844	965
Depreciation and provisions	10 365	55 291	-44 927
Other expenditure	125 012	141 774	-16 762
Operating expenses	564 389	592 031	-27 642
OPERATING RESULT	39 257	29 201	10 055
Joint operations			
Financial income	615	611	5
Financial expenditure			
Financial result	615	611	5
PROFIT ON ORDINARY ACTIVITIES	39 872	29 812	10 060
Exceptional income			
Exceptional expenditure			
Extraordinary result			
Income tax			
Carryover of unused resources	46 021	35 329	10 692
Outstanding commitments	84 913	64 214	20 699
SURPLUS OR DEFICIT	979	926	53
Voluntary contributions in kind			
Volunteer help			
Services in kind			
Donations in kind			
Total income			
Emergency relief in kind			
Free provision Volunteer staff			
Total expenditure			

Accounting rules and methods

1- Information about the organization's aims and funding

The aims of the organization have been implemented in accordance with the provisions contained in the statutes and the decisions taken by Emmaus Europe's Regional Council and Regional Assembly.

The organization's income is made up of:

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

2- Important events during the financial year

Important events are listed in the treasurer's report.

3- Accounting principles, rules and methods

The annual accounts of the 2017 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 classed as allocated funds. The as yet unused balance of these funds has been entered as a liability in the allocated funds entry.

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

- Initiatives included in the annual solidarity programme approved by the Regional Council and funded using donations made by the member groups.
- One-off initiatives not included in the annual solidarity programme voluntarily supported by the groups.
- Donations made to solidarity work by the groups without specifying a project.

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

Accounting rules and methods

4- Notes on the balance sheet

A. Fixed assets

Since 24 November 2007, Emmaus Europe has bought fifty shares in Banca Etica for a total value of €2,625. This provides 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.

In December 2013, the Regional Executive of Emmaus Europe agreed to renew the deposit for a further two years starting from January 2014. In 2016, a decision was taken to renew the deposit for 2017.

In accordance with Emmaus Europe request, on March 28, 2018, the amount of €80,000 was reimbursed by Emmaus International.

B. Current 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:

- €4,419 for operations
- €34,246 for solidarity

C. Cash

	2018	2017
Banca Etica	199 946	182 558
Crédit Coopératif	179 287	187 918
Livret A savings account	82 630	82 015
Cash	912	425
TOTAL	452 916	358 298

D. The association's funds

The association's funds are made up of reserves from previous financial years of €257,969 and the surplus from 2017 (€979).

E. Allocated funds

The following tables show funds received and utilized for solidarity work:

Accounting rules and methods

a. As part of the annual solidarity programme

A. Programme

Item	Budget	Before 2018		Receivable income	Available balance	2018		Available balance	Receivable income	Funds to be engaged
	Total amount as of 2018	Funds received	Expenditures	As of 31/12/17	As of 31/12/17	Funds received	Expenditures	As of 31/12/18	As of 31/12/18	Dedicated funds as of 31/12/18
2018/ Emmaüs Iasi Set up an educational farm in the Belvedere farmland, phase 1.	49 360	21 300	6 000	0	15 300	21 843	34 700	2 443	17 045	19 488
2017/ Frères Europa Set up a micro-credit fund to offer access to housing.	20 000	7 559	5 059	0	2 500	0	0	2 500	0	2 500
Sub-total Romania	69 360	28 859	11 059	0	17 800	21 843	34 700	4 943	17 045	21 988
2017/ Missing Persons' Families Support Centre Dealing with human trafficking together. Continuation of repair work in the house.	27 128	31 792	27 128	0	4 664	0	4 664	0	0	0
Sub-total Lithuania	27 128	31 792	27 128	0	4 664	0	4 664	0	0	0
2016/ La Halte St Jean Pay a family of undocumented migrants' rent for 12 months	4 063	4 350	4 063	0	287	0	287	0	0	0
Sub-total France	4 063	4 350	4 063	0	287	0	287	0	0	0
2017/ Emmaüs Padova Redevelopment of some of the residential area.	25 000	27 000	25 000	0	2 000	0	2 000	0	0	0
Sub-total Italy	25 000	27 000	25 000	0	2 000	0	2 000	0	0	0
2016/ Nova Generacija, Banja Luka	24 000	15 000	0	0	15 000	0	0	15 000	0	15 000
Sous-total Bosnie	24 000	15 000	0	0	15 000	0	0	15 000	0	15 000
2017/ Oselya -Lviv Expanding of sorting and storing activities of Oselya. 2 years project.	74 000	49 375	0	0	49 375	11 410	10 000	50 785	15 271	66 057
2018/ Nasha Khata Supporting the activities by covering salaries.	9 000	14 742	10 672	0	4 070	6 515	9 000	1 585	0	1 585
2018/ Nasha Khata Support Agricultural activities	1 150	4 500	4 500	0	0	1 150	1 150	0	0	0
2018/ Nasha Khata Purchase of a second hand minibus.	8 000	0	0	0	0	11 000	11 000	0	0	0
Sous-total Ukraine	92 150	68 617	15 172	0	53 445	30 075	31 150	52 370	15 271	67 642
Total a	241 701	175 618	82 422	0	93 196	51 918	72 801	72 313	32 316	104 630

Accounting rules and methods

b. Outside the annual solidarity programme

b. Non-programme

Item	Budget	Before 2018		Receivable income	Available balance	2018		Available balance	Receivable income	Funds to be engaged
	Total amount as of 2018	Funds received	Expenditures	As of 31/12/17	As of 31/12/17	Funds received	Expenditures	As of 31/12/18	As of 31/12/18	Dedicated funds as of 31/12/18
2018/ Solidarity not allocated	0	210 328	59 110	2 500	153 718	56 314	49 936	160 096	0	160 096
2018/ Regional transport	0	4 000	3 000	1 000	2 000	0	0	2 000	0	2 000
2018/ Regional solidarity funds EI	0	0	0	0	0	4 995	0	4 995	0	4 995
2018/ Regional solidarity funds EI	0	0	0	0	0	3 070	0	3 070	1 930	5 000
2018/ solidarity MPFSC	0	3 000	3 000	0	0	2 461	2 275	186	0	186
2018/Krefeld for Palerme	0	0	0	0	0	500	0	500	0	500
2018/ Solidarity Satu Mare HPG	0	0	0	0	0	7 000	0	7 000	0	7 000
2018/Solidarity Bougival for bucarest	0	0	0	0	0	3 000	0	3 000	0	3 000
2018/Solidarity Osleya grand froid	0	0	0	0	0	400	0	400	0	400
Total b	0	217 328	65 110	3 500	155 718	77 739	52 211	181 246	1 930	183 176
TOTAL GENERAL a+b	241 701	392 946	147 532	3 500	248 914	129 658	125 012	253 560	34 246	287 806

F. Debts

Debts primarily comprise:

- Salaries and social security contributions due on 31 December 2018: €34,097
- Provisions for professional fees of €4,600
- Provisions for yet-to-be-received supplier invoices of €1,785
- Supplier invoices for €2,728
- A refund of €1,000 to pay back to a group under the loan agreement.

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

Analysis

	Production 2018			Production	Production
	From	01/01/2018		01/01/2017	01/01/2016
	To	31/12/2018	Result	31/12/2017	31/12/2016
	Expenditures	Incomes	Result	Result	Result
OPERATING					
1 Secretariat Salaries	227 732	0	-227 732	-272 793	-259 469
2 Accounting/ Auditing fees	14 951	0	-14 951	0	0
3 Secretariat Admin general	41 630	615	-41 015	0	0
Total administration	284 313	615	-283 698	0	0
4 RAEE	0	0	0	-345	0
5 EUROPEAN MEETING	0	0	0	0	0
6 RCEE	44 919	0	-44 919	-47 524	-30 140
7 Regional Executive	11 236	0	-11 236	-7 886	-7 978
Total working group	56 155	0	-56 155	-55 755	-38 118
8 Emmaus Europe facilitation	13 729	0	-13 729	-2 398	-4 327
9 Monitoring & Evaluation budget EI	11 496	3 033	-8 464	-17 156	5 207
10 EI Regional Coordination Budget	19 783	33 000	13 217	27 276	30 418
11 Emmaus Europe Training	4 664	0	-4 664	-3 014	-1 239
Total facilitation and training	49 673	36 033	-13 640	4 708	30 059
12 Membership Fees	0	326 973	326 973	378 767	316 967
13 TOTAL OPERATING	390 141	363 621	-26 520	54 927	49 439
COLLECTIVES-WORKING GROUP					
14 Bosnia Collective	4 340	4 340	0	0	0
15 Poland/ Ukraine Collective	5 706	5 706	0	0	0
16 Romania Collective	5 828	5 828	0	0	0
17 Human traffic/ Migration Collective	6 483	6 483	0	0	0
18 Sustainable development working group	7 641	7 641	0	0	0
19 Political lobbying working group	10 238	10 238	0	0	0
20 TOTAL COLLECTIVES-WORKING GROUP	40 236	40 236	0	0	0
21 TOTAL SOLIDARITY	209 924	209 924	0	0	0
PROVISION					
22 RCEE Provision	5 000	22 500	17 500	-15 000	-7 500
23 INTERNATIONAL-EUROPEAN MEETING/ TRAINING Provision	0	4 000	4 000	-4 000	-10 000
24 RAEE Provision	0	0	0	-20 000	-20 000
25 Provision for inflation affecting expenditures	4 000	10 000	6 000	-15 000	-10 000
26 PROVISION	9 000	36 500	27 500	-54 000	-47 500
TOTAL GENERAL	649 302	650 281	979	927	1 939
Check accounting			0	0	0

APPENDIX TO THE AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS

Detailed description of the auditor's/auditors' responsibilities

While undertaking an audit conducted in accordance with professional standards applicable in France, the auditor is required to exercise professional judgement at all times. Furthermore s/he is required to:

- identify and assess the risks of material irregularities within the annual accounts, whether due to fraud or error, design and implement audit procedures to address these risks, and gather sufficient appropriate evidence on which to base their opinion. The risk of not detecting a material irregularity resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Association's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, together with related disclosures supplied in the annual accounts;
- assess the appropriateness of the management's use of the 'going concern' basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast doubt on the Association's ability to continue as a going concern. This assessment is based on audit evidence obtained up to the date of the auditor's report. However this does not mean that future events or developments will not jeopardise the Association's ability to continue as a going concern. If s/he concludes that a material uncertainty exists, s/he is required to draw attention in the auditor's report to the related disclosures in the annual accounts giving rise to the material uncertainty. Or, if such disclosures are not supplied or are irrelevant, s/he is required to issue a certification with reservations or refuse to certify the accounts;
- assess the presentation of the entire set of annual accounts and consider whether they are a true representation of the underlying transactions and events.