

# **ASSOCIATION EMMAUS EUROPE**

47 Avenue de la Résistance  
93100 Montreuil

---

## **THE AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS**

01/01/2019 – 31/12/2019

### **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 2019, 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 1<sup>st</sup> January 2019 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 Executive.

### **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  
29<sup>th</sup> May 2020  
Auditors SEGESTE

**Sylvie THIZON**

## **APPENDIX TO THE AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS**

### **Detailed description of the auditor's 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. Ifs/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.

**ACTIVE BALANCE SHEET**

ASSETS		EXERCISE N 31/12/2019			EXERCISE N-1 31/12/2018	Difference N/N-1	
		Gross	Amortization & Provisions	Net	Net	Euros	%
FIXED ASSETS	<b>Intangible assets</b>						
	Set-up costs						
	R&D costs						
	Concessions, patents, and similar rights	11 013	9 651	1 362		1 362	
	Leaseholds						
	Other intangible assets						
	Advance and payments on account						
	<b>Tangible assets</b>						
	Land						
	Constructions						
	Technical facilities, equipment and tooling						
	Other tangible assets	12 756	11 113	1 643	2 649	1 007-	38.01-
	Assets in progress						
	Advance and payments on account						
<b>Financial assets</b>							
Participating interests							
Other participating							
Related receivables							
Portofolio investments and other fixed securities	2 625		2 625	2 625			
Loans	101 189		101 189	86 162	15 027	17.44	
Other financial assets	70 000		70 000	70 000			
<b>Total I</b>	<b>197 583</b>	<b>20 764</b>	<b>176 819</b>	<b>161 436</b>	<b>15 382</b>	<b>9.53</b>	
Link accounts							
<b>Total II</b>							
CURRENT ASSETS	<b>Stock</b>						
	Raw materials and other supplies						
	Goods under production						
	Service under production						
	Semi-finished products and finished products						
	Goods						
	Advance and payments on account for orders						
	<b>Receivables</b>						
	Trade receivables and related accounts	3 193		3 193	38 665	35 471-	91.74-
	Other receivables	1 392		1 392	2 032	640-	31.50-
Short-term investments							
Cash instruments							
Liquid assets	480 356		480 356	462 775	17 581	3.80	
Prepaid expenses	203		203	1 533	1 330-	86.76-	
<b>Total III</b>	<b>485 144</b>		<b>485 144</b>	<b>505 005</b>	<b>19 861-</b>	<b>3.93-</b>	
ADJUSTMENT ACCOUNT	Expenses deferred over several financial years (IV)						
	Obligations reimbursement premium (V)						
	Exchange differentials - Assets (VI)						
<b>TOTAL (I+II+III+IV+V+VI)</b>	<b>682 727</b>	<b>20 764</b>	<b>661 963</b>	<b>666 441</b>	<b>4 479-</b>	<b>0.67-</b>	

**PASSIVE BALANCE SHEET**

LIABILITIES		EXERCISE N 31/12/2019	EXERCISE N-1 31/12/2018	Difference N/N-1	
				Euros	%
ASSOCIATION'S FUNDS	<b>Own Funds</b>				
	Association's funds without clawback				
	Revaluation differences				
	Reserves :				
	- Statutory or contractual reserves				
	- Regulated reserves				
	- Others reserves				
	Carry over	258 948	257 969	979	0.38
	<b>Financial year operating result</b>	<b>23 167</b>	<b>979</b>	<b>22 188</b>	<b>NS</b>
	<b>Other association funds</b>				
Association's funds with clawback					
- Contributions					
- Legacies and donations					
- Audited result					
Revaluation differences					
Investment grants					
Regulated provisions					
Owners' rights					
<b>Total I</b>	<b>282 115</b>	<b>258 948</b>	<b>23 167</b>	<b>8.95</b>	
Link accounts	<b>Total II</b>				
PROVISIONS & ALLOCATED	Provision for contingencies				
	Provision for expenditure	74 000	74 000		
	Allocated funds - grants				
	Allocated funds - other resources	263 819	287 807	23 988-	8.33-
	<b>Total III</b>	<b>337 819</b>	<b>361 807</b>	<b>23 988-</b>	<b>6.63-</b>
DEBTS	Convertible debenture loans				
	Loans and debts with lending institutions				
	Other financial debts and loans				
	Advances and down payments received for current orders				
	Supplier debts and associated accounts	7 953	10 590	2 637-	24.90-
	Tax and social security debts	34 076	34 097	21-	0.06-
	Amount payable on fixed assets and related accounts				
	Other debts		1 000	1 000-	100.00-
Cash instruments					
REGULARISATI ON ACCOUNT	Prepaid income				
	<b>Total IV</b>	<b>42 028</b>	<b>45 687</b>	<b>3 658-</b>	<b>8.01-</b>
	Exchange differentials - Liabilities (V)				
	<b>TOTAL (I+II+III+IV+V)</b>	<b>661 963</b>	<b>666 441</b>	<b>4 479-</b>	<b>0.67-</b>

**PROFIT AND LOSS STATEMENT**

	EXERCISE N 31/12/2019	EXERCISE N-1 31/12/2018	Difference N/N-1	
			Euros	%
<b>Operating income</b>				
- Sale of goods				
- Production sold				
- Production left in stock				
- Capitalised production				
- Operating subsidies	110 344	207 172	96 828-	46.74-
- Reversals and cost transfers		36 500	36 500-	100.00-
- Collects	62 050	33 000	29 050	88.03
- Memberships dues	402 719	326 973	75 745	23.17
- Other income				
<b>Total I</b>	<b>575 112</b>	<b>603 645</b>	<b>28 533-</b>	<b>4.73-</b>
<b>Operating expenses</b>				
- 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	224 641	201 280	23 361	11.61
- Taxes and duties	815	870	54-	6.26-
- Salaries and wages	154 392	158 055	3 663-	2.32-
- Social security contributions	66 076	68 808	2 733-	3.97-
Depreciation and provisions	1 646	1 365	282	20.63
- Depreciation and amortization on fixed assets				
- Depreciation provisions on fixed assets				
- Depreciation provisions on current assets				
- Depreciation provisions for risk and charges		9 000	9000-	100.00-
- Subsidies granted by the association				
- Other expenditure	128 802	125 012	3 790	3.03
<b>Total II</b>	<b>576 372</b>	<b>564 389</b>	<b>11 983</b>	<b>2.12</b>
<b>I- Operating result (I-II)</b>	<b>1 260-</b>	<b>39 257</b>	<b>40 516-</b>	<b>103.21-</b>
<b>share of profit from joint operations</b>				
- Allocated profit or transferred loss (III)				
- Loss incurred or profit transferred (IV)				

**PROFIT AND LOSS STATEMENT**

	EXERCISE N 31/12/2019	EXERCISE N-1 31/12/2018	Difference N/N-1	
			Euros	%
<b>Financial income</b>				
- Financial income from equity investments		615	615-	100.00-
- Income from other securities and receivables from real estate assets				
- Other interests and similar products	620		620	
- Reversals and cost transfers				
- Positive exchange differences				
- Net income on disposal of marketable securities				
<b>Total V</b>	<b>620</b>	<b>615</b>	<b>5</b>	<b>0.75</b>
<b>Financial expenditure</b>				
- Depreciation and provisions				
- Interest and similar charges				
- Negative exchange differences	180		180	
- Net charges on disposals of marketable securities				
<b>Total VI</b>	<b>180</b>		<b>180</b>	
<b>2. Financial result (V-VI)</b>	<b>439</b>	<b>615</b>	<b>176-</b>	<b>28.57-</b>
<b>3. Current result before tax (I-II+III-IV+V-VI)</b>	<b>820-</b>	<b>39 872</b>	<b>40 692-</b>	<b>102.06-</b>
<b>Exceptional income</b>				
- Exceptional income on management operations				
- Exceptional income on capital transactions				
- Reversals and cost transfers				
<b>Total VII</b>				
<b>Exceptional expenditure</b>				
- Exceptional expenditure on management operations				
- Exceptional expenditure on capital transactions				
- Exceptional depreciation and provisions				
<b>Total VIII</b>				
<b>4. Exceptional result (VII-VIII)</b>				
Income tax (IX)				
<b>Total incomes (I+III+V+VII)</b>	<b>575 732</b>	<b>604 261</b>	<b>28 528-</b>	<b>4.72-</b>
<b>Total expenditures (II+IV+VI+VIII+IX)</b>	<b>576 553</b>	<b>564 389</b>	<b>12 164</b>	<b>2.16</b>
<b>Intermediate balance</b>	<b>820-</b>	<b>39 872</b>	<b>40 692-</b>	<b>102.06-</b>
+ Carryover of unused resources	91 755	46 021	45 735	99.38
- Outstanding commitments	67 768	84 913	17 145-	20.19-
<b>5. SURPLUS OR DEFICIT</b>	<b>23 167</b>	<b>979</b>	<b>22 188</b>	<b>NS</b>



**APPENDIX**

Annual account 01/01/2019 -31/12/2019

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

**SIGNIFICANT EVENTS AFTER YEAR-END**

**- ACCOUNTING RULES AND METHODS -**

**General accounting conventions and principles**

The accounts for the year ended were prepared and presented in line with accounting rules and in compliance with the principles laid out in articles 121-1 - 121-5 and subsequent articles of the Plan Comptable Général (French General Chart of Accounts).

The general accounting conventions were applied with respect for the principle of prudence and in line with the following basic assumptions: going concern, continuity of accounting methods from one financial year to the next, independence of financial years, in line with the general rules on preparation and presentation of annual accounts.

The basic method selected to assess accounting entries is the historical cost method.

The accounting conventions were applied in compliance with the provisions of the French code de commerce (commercial code), the accounting decree of 29/11/83, and regulation ANC 2014-03 and regulations ANC 2018-07 and ANC 1999-01 on procedures for preparing the annual accounts of associations.

The evaluation methods selected for this financial year have not been changed for the coming financial year.

Membership dues are recorded in the accounts upon receipt.

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 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.

## APPENDIX

Annual account 01/01/2019 -31/12/2019

### **Additional general information**

#### **Information about the organisation's aims and funding**

The aims of the organisation 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 organisation's income is made up of:

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

#### **Intangible and tangible assets**

Intangible and tangible assets acquired are valued at their acquisition cost (purchase price plus associated expenses).

Depreciation is calculated on a straight-line basis over useful life, without taking into consideration the residual value.

#### **Financial assets**

Assets are as follows:

- Four loans extended to Emmaus communities, generally repaid in five years, totalling €101,189.
- Fifty shares bought in Banca Etica in 2007 for a total value of €2,625.
- An Ethical Fund investment managed by Emmaus International and worth €70K (€150K was invested in 2011, with €80K being repaid in 2018).

#### **Receivables**

Debts are valued at their face value. A provision for depreciation is applied when the balance sheet value is inferior to the book value. Debts mainly comprise sums owed by the groups, either for solidarity initiatives or membership dues received after the year end and which relate to the financial year.

**APPENDIX**

Annual account 01/01/2019 -31/12/2019

**Liquid assets**

Liquid assets in cash or in the bank were calculated at nominal value. Foreign currency cash amounts were converted based on the last exchange rate before the year-end. Foreign exchange gains/losses were directly recorded as profit/loss in the financial year operating result.

**The association's funds**

The association's funds are made up of reserves from previous financial years and the surplus from this financial year.

**Events after year-end**

The financial statements were prepared on the basis of the association being a going concern. However, its work has been affected by the COVID-19 crisis and the association has switched to reduced hours with government wage support.

The association is therefore expecting there to be a negative impact on its 2020 financial situation, but it is unable to calculate the exact financial impact given the recent nature of the pandemic. The association is not aware of any significant uncertainties that would call into question its status as a going concern as of the year-end date.

# **ASSOCIATION EMMAUS EUROPE**

47 Avenue de la Résistance  
93100 Montreuil

---

## **SPECIAL REPORT OF THE AUDITOR ON REGULATED AGREEMENTS**

01/01/2019 – 31/12/2019

### **SEGESTE**

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

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.

Drawn up in Saint-Germain-en-Laye  
29<sup>th</sup> May 2020  
Auditor, SEGESTE

**Sylvie THIZON**