

EMMAUS EUROPE

THE ANNUAL ACCOUNTS

Financial year ending on 31st December 2016

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 2016:

- 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.

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.

II – 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
1st February 2017
Auditor, SEGSTE
Sylvie Thizon

Assets Statement

	Gross	Depreciations and provisions	Net 31/12/16	Net 31/12/15
ASSETS				
UNCALLED SUBSCRIBED CAPITAL				
Intangible Assets				
Establishment fees				
Research and Development fees				
Concessions, patents and similar rights	9 012	8 716	296	
Goodwill				
Other Intangible Assets				
Tangible Assets				
Land				
Buildings				
Technical installations, plant and equipment				
Other Tangible Assets	12 593	10 020	2 574	3 665
Construction work in progress/Advance Payments				
Financial Investments				
Investment & related advances & down payments				
Other Investments	2 625		2 625	2 625
Loans	64 500		64 500	83 412
Other Financial Assets	150 000		150 000	150 000
CAPITAL ASSETS	238 730	18 735	219 995	239 702
Inventory				
Raw materials & Other supplies				
Work in progress goods				
Work in progress services				
Intermediate & Finished goods				
Commodities				
Accounts Receivable				
Clients & related accounts	7 200		7 200	18 480
Suppliers				
Personnel				
State, Taxes on Income				
State, Taxes on Turnover				
Other accounts receivable	4 568		4 568	4 630
Miscellaneous				
Advances & Down payments on Orders				
Short terms investments				
Cash	358 298		358 298	231 346
Prepaid expenses	7 474		7 474	571
CURRENT ASSETS	377 540		377 540	255 027
Deferred charge				
Redemption premium on bonds				
Translation adjustment - Assets				
ACCRUALS				
TOTAL ASSETS	616 270	18 735	597 534	494 729

Liabilities Statement

	Net 31/12/16	Net 31/12/15
LIABILITIES		
Share Capital		
Premiums, share premiums, ...		
Revaluation adjustments		
Legal reserve		
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Balance to next account	255 103	253 520
Annual Balance	1 939	1 583
Capital grants		
Regulated provisions		
SHAREHOLDER'S EQUITY	257 042	255 103
Provisions for risks		
Provisions for expenses	47 500	
PROVISIONS FOR RISKS AND EXPENSES	47 500	
Dedicated funds	220 030	173 856
DEDICATED FUNDS	220 030	173 856
convertible bonded debts		
Other bonded debts		
<i>Loans</i>		
<i>Uncovered balance and accomodation</i>		
Loans and debts with credit institutions		
Miscellaneous financial loans & debts		
Miscellaneous financial loans & debts - Associates		
Advances & Down payments received on current orders		
Supplier debts & related accounts	13 850	10 766
<i>Personnel</i>	16 948	16 123
<i>Social organisms</i>	41 400	37 929
<i>State, Taxes on Income</i>		
<i>State, Taxes on Turnover</i>		
<i>State, Guaranteed bonds</i>		
<i>Autres dettes fiscales et sociales</i>	766	902
Fiscal & Social debts	59 113	54 953
Debts on Capital assets & related accounts		
Other Debts		
Deferred revenue		50
DEBTS	72 963	65 769
Translation adjustment - Liabilities		
TOTAL LIABILITIES	597 534	494 729

Income Statement

	2016 12 months	2015 12 months	Variation
REVENUE			
Sales of goods			
Sold production			
Membership fees	316 967	318 213	-1 246
Operating subsidies	237 156	293 923	-56 767
Other revenue	60 000	24 000	36 000
Total	<u>614 123</u>	<u>636 136</u>	<u>-22 013</u>
Consumption of goods & raw materials			
Purchases of goods			
Stock variation (goods)			
Raw materials purchases & other supplies			
Stock variation (raw materials)			
Other purchases & external expenses	134 189	239 563	-105 374
Total	<u>134 189</u>	<u>239 563</u>	<u>-105 374</u>
MARGIN ON GOODS & RAW MATERIALS	479 934	396 573	83 361
EXPENSES			
Taxes and assimilated payments	4 124	1 190	2 934
Salaries and Treatments	149 049	140 326	8 723
Social expenses	66 950	66 080	870
Depreciations and provisions	49 350	1 284	48 065
Other expenses	162 944	206 625	-43 681
Total	<u>432 416</u>	<u>415 505</u>	<u>16 912</u>
OPERATING INCOME	47 517	-18 931	66 448
Financial revenue	606	717	-111
Financial expenses			
Financial result	<u>606</u>	<u>717</u>	<u>-111</u>
Operations in common			
Income	48 123	-18 214	66 337
Exceptional revenue			
Exceptional expenses			
Exceptional Income			
Income tax	12		12
Report of funds dedicated	46 799	128 415	-81 616
Funds dedicated to use	92 971	108 618	- 15 647
NET INCOME	1 939	1 583	356

EMMAUS EUROPE

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.

2016 was the year of the World Assembly. The world's Emmaus groups selected three focus areas in a vote taken at the assembly in April 2016.

The Europe Region agreed to align its regional strategic plan with these focus areas, starting in 2016 and for the following three years.

Lobbying work done on the waste framework directive in Europe is also worth highlighting. The region developed tools aimed at raising the groups' awareness about this particular issue. Changes to legislation will have an impact on the core income-generating activity of the Emmaus groups.

3 – Accounting principles, rules and methods

The annual accounts of the 2016 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

EMMAUS EUROPE

ACCOUNTING PRINCIPLES, RULES AND METHODS

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.

The return of 150 000 euros will be asked Emmaüs International when the Ethical Fund Emmaüs will have ended its work.

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:

- 5 200 euros for operations
- 2 000 euros for solidarity

C. Cash flow

	2016	2015
Banca Etica	142 337	97 382
Crédit coopératif	134 182	52 401
Livret A	81 405	80 799
Cash	374	764
TOTAL	358 298	231 346

D. Funds

The funds are made up of reserves from previous financial years of € 255 103 and 2016 surplus, € 1 939.

EMMAUS EUROPE

ACCOUNTING PRINCIPLES, RULES AND METHODS

E. Dedicated funds

Following tables show funds received and utilized for solidarity work:

a. Within the annual solidarity programme

Item	Budget	Before 2016		Receivable income	Available balance	2016		Available balance	Receivable income	Funds to be engaged
	Total amount as of 31/12/16	Funds received	Expenditures	As of 31/12/15	As of 31/12/15	Funds received	Expenditures	As of 31/12/16	As of 31/12/16	Dedicated funds as of 31/12/16
2014/ Asociatia Frères Europa, Satu Mare Renovation project for the shelter for young people from the streets of Timisoara	0	11 494	8 000	0	3 494	0	3 494	0	0	0
2015/ Amicii Emmaus Work camp to build a mezzanine in the shop and a collected goods upcycling workshop.	0	10 000	9 500	0	500	0	500	0	0	0
2016/ Amicii Emmaus Economic and cultural exchanges	15 000	0	0	0	0	5 293	5 293	0	0	0
Sub-total Romania	15 000	21 494	17 500	0	3 994	5 293	9 287	0	0	0
2015/ Missing Persons' Families Support Centre Support for the implementation of the group's activities	0	28 353	27 000	0	1 353	0	0	1 353	0	1 353
Sub-total Lithuania	0	28 353	27 000	0	1 353	0	0	1 353	0	1 353
2016/ La Halte St Jean Pay a family of undocumented migrants' rent for 12 months	4 063	0	0	0	0	4 350	4 063	287	0	287
Sub-total France	4 063	0	0	0	0	4 350	4 063	287	0	287

EMMAUS EUROPE

ACCOUNTING PRINCIPLES, RULES AND METHODS

Item	Budget	Before 2016		Receivable income	Avaiable balance	2016		Avaiable balance	Receivable income	Funds to be engaged
	Total amount as of 31/12/16	Funds received	Expenditures	As of 31/12/15	As of 31/12/15	Funds received	Expenditures	As of 31/12/16	As of 31/12/16	Dedicated funds as of 31/12/16
2016/ International Forum of Solidarity, FIS Emmaus resource Centre for the prevention of human trafficking and other forms of exploitation	28 180	0	0	0	0	28 180	28 180	0	0	0
2016/ Nova Generacija, Banja Luka Continuity Community building	24 000	0	0	0	0	15 000	0	15 000	0	15 000
Sub-total Bosnia	52 180	0	0	0	0	43 180	28 180	15 000	0	15 000
2013/ Oselya - Lviv not allocated	0	15 450	15 400	0	50		50	0	0	0
2014/ Oselya - Lviv Supporting the activity of the Community.	0	42 626	36 001	0	6 625		6 625	0	0	0
2015/ Oselya - Lviv Developing textile and sorting activities. Promoting the Emmaus concept in Ukrainian society.	0	34 605	26 580	0	8 025	0	8 025	0	0	0
2016/ Oselya - Lviv Purchase of the furniture workshop building	20 000	0	0	0	0	33 395	20 700	12 695	1 000	13 695
2015 - 2016/ Nasha Khata Support for the Nasha Khata community's activities	7 750	29 932	9 550	0	20 382	5 640	15 750	10 272	0	10 272
2016/ Nasha Khata Support Agricultural activities	2 900	2 900	0	0	2 900	4 500	2 900	4 500	0	4 500
2016/ Nasha Khata Support textile activities	1 200	1 200	0	0	1 200	0	1 200	0	0	0
Sub-total Ukraine	31 850	126 713	87 531	0	39 182	43 535	55 250	27 467	1 000	28 467
Total a	103 093	176 560	132 031	0	44 529	96 358	96 780	44 107	1 000	45 107

EMMAUS EUROPE

ACCOUNTING PRINCIPLES, RULES AND METHODS

b. Out of programme solidarity annual

Item	Budget	Before 2016		Receivable income	Available balance	2016		Available balance	Receivable income	Funds to be engaged
	Total amount as of 31/12/16	Funds received	Expenditures	As of 31/12/15	As of 31/12/15	Funds received	Expenditures	As of 31/12/16	As of 31/12/16	Dedicated funds as of 31/12/16
2016/ Solidarity not allocated	0	205 027	91 275	10 500	124 252	95 264	49 594	169 922	0	169 922
2014/ Solidarity Nasha Khata	0	6 250	4 000	0	2 250	0	2 250	0	0	0
2014/ Solidarity out of programme Ukraine	0	1 300	0	0	1 300	0	1 300	0	0	0
2016/ Regional transport	0	3 000	3 000	1 000	1 000	0	0	1 000	1 000	2 000
2015/ Support Satu Mare -Dijon	0	525	0	0	525	0	525	0	0	0
2016/ Action out of prog Satu Mare	0	0	0	0	0	4 019	4 019	0	0	0
2016/ Helsinki support MPFSC	0	0	0	0	0	3 000	0	3 000	0	3 000
2016/ Oselya Cold Winter Support	0					3 000	3 000	0	0	0
2016/ Solidarity out of programme Targu Jiu	0	0	0	0	0	5 250	5 250	0	0	0
Total b	0	216 102	98 275	11 500	129 327	110 533	65 938	173 922	1 000	174 922
TOTAL GENERAL a+ b	103 093	392 662	230 306	11 500	173 856	206 891	162 718	218 029	2 000	220 029

F. Debts

The debts are mainly made up of:

- Wages and social security contributions due on 31st December 2016 € 59 113
- Provisions for professional fees € 4 400
- Diverse suppliers € 9 450

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

ANALYTIC PLAN	Production 2016			Production	Production
	From To	01/01/2016 31/12/2016		01/01/2015 31/12/2015	01/01/2014 31/12/2014
OPERATING	Expenditures	Incomes	Result	Result	Result
Secretariat Admin	260 075	606	-259 469	-246 469	-254 464
RAEE	0	0	0	-21 936	-1 380
EUROPEAN MEETING	0	0	0	0	0
RCEE	30 140	0	-30 140	-18 578	-35 053
Regional Executive	7 978	0	-7 978	-3 760	-4 734
Total working group	38 118	0	-38 118	-44 274	-41 167
Animation	4 327	0	-4 327	-11 537	-13 504
Monitoring & Evaluation budget EI	1 894	7 101	5 207	6 139	3 684
EI Regional Coordination Budget	20 560	50 978	30 418	0	0
Training	1 239	0	-1 239	-2 214	-3 173
Total animation	28 020	58 079	30 059	-7 611	-12 993
WCPAIS	2 697	2 697	0	0	0
WCTNG	2 113	2 113	0	0	-178
Total World Council	4 810	4 810	0	0	-178
Membership Fees	0	316 967	316 967	318 213	288 329
TOTAL OPERATING	331 023	380 462	49 439	19 859	-20 473
SOLIDARITY					
Bosnia Collective	2 865	2 865	0	-3 954	-1 675
Poland/ Ukraine Collective	4 360	4 360	0	-2 745	-6 015
Romania Collective	5 034	5 034	0	-3 335	-4 637
Human traffic/ Migration Collective	4 012	4 012	0	-3 557	-3 282
Sustainable development working group	4 206	4 206	0	0	0
Political lobbying working group	4 899	4 899	0	-4 990	-5 698
Sol FIS Bosnia Initiative	28 180	28 180	0	0	0
Sol Banja Luka Bosnia Initiative	0	15 000	15 000	-9 252	9 252
Sol non-programme Bosnia FIS	0	0	0	-6 300	6 300
Dedicated Bosnia Sol Funds	15 000	0	-15 000	15 552	-9 252
Dedicated Bosnia Sol non-programme	0	0	0	0	-6 300
Sol MPFSC Lithuania initiative	0	0	0	-6 647	-7 530
Sol non-programme MPFSC Lithuania	0	3 000	3 000	0	0
Dedicated Lithuania Sol funds	3 000	0	-3 000	6 647	7 530
Sol Rzeszow Poland initiative	0	0	0	-11 000	11 000
Sol Brat Albert Poland initiative	0	0	0	0	-15 190
Sol non-programme Poland Brat Albert	0	0	0	-1 500	-3 000
Sol non-programme Poland	0	0	0	0	1 500
Dedicated Poland Sol funds	0	0	0	12 000	4 190
Dedicated Poland Sol non-programme	0	0	0	0	1 500
Sol Oselya Ukraine initiative	35 400	34 395	-1 005	-3 375	6 300
Sol Nasha Khata Ukraine initiative	19 850	9 740	-10 110	24 482	0
Sol non-programme Oselya Ukraine	4 300	3 000	-1 300	0	0
Sol non-programme Nasha Khata Ukraine	2 250	400	-1 850	0	2 250
Dedicated Ukraine Sol funds	21 585	35 850	14 265	-21 107	-6 300
Dedicated Ukraine Sol non-programme	0	0	0	0	-2 250
Sol Iasi Romania initiative	0	0	0	-28 250	28 250
Sol Târgu Jiu Romania initiative	5 793	5 293	-500	500	0
Sol Satu Mare Romania initiative	3 494	0	-3 494	1 900	1 900
Sol Romania Initiative	0	0	0	0	3 494
Sol non-programme Romania	0	0	0	525	
Sol non-programme Romania Targu Jiu	5 250	5 250	0		
Sol non-programme Satu Mare Romania	4 544	4 019	-525		
Dedicated Romania Sol funds	0	4 519	4 519	25 825	-33 644
Sol La Halte St Jean France Initiative	4 063	4 350	287	0	0
Dedicated France Sol funds	287	0	-287	0	0
Non-allocated solidarity	49 594	84 000	34 406	-63 507	40 322
Dedicated but not allocated solidarity funds	53 099	6 430	-46 669	49 813	-19 016
Support for regional solidarity - EI	0	12 264	12 264	0	0
TOTAL SOLIDARITY	281 065	281 066	0	-32 276	-2
PROVISION					
RCEE Provision	7 500	0	-7 500	0	10 000
EUROPEAN MEETING Provision	10 000	0	-10 000	0	0
RAEE Provision	20 000	0	-20 000	0	0
Provision for inflation affecting expenditures	10 000	0	-10 000	14 000	12 000
PROVISION	47 500	0	-47 500	14 000	22 000
TOTAL GENERAL	659 589	661 528	1 939	1 583	1 524
	Check accounting		0	0	0

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
1st February 2017
Auditor, SEGSTE

Sylvie Thizon