

Euro-Mediterranean Human Rights Network

Central Business Registration No: 25 15 54 67

Annual report 2007

Contents

	<u>Page</u>
Association details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management's review	5
Accounting policies	7
Income statement for 2007	9
Balance sheet at 31.12.2007	10
Notes	12

This document is an unauthorised translation of the Danish original. In the event of any inconsistencies the Danish version shall apply.

Association details

Association

Euro-Mediterranean Human Rights Network
Vestergade 16, 2.
DK-1456 Copenhagen K
Denmark

Central Business Registration No: 25 15 54 67
Registered in: Copenhagen
Established: 1997

Phone: +45 32 64 17 00
Fax: +45 32 64 17 01
Internet: www.euromedrights.net

Executive Committee

Kamel Jendoubi, President
Eva Norstrøm, Vice-President
Nizam Assaf, Treasurer
Michel Tubiana
Maria De Donato
Birgit Lindsnæs
Moataz El Fegiery
Wadih-Ange Al-Asmar
Nina Atallah
Iain Byrne
Colm Regan
Rabea Naciri

Executive Director

Marc Schade-Poulsen

Auditor

Deloitte Statsautoriseret Revisionsaktieselskab

The Annual Report was presented and adopted at the General Assembly on

Statement by Management on the annual report

We have considered and adopted the annual report of the Euro-Mediterranean Human Rights Network for the financial year 1 January to 31 December 2007.

The annual report was prepared in accordance with the Danish Financial Statements Act. We consider the applied accounting policies appropriate and the estimates made reasonable. Furthermore, we consider the overall annual report true and fair. Therefore, in our opinion, the annual report gives a true and fair view of the financial position and the results of operations for the Association.

None of the Association's assets are pledged or burdened with owner reservation other than noted in the annual report, and there are no contingent liabilities which are not mentioned in the annual report.

Copenhagen, 16 September 2008

Executive Director

Marc Schade-Poulsen

Executive Committee

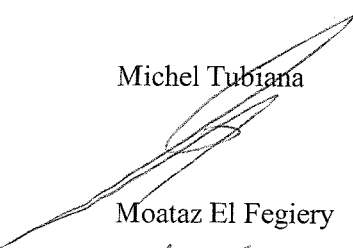


Kamel Jendoubi
President



Eva Norström
Vice-President

Nizam Assaf
Treasurer



Michel Tubiana



Maria De Donato


Birgit Lindsnæs



Moataz El Feghery

Wadih-Ange Al-Asmar

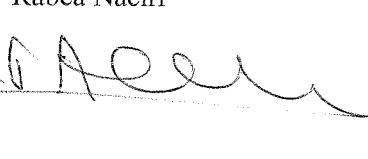
Nina Atallah



Iain Byrne



Colm Regan



Rabea Naciri

Independent auditor's report

To the Executive Committee of the Euro-Mediterranean Human Rights Network

We have audited the annual report of the Euro-Mediterranean Human Rights Network for the financial year 1 January to 31 December 2007, which comprises the statement by Management on the annual report, Management's review, accounting policies, income statement, balance sheet and notes. The annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class A enterprises.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of an annual report in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of an annual report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Association's financial position at 31 December 2007 and of its financial performance for the financial year 1 January to 31 December 2007 in accordance with the provisions of the Danish Financial Statements Act governing reporting class A enterprises.

Independent auditor's review report on the performance audit

In connection with the financial audit of the annual report, we assessed whether appropriate economical management of EMHRN has been carried through in relation to the grants.

Management's responsibility

Management is responsible for the establishment of directions and procedures assuring that appropriate economical management of EMHRN has been carried through.

Auditor's responsibility and the performance audit

In accordance with public generally accepted auditing principles, we investigated whether EMHRN has laid down procedural rules for selected management areas in relation to the annual report that guarantee appropriate economical management of EMHRN. We have performed the audit to obtain limited assurance as to whether the management of the selected areas has been carried through in an economical way.

Opinion

Based on our performance audit, nothing has come to our attention that causes us to believe that the management in 2007 of the areas investigated by us has not been handled in an economical way.

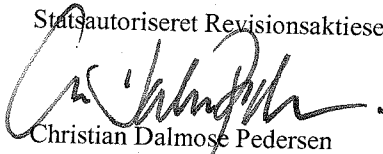
Emphasis of matter

The productivity and efficiency aspect of the performance audit is difficult to quantify and thus make it the object of measurement in an organisation engaged in human rights work. We refer to Management's comments on this issue below in Management's review.

Copenhagen, 16 September 2008

Deloitte

Statsautoriseret Revisionsaktieselskab



Christian Dalmoose Pedersen
State Authorised Public Accountant



Knud Vestergaard
State Authorised Public Accountant

Management's review

In Management's opinion, all information material to the assessment of the Association's financial position, the results for the year and the financial development is disclosed in the financial statements and in this report.

After the balance sheet date, no significant events have occurred which are considered to have a material effect on the assessment of the financial statements.

Main activity

The activity of the Association consists of protection and promotion of human rights in the Euro-Mediterranean region. For a further description of the activities, we refer to the EMHRN Annual Report of Activities 2007, which can be obtained at the office in Copenhagen.

The object of the Association is not to generate a profit and accumulate a larger equity.

The Association's aim is to carry out a balanced operation and live up to the requirements according to the grants received.

The financial development and activities during 2007

The minor loss for the year is in accordance with expectations. The financial development fulfils the expectations from the previous year.

Efficiency, productivity and equity

The annual report of activity shows that the EMHRN implemented its output commitments to donors with a high compliancy rate. Efficiency and productivity was ensured *inter alia* by carrying out meeting arrangements in line with donor requirements for per diems, accommodation and cheapest travel costs; ensuring that a minimum of three suppliers were consulted for contracts beyond EUR 5,000; and applying wage levels corresponding to trade union agreements with public bodies. Quantifying efficiency and productivity is difficult in qualitative human rights work. However, external audits taking these issues into account were conducted without qualifications by the EU Commission (2004) and Danida (2005). A new external audit will be conducted by EMHRN donors in late 2008/early 2009.

An EU Commission verification mission conducted on 9-11 April 2008 by the EuropeAid Co-operation Office (Finance, Contracts and Audit for Europe, the Mediterranean and Middle East) regarding two major EU contracts concluded that *'the internal procedures and controls set up by the Euro-Mediterranean Human Rights Network for the proper management of the programmes during the period covered by the verification operated satisfactorily, were in accordance with the legal/contractual basis of the project and provided for the prevention and detection of errors, irregularities and fraud'* (page 5, AidCo/A5 D(2008) 16780).

The current equity is on a level that corresponds to the fact that the EMHRN is a non-for-profit organisation basing its main revenues on taxpayer contributions through governmental and intergovernmental grants. The EMHRN long-term strategy is to increase equity to a level allowing it to run independently for up to six months. In the meantime, deficits are avoided by weighing income against expenditure and matching employment as well as rent of offices accordingly.

The expected development

In 2006 the Association signed a 2 years contract with the EU Commission and with the Danish Ministry of Foreign Affairs (for 2006 and 2007). Furthermore, the Association obtained project contracts with the EU Commission, the Swedish International Development Agency and other donors. These contracts allowed the EMHRN to increase its level of activities in 2007. Current prospects, including core funding by the Danish Ministry of Foreign Affairs and the Swedish International Development Agency, as well as several contracts with the EU Commission, for 2008 indicate that the level of activity will remain on at least the 2007 level.

Accounting policies

Basis of preparation

This annual report is prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class A enterprises. The accounting policy is unchanged compared to the previous year.

The annual report is presented in EUR based on an exchange rate of DKK 7.45.

Part of the Association's foreign currency accounts is in USD and DKK. The Association does not make hedging of the accounts, which means that currency risks are attached to the accounts.

Recognition and measurement

The financial statements have been prepared under the historical cost method.

Income is recognised as subsidies are received and used for the proper purposes. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Association, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Association, and the value of the liability can be measured reliably.

Assets and liabilities are measured at cost.

Income statement and balance sheet

Property, plant and equipment

Plant and equipment are measured at cost minus accumulated depreciation.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when the asset is ready to be put into operation.

The basis of depreciation is cost. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Computer equipment and other fixtures

3 years

Accounting policies

Income is recognised as projects are completed according to the percentage-of-completion method.

Expenses paid prior to receipt of subsidy commitments are capitalised. Income and expenses are recognised at the date of receipt of subsidy commitments and in the period to which the subsidy relates.

Debtors are valued according to an individual assessment of the creditworthiness of the debtors.

Liabilities are measured at nominal value.

Income statement for 2007

	<u>Notes</u>	<u>2007 EUR</u>	<u>2006 EUR</u>
Subsidies taken to income	1	1,584,121	1,553,451
Membership fees		295	7,904
Other income		4,006	18,677
Total operating income		1,588,422	1,580,032
Salaries and wages	2	(839,620)	(803,243)
Per diem allowances		(186,884)	(215,684)
Other contributions		0	(4,356)
Other activity expenses	3	(475,504)	(440,131)
Administrative expenses	4	(77,075)	(93,125)
Depreciation	6	(22,059)	(17,788)
Profit before financial items		(12,720)	5,705
Financial expenses	5	(1,878)	(2,868)
Loss for the year		(14,598)	2,837
Proposed distribution of loss			
Retained loss		(14,598)	
		(14,598)	

Balance sheet at 31.12.2007

	<u>Notes</u>	<u>2007 EUR</u>	<u>2006 EUR</u>
Computer equipment and other fixtures	6	23,574	45,633
Property, plant and equipment		<u>23,574</u>	<u>45,633</u>
Deposits	6	33,528	32,192
Fixed asset investments		<u>33,528</u>	<u>32,192</u>
Fixed assets		<u>57,102</u>	<u>77,825</u>
Prepaid expenses and deferred income		4,648	3,272
Debtors	7	216,741	65,512
Receivables		<u>221,389</u>	<u>68,784</u>
Cash at bank and in hand	8	<u>243,928</u>	<u>1,429,420</u>
Current assets		<u>465,317</u>	<u>1,498,204</u>
Assets		<u>522,419</u>	<u>1,576,029</u>

Balance sheet at 31.12.2007

	<u>Notes</u>	<u>2007 EUR</u>	<u>2006 EUR</u>
Retained profit		65,460	80,058
Equity	9	<u>65,460</u>	<u>80,058</u>
Prepaid contributions	10	0	1,076,859
Accrued subsidies	11	224,650	184,908
Deposits		3,851	1,879
Other liabilities	12	228,458	232,325
Current liabilities		<u>456,959</u>	<u>1,495,971</u>
Total liabilities		<u>456,959</u>	<u>1,495,971</u>
Equity and liabilities		<u>522,419</u>	<u>1,576,029</u>

Notes

	2007	2006
	EUR	EUR
1. Subsidies taken to income		
EU Commission, Aeneas	158,601	114,033
EU Commission, 2006 and 2007	485,934	514,066
Novib	0	11,357
EU Freedom of Association	52,464	0
Danida 2005, NGO Network	0	10,337
Danida 2007, core and activity	751,595	414,558
Ford Foundation, 2005 and 2006	0	38,199
Stiftung Open Society Institute	0	46,032
Danchurch Aid HR Review	16,107	26,846
Diakonia HR Review	0	15,958
ICCO Netherland HR Review	0	16,114
Church of Sweden	16,089	5,840
SIDA, website	6,017	58,579
SIDA, justice	29,880	61,737
Spanish International Development Agency	0	125,000
UNCHR HQ Treasury	0	86,375
Avocats Sans Frontieres	0	3,000
Euromed Network	2,552	0
Affaires Etrangeres	42,082	0
DIHR	7,800	0
Compensation of Greece	0	5,420
Trocaire	15,000	0
	1,584,121	1,553,451

Notes

	<u>2007</u> <u>EUR</u>	<u>2006</u> <u>EUR</u>
2. Salaries and wages		
Executive Director	78,910	79,202
Administration Officers	164,577	136,086
Coordinators	285,260	224,870
Executive Officers	23,219	26,608
Brussels, Coordinators	104,772	102,942
Rabat, Coordinators	0	35,906
Amman, Coordinators	28,468	15,000
Student assistance	17,162	27,095
Journalists	2,848	47,120
Accountant	71,540	55,746
Researchers	79,148	57,500
Social charges	8,467	6,642
Changes in provisions, holiday pay	4,716	0
Wages refund	(31,316)	(11,653)
Others	1,849	179
	<u>839,620</u>	<u>803,243</u>

Notes

	<u>2007</u> <u>EUR</u>	<u>2006</u> <u>EUR</u>
3. Other activity expenses		
Air travel	158,041	181,651
Transport airport/hotel	12,209	15,271
Rental of offices and congress rooms	72,840	74,584
Telephone conference calls	415	0
Working lunch, receptions, coffee beaks	767	699
Production of reports	15,544	12,636
Rental of interpretation equipment	12,338	11,631
Purchase of furniture	259	11,272
Purchase of computer equipment	5,910	3,999
Translation and proof reading	87,239	73,879
Honoraria, speakers, experts	23,650	33,552
Interpreters	31,986	41,437
Invitations, decoration, note pads, folders	0	143
Audit and assistance regarding projects	45,748	6,760
Audit and assistance, previous year	0	1,359
Share EMHRE, general assembly	0	(28,864)
Others	8,558	122
	<u>475,504</u>	<u>440,131</u>

Notes

	<u>2007</u> <u>EUR</u>	<u>2006</u> <u>EUR</u>
4. Administrative expenses		
Administration DCHR, Paris	1,148	5,554
Advertising	2,809	3,033
Office supplies	35,771	32,939
Computer supplies	1,841	6,206
Communication	0	22,598
Insurance	2,142	4,781
Currency and bank commission	6,222	3,819
Web/internet	3,059	4,232
Rental accounting program	0	825
Recruiting fee	10,342	0
Staff development	164	770
Credit card	20	192
Securix Bruxelles	1,303	1,408
Dataløn fees (external payroll service)	667	762
Audit and assistance	5,873	21,260
Audit and assistance regarding previous years	(3,020)	6,002
Rental/administrative services, previous year, reversed	0	(21,256)
Other	8,734	0
	<u>77,075</u>	<u>93,125</u>
5. Financial expenses		
Interest income, banks	668	1,691
Currency adjustments	1,210	(4,559)
	<u>1,878</u>	<u>(2,868)</u>

Notes

	Deposits EUR	Computer equipment EUR
6. Fixed assets		
Cost at 01.01.2007	32,192	66,175
Additions	1,336	0
Cost at 31.12.2007	33,528	66,175
Depreciation at 01.01.2007	0	(20,542)
Depreciation for the year	0	(22,059)
Depreciation at 31.12.2007	0	(42,601)
Carrying amount at 31.12.2007	33,528	23,574
	2007 EUR	2006 EUR
7. Debtors		
Euro-Mediterranean Foundation of Support to Human Rights Defenders	17,784	15,628
Loan La Plate-forme Non Gou	10,000	0
Aeneas	69,232	0
EU Commission	100,000	0
Affaires Etrangeres	17,173	0
Euromed Network	2,552	0
Civil Forum	0	25,163
DIHR	0	22,311
Others	0	2,410
	216,741	65,512

Notes

	<u>2007</u> <u>EUR</u>	<u>2006</u> <u>EUR</u>
8. Cash at bank and in hand		
Jyske Bank A/S, 7851 1116283	(2.375)	604,206
Jyske Bank A/S, 7851 1128866, DKK	(40)	(151)
Jyske Bank A/S, 7851 1126720	456	1,097
Jyske Bank A/S, 7851 1153625, USD	40	20,286
Jyske Bank A/S, 7851 1137107	23.873	625,747
Jyske Bank A/S, 7851 1167815	178	753
Jyske Bank A/S, 7851 1169316, DKK	293	16,814
Jyske Bank A/S, 7851 1200624, DKK	12.511	710
Jyske Bank A/S, 7851 1192722, DKK	281	75,355
Jyske Bank A/S, 7851 1187706	240	218
Jyske Bank A/S, 7851 1217651	22.555	54,976
Jyske Bank A/S, 7851 1235620	96.323	0
Jyske Bank A/S, 7851 1239168	69.965	0
Dexia Banque, 3746684 and 5064445	13,654	17,839
Petty cash	5,981	11,570
	<u>243,935</u>	<u>1,429,420</u>
	<u>2007</u> <u>EUR</u>	<u>2006</u> <u>EUR</u>
9. Equity		
Equity at 01.01.2007	80,058	77,221
Loss for the year	(14.598)	2,837
	<u>65.460</u>	<u>80,058</u>
10. Prepaid contributions		
EU Commission	0	502,060
Danida	0	572,796
DCISM	0	2,003
	<u>0</u>	<u>1,076,859</u>

Notes

	2007	2006
	EUR	EUR
11. Accrued subsidies		
Danida and EU Commission	21,072	86,765
AENEAS	0	88,219
SIDA website and justice, etc	60,368	9,924
Freedom of Association	58,536	0
Ford Foundation 2007/08	84,674	0
	224,650	184,908
12. Other liabilities		
Due income taxed at source, social security contributions, social charge	1,211	24,447
Reserve for holiday pay	58,682	63,043
Holiday pay, other	812	4,350
Interest to be paid back	16,581	7,716
Audit and assistance	56,990	25,503
Funds to be paid back	4,595	0
UNCHR	20,526	20,526
DIHR	1,800	0
Others	67,261	86,740
	228,458	232,325