

**Network of European Foundations for  
Innovative Cooperation  
AISBL**

**Financial statements as of December 31, 2006**

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**I. Report of the statutory auditor for the year ended 31 december 2006**

To the General Assembly of the  
**Network of European Foundations for Innovative Cooperation**

In accordance with the legal and regulatory provisions we report on our audit mandate which you have entrusted to us for the financial year ended 31 December 2006.

We have entrusted the financial statements of the Network of European Foundations for Innovative Cooperation, which have been prepared under the responsibility of the association's management for the year ended 31 December 2006, which show a balance sheet total of 1.509.132 EUR and a profit for the year of 27.855 EUR.

Our examination has been conducted in accordance with the auditing standards of the "Belgian Institute of Legal Auditors". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement in consideration of the specific valuation rules of the Network of European Foundations for Innovative Cooperation.

In accordance with these standards we have taken into account the administrative and accounting organisation of the Network of European Foundations for Innovative Cooperation. The responsible officers of the association have clearly replied to all our questions for information and explanations. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the specific valuation rules adopted and described in appendix, the financial statements as of 31 December 2006 present fairly the financial position of the Network of European Foundations for Innovative Cooperation and the results of its operation for the year then ended.

Brussels, April 4, 2007

**B.S.T. Réviseurs d'Entreprises, S.C.P.R.L.**

Statutory auditors  
represented by

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**Pascale TYTGAT,**  
Auditor.

**II. Balance Sheet as of 31 December 2006 and 2005 (expressed in EUR) -****II.1. Assets -**

	Note	2006	2005
<b>ASSETS</b>			
<b>Fixed assets</b>			
Furniture and equipment	IV.3.	4.077	7.753
Cash guarantees		474	474
		<u>4.551</u>	<u>8.227</u>
<b>Current assets</b>			
Accounts receivable		482.361	293.987
Securities		106.494	75.649
Deposits		-	280.787
Cash and bank		913.426	176.913
Deferred charges		2.300	1.049
		<u>1.504.581</u>	<u>828.385</u>
<b>Total assets</b>		<b><u>1.509.132</u></b>	<b><u>836.612</u></b>

**II.2. Funds and liabilities -**

	<b>Note</b>	<b>2006</b>	<b>2005</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
General fund	IV.4.	320.376	311.251
<b>Provisions</b>			
Provision for project European Lottery		2.500	5.000
Provision for project YEPP		40.000	40.000
<b>Long term liabilities</b>			
Alliance Guarantee Fund Van Leer		60.000	-
<b>Current liabilities</b>			
Accrued payable		18.293	64.301
Deferred income	IV.5.	1.067.963	416.060
		<u>1.086.256</u>	<u>480.361</u>
<b>Total funds and liabilities</b>		<b>1.509.132</b> =====	<b>836.612</b> =====

<b>III. Statement of income and expenditure for the year ended 31 December 2006 and 2005(expressed in EUR) -</b>
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	Note	2006	2005
<b>INCOME</b>			
Income from projects	IV.6.	5.330.009	4.194.930
Income from general operations	IV.7.	195.934	148.882
<b>Total income</b>		<b>5.525.943</b> =====	<b>4.343.812</b> =====
<b>EXPENDITURE</b>			
Expenditure for projects	IV.8.	5.331.473	4.195.614
Expenditure for general operations	IV.9.	166.615	126.972
<b>Total expenditure</b>		<b>5.498.088</b> =====	<b>4.322.586</b> =====
<b>Surplus/(deficit) for the year</b>		<b>27.855</b> =====	<b>21.226</b> =====

## **IV. Notes to the financial statements 31 December 2006 -**

### **IV.1. Background -**

#### **Legal status**

The Network of European Foundations for Innovative Corporation (the "association"), formerly known as the Association for Innovative Cooperation in Europe, was established as a private, not for profit international association in accordance with the requirements of the Law of 25 October 1919 as modified by the Law of 6 December 1954. It was legally registered in Belgium and its articles of association were approved by the Royal Decree of 12 January 1977.

The statutes were modified in 2002, as a result of which, the name of the association was changed.

#### **Basis of preparation of financial statements**

Article XVII of the association's statutes requires that the Administrative Council prepare audited financial statements as at 31 December of every year for submission to the Association's General Assembly.

### **IV.2. Summary of significant accounting policies -**

The Association maintains its accounts in accordance with accounting principles generally accepted in Belgium (accrual basis).

Assets and liabilities are included at their nominal value unless stated otherwise.

Assets and liabilities denominated in foreign currencies are converted into Euro at year-end exchange rates. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Gains or losses arising on translation are included in the statement of income and expenditure.

Gains/losses realised on a specific project are recognized in the results upon the completion of a project.

Fixed assets are valued at cost less accumulated depreciation.

The depreciation rate applied to fixed assets varies from 20% to 33 % per annum straight-line.

As from 2006, NEF respects the new accounting rules applicable to ASBL / AISBL.

**As of 2006, NEF will moreover have to file its 2006 financial accounts at the National Bank of Belgium.**

#### **IV.3. Fixed Assets**

	<b>Furniture and equipment (EUR)</b>
<b>Cost</b>	
At 31 December 2005	20.166
Sales / Disposal (2006)	0
Acquisitions (2006)	1.232
	-----
At 31 December 2006	21.398
<b>Accumulated depreciation</b>	
At 31 December 2005	12.413
Charge for 2006	4.908
Reversals for 2006	0
	-----
At 31 December 2006	17.321
	=====
<b>Net book value as at 31 December 2006</b>	<b><u>4.077</u></b>
<b>Net book value as at 31 December 2005</b>	<b><u>7.753</u></b>

**IV.4. General fund**

	<b>2006 (EUR)</b>	<b>2005 (EUR)</b>
Funds available at the beginning of the year	311.251	305.646
Allocation of the surplus/(deficit) of the year	27.855	21.226
Decrease of "ILDE & REL TOL" reserves	-18.730	-23.841
Social "provision" considered af of 2005 as a social "reserve"	0	8.220
Surplus/(deficit) at the end of the year	<u><b>320.376</b></u> =====	<u><b>311.251</b></u> =====

As per December 31, 2006, **General fund** consists in:

	<b>2006 (EUR)</b>
General reserve (operational reserve – "one-year budget")	200.093
Social reserve	10.000
Reserve "Alliance Guarantee Fund NEF contribution"	60.000
Reserve "Alliance Publishing Trust start-up costs"	5.000
Reserve "ILDE" (taken out of the "programmatic reserve")	30.000
Reserve "ILDE" already used	- 30.000
Reserve "Religious Tolerance" (taken out of the "programmatic reserve")	30.000
Reserve "Religious Tolerance" already used	- 12.572
Retained earnings – Profit & loss account 2006	27.855
Total of General fund as per December 31, 2006	<u><b>320.376</b></u> =====

**IV.5. Deferred income -**

	<b>2006 (EUR)</b>	<b>2005 (EUR)</b>
European HIV-AIDS Funders Group	4.047	40.405
NEF Cultural Cluster	144.233	-
European Citizens' Consultations	175.000	-
European Citizens' Panel	76.809	-
Initiative for Learning Democracy in Europe	8.122	41.883
European Programme Integration and Migration	176.672	228.774
Globalisation and Governance Network	30.000	-
NEF Mercator Board Fund	-	31.514
Roma Education Fund	122.118	-
Religion and Democracy in Europe	106.098	-
Youth Empowerment Partnership Programme	164.864	73.484
Alliance Guarantee Fund (NBF contribution)	60.000	-
	<b>1.067.963</b>	<b>416.060</b>
	=====	=====

**IV.6. Income from projects -**

	<b>2006 (EUR)</b>	<b>2005 (EUR)</b>
European HIV-AIDS Funders Group	40.176	65.022
Alliance Magazine	10.000	55.000
Copenhagen Lab for Co-existence	10.000	-
NEF Cultural Cluster	766	-
European Citizen's Consultations	-	-
European Citizen's Panel	237.247	-
European Lotteries	-	-
Initiative for Learning Democracy in Europe	63.372	101.390
Mercator Fund	4.050.000	2.926.529
European Programme Integration and Migration	379.602	270.000
Globalisation and Governance Network	-	-
NEF Mercator Board Fund	164.690	188.635
Undocumented Migrant Workers	-	45.000
Roma Education Fund REF	113.783	-
Religion and Democracy in Europe	3.902	-
Religious Tolerance in Europe	4.119	8.453
A Soul for Europe	25.000	-
Youth Empowerment Partnership Programme	227.352	504.901
Ecsite	-	30.000
	<b>5.330.009</b>	<b>4.194.930</b>
	=====	=====

**IV.7. Income from General Operations -**

	<b>2006(EUR)</b>	<b>2005(EUR)</b>
Membership fees	150.000	137.500
Cost contribution to NEF from several projects	35.000	-
Other income	10.934	11.382
	<b>195.934</b>	<b>148.882</b>
	=====	=====

**IV.8. Expenditure for projects -**

	<b>2006 (EUR)</b>	<b>2005 (EUR)</b>
European HIV-AIDS Funders Group	40.176	65.022
Alliance Magazine	10.095	55.094
Copenhagen Lab for Co-existence	10.000	-
NEF Cultural Cluster	766	-
European Citizen's Panel	237.247	-
Initiative for Learning Democracy in Europe	63.372	101.390
Mercator Fund	4.050.163	2.927.011
European Programme Integration and Migration	379.602	270.000
NEF Mercator Board Fund	165.000	188.636
Undocumented Migrant Workers	-	45.000
Roma Education Fund	113.783	-
Religion and Democracy in Europe	3.902	-
Religious Tolerance in Europe	4.119	8.453
A Soul for Europe	25.896	-
Youth Empowerment Partnership Programme	227.352	504.901
Ecsite	-	30.107
	<b>5.331.473</b>	<b>4.195.614</b>
	=====	=====

**IV.9. Expenditure for general operations**

	<b>2006 (EUR)</b>	<b>2005 (EUR)</b>
Salary costs and consultancy	61.266	51.504
Travel and meetings	29.399	26.333
Office costs, rent and charges	23.498	23.111
General operating costs	45.320	21.243
Depreciations	4.909	4.594
Other costs	2.223	187
	<b>166.615</b>	<b>126.972</b>
	=====	=====