

THE LIGUE DES DROITS DE L'HOMME Financial years 2013 to 2018

Organisation in receipt of donations

Abstract

Being a 120-year-old association, the Ligue des Droits de l'Homme (LDH) [*Human Rights League*] can count on a large network of more than 8,000 volunteers spread in local sections throughout the country. Their long-term involvement, including financial support (many are making donations to the League in addition to the payment of their membership fees), together with significant public subsidies, whether from the State or local authorities, have for a long time provided the League with the means to carry out its legal, awareness-raising and communication activities. The LDH has annual funds of approximately 2.4 million euros.

New challenges to be met

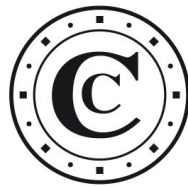
The association has been facing with new challenges in recent years. In particular, it must confront an increased turnover in both volunteers and staff and a marked decrease in public subsidies, at the same time that it has developed and diversified its missions to respond to new aspects of human rights defence, such as migrants' rights or environmental issues.

The League's situation has been weakened, both financially and in its operation mode.

Its operating deficit almost tripled between 2013 and 2018. Only in 2018 was there a positive net result of €12,000 thanks to a large bequest. These financial difficulties stem not so much from expenditure, which is well under control, as from the fall in resources, membership fees and public subsidies, which have fallen by around 20% in six years.

At the same time, changes in the teams have highlighted management weaknesses. The departure of several former employees and volunteer directors has caused the league to suffer a loss of collective memory, due to the virtual absence of written procedures. The association's tight financial situation would also require stricter budgetary and financial management, which may have long seemed superfluous. This includes, in particular, more reliable integration of the accounts of the local sections into the accounts of the association, for which they represent about one third of the resources and one quarter of the expenditure.

Increased rigour in organisation and management is all the more necessary as the League for Human Rights wishes to develop public appeals for generosity as a way of diversifying and consolidating its resources.



The handling of public appeals for generosity must be improved

Public appeals to generosity are strongly regulated by law and regulations in order to provide donors with all the guarantees they need, and ensure they are fully and accurately informed about the use made of their donations and bequests.

However, the procedures followed by the LDH for the management of donations and bequests, and the drawing up of the use-of-funds statement for the association's resources and the endowment fund attached to it, are not rigorous enough.

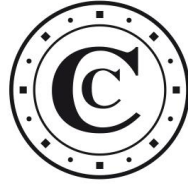
The use of the funds is certainly in line with the stated objective of the fund-raising campaigns. This does not exempt the association from the obligation to comply with the rules laid down both for the collection and monitoring of the funds collected and the reporting to the public.

In particular, the League must make a declaration of appeal for donations and bequests, even in the absence of a formal campaign, as long as this appeal appears permanently on its website, and set up a secure management facility for tax certificates and the follow-up of bequest cases.

It must also produce, each year of collection, for both the association and the endowment fund, a use-of-funds statement [*compte d'emploi des ressources (CER)*] which is linked to their respective annual accounts and which is easy to read for any donor, thanks, in particular, to the obligatory explanatory annexes.

Finally, these CERs must be annexed to the annual accounts of the association and the endowment fund that the League must publish in the Official Journal due to the amount of both the public subsidies it receives and the donations it collects, which in both cases exceeds the €153,000 threshold set by decree. However, on these various points, gaps or errors were noted.

Positive changes have been initiated, however, following significantly increased awareness of these obligations on the part of the association's directors; their pace must be maintained so that the League completes the process of bringing itself into compliance with its obligations and ensuring the sustainability of its actions through more efficient management.

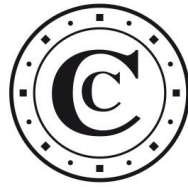


Opinions issued pursuant to Articles L. 111-9 and R. 143-11 of the Financial Jurisdictions Code

At the end of its audit, in view of the checks it carried out and within the limits of the prerogatives conferred by Article L. 111-9 of the Financial Jurisdictions Code, the Court notes that the expenses incurred by the Ligue des Droits de l'Homme and its endowment fund, during the financial years 2013 to 2018, are in line with the objectives pursued by the public appeal to generosity on the one hand, and the objectives pursued by the association on the other.

However, the Court has issued three reservations:

- The use-of-funds statements for the resources collected did not comply with the regulatory provisions in force during the financial years audited, and the annexes to the accounts required by accounting regulations were not systematically published;
- Analytical accounting monitoring remains incomplete as it only exists for expenses and income under the responsibility of the head office, as the expenses borne by the local sections are not broken down analytically but aggregated;
- The communication materials do not mention the support given to the actions of the Association européenne des droits de l'Homme (AEDH) [*European Association for Human Rights*] and the campaign materials do not mention the link between the LDH and the AEDH.



Recommendations

Regarding the management of the association:

1. Draw up written procedures by the end of 2020 concerning the main expenses incurred by the League.
2. Improve budgetary and financial management by constructing the provisional budget in line with the costs recorded in previous years and by developing infra-annual monitoring tools.
3. Simplify the integration of the sections' accounts into the association's annual accounts, by using automated processing of the bank statements of each section and standardising the closing dates between local sections and the headquarters.
4. Complete the annexes to the 2020 annual accounts presented by the auditor with a detailed balance sheet and income statement.

Regarding the public appeal to generosity:

5. Make an annual declaration of public appeal for donations to the association and the endowment fund, as these structures are obligated to do when they receive funds from public generosity.
6. Reconcile the accounting entries with the annual balance sheet files of the Prodon software.
7. Secure the procedures for issuing tax certificates.
8. Formally define, for both the association and the endowment fund, a clear method for constructing their use-of-funds statements from the 2020 accounts.
9. Set up financial communication for the endowment fund, linked to the financial communication about the association.