

**Report on the Audit  
Of the Year 2019  
Association Democracy International e.V.**

Preliminary remarks:

Democracy International is a non-profit association registered in the Federal Republic of Germany and thus subject to German law. However, the Law of Association does not provide concrete guidelines for the examination of documents for the elected auditors by the association because the internal audit is not an obligation by the law. The statutes of the association also provide no specific rules of how to carry out an audit. Nevertheless, it is necessary to obtain all business documents and all relevant information. An insight into the business documents was completely granted. The requested information was given in full. The collaboration with Managing Director, Mr. Andreas Müller, was impeccable, and I thank Mr. Müller at this point for his active support of the audit.

Audit Scope:

With this cash audit, the following tasks were accomplished:

**I. Revenue and expense statements**

- Review of cash transactions and cash receipts
- Audit of costs, in particular, whether revenues and expenditures were allocated correctly
- Review of whether membership subscriptions were duly received
- Examination of the association's accounts payable
- Examination of the association's fund
- Examination of the annual balance sheet with reference to the finance plan approved by the bodies

**II. Transparency**

- Did any extraordinary payments to board members or to the council take place?
- Did any payments to employees outside of the contractual agreements of the employment agreement take place?
- Have earmarked donations been applied for the respective purpose?
- Have project expenses of the association been approved by the responsible association committee?

**A Revenue and expense statements**

**I. Review of cash transactions and cash receipts**

Democracy International kept an additional cash box during the audited period. The receipts are available in their entirety.

## **II. Revenue and Expenditure**

Five folders with bank documents of four different accounts at the German BFS and GLS bank, as well as the PayPal account connection were examined.

All classified receipts followed the chronological sequence of the bank documents in uninterrupted order. The corresponding receipts and expenses were directly attached to the respective account statements. It was therefore possible to track the corresponding payment purpose based on the attached receipts. The bank statement form of voucher thus also allowed the arithmetic revenue and expenditure account to be reconciled. Only in three cases, the respective receipts were not provided. However, the managing director clarified. Furthermore, for reasons of practicality, in the future, all payment receipts in foreign currencies should be marked with the appropriate exchange rate to guarantee transparency for the auditor as it has already been done in some cases.

Overall, the supporting documents were kept very conscientiously and clearly. A few documents were not self-explanatory but were always comprehensible when explained by the management. With such documents it would be advisable to attach a brief explanatory note on the part of the management..

## **III. Membership subscriptions**

Number of members in 2019 who paid membership fees: **106 members – revenue € 6,000.00**

Reminders for membership fees have been sent. Anyone who did not pay the membership fee has lost their membership status.

## **IV. Liabilities**

In 2019, the association had no loans. There were no liabilities for loan repayments.

## **V. Assets of the Association**

In the beginning of 2019, the association had a bank balance of a total of € 84,417.26.

In the end of 2019, the bank balance amounted to € 42,977.67.

## VI. Budget 2019

### Costs 2019

Costs	Adapted/planed	Total 2019	Balance
<b>Total Costs</b>	<b>adapted</b>	<b>-641,974.14 €</b>	<b>-239,632.14 €</b>
	<b>planed</b>	<b>-402,342.00 €</b>	
<b>Costs Office</b>	adapted	-78,847.49 €	<b>-57,727.49 €</b>
	planed	-21,120.00 €	
<b>Costs – Staff</b>	adapted	-229,066.70 €	<b>-18,726.70 €</b>
	planed	-210,340.00 €	
<b>Costs – Banking</b>	adapted	-2,729.56 €	<b>-1,559.56 €</b>
	planed	-1,170.00 €	
<b>Costs – Advertising/Fundraising</b>	adapted	-6,359.80 €	3,990.20 €
	planed	-10,350.00 €	
<b>Costs - Events/Activities</b>	adapted	-104,568.10 €	6,211.90 €
	planed	-110,780.00 €	
<b>Fees for partner organisations</b>	adapted	-63,659.48 €	<b>-17,317.48 €</b>
	planed	-46,342.00 €	
<b>Costs – other</b>	adapted	-156,743.01 €	<b>-154,503.01 €</b>
	planed	-2,240.00 €	

## Income 2019

Income	Adapted/planed	Total 2019	Balance
<b>Total Income</b>	<b>adapted</b>	<b>684,951.81 €</b>	<b>294,911.81 €</b>
	<b>planed</b>	<b>390,040.00 €</b>	
<b>Membership fees</b>	adapted	6,160.00 €	960.00 €
	planed	5,200.00 €	
<b>Donations</b>	adapted	9,953.58 €	<b>-7,406.42 €</b>
	planed	17,360.00 €	
<b>Donations - big</b>	adapted	439,700.00 €	160,700.00 €
	planed	279,000.00 €	
<b>Fees - partner</b>	adapted	11,520.34 €	5,520.34 €
	planed	6,000.00 €	
<b>Grants/Foundations</b>	adapted	121,863.88 €	109,863.88 €
	planed	12,000.00 €	
<b>Other income</b>	adapted	11,186.75 €	10,706.75 €
	planed	480.00 €	
<b>Participation fee</b>	adapted	150.00 €	150.00 €
	planed	0.00 €	
<b>Sale of goods</b>	adapted	0.00 €	0.00 €
	planed	0.00 €	
<b>Interest income</b>	adapted	0.00 €	0.00 €
	planed	0.00 €	
<b>Loans</b>	adapted	0.00 €	0.00 €
	planed	0.00 €	
<b>Income - Loan</b>	adapted	0.00 €	0.00 €

	planed	0.00 €	
<b>Borrowing (loans)</b>	adapted	0.00 €	0.00 €
	planed	0.00 €	
<b>Surplus previous year</b>	adapted	84,417.26 €	14,417.26 €
	planed	70,000.00 €	

<b>Annual result 2019</b>	adapted	<b>42,977.67 €</b>	<b>30,675.67 €</b>
	planed	<b>-12,302.00 €</b>	

#### Travel expenses 2019

<b>Travel expenses</b>	adapted	<b>-58,436.96 €</b>	<b>-1,336.96 €</b>
	planed	<b>-57,100.00 €</b>	

#### Proportion travel expenses to total costs 2019

<b>Travel expenses/Costs - Total</b>	adapted	9.10%	
	planed	14.19 %	

#### Earmarked donations and special payments

##### 1. Project funding for Learning Democracy

Total costs of the project in 2019: **-15,203.00 €**

February 2019	25,000.00 €
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Total funding: 25,000.00 Euro

## 2. Project funding for Direct Democracy Navigator

Total costs of the project in 2019: **-42,537.91 €**

June 2019	12,000.00 €
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Total funding: 12,000.00 Euro (contribution of Swiss Democracy Foundation)

## 3. Project funding for Democracy House Cologne

Total costs of the project in 2018: **-15,829.02 €**

July 2019	8,000.00 €
August 2019	1,400.00 €
November 2019	5,000.00 €

Total funding: 14,904.00 Euro

## 4. Project funding for European Public Sphere

Total costs of the project in 2019: **-21,605.22 €**

Contributions from partner organisations	
May 2019	1,000.00 €
June 2019	1,000.00 €
July 2019	1,537.97 €
November 2019	1,083.00 €
December 2019	650.00 €

Grants	
June 2019	3,000.00 € (GLS Treuhand)

Total funding: 8,270.97 Euro

## 5. Project funding for EU – Activities

Total costs of the project in 2019: **-80,117.68 €**

February 2019	85,000.00 € (GLS Treuhand)
March 2019	21,863.88 € (Mehr Demokratie)

Total funding: 106,863.88 Euro

#### 6. Funding for Global Forum 2018

Total costs of the project in 2019: -22,999.67 €

February 2019	23,000.00€ (ACEA)
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Total funding: 23,000.00€

#### 7. Funding for renovation of new office

Total costs of the project in 2019: - 134,631.63 €

January 2019	15,000.00 €
April 2019	100,000.00 €

Total funding: 115,000.00 Euro

## **B Transparency**

### **I. Payments made to members of the board or of the council**

Members of the board and the council received a compensation of travel expenses. There was a resolution for this effect.

### **II. Payments to employees**

All permanent employees working in 2019 were subject to social insurance contributions. Taxes and duties were taken in accordance with the statutory provisions. In addition to the agreed salary, employees were reimbursed for travel expenses.

The gross incomes of full-time employees in 2019 were in the lower range compared to the average salaries paid for employees in non-profit organizations in Germany.

Other assistants employed in 2019 were correctly registered as “minijobbers”. The hourly wage was above the statutory minimum wage.

In addition, honoraria were paid to external employees and in accordance with the honorarium agreement. These fees are allocated to “Costs – Events/Activities”.

### **III. Approval of project expenditures by the responsible association committees**

The implementation of individual actions and projects was decided by the responsible association committees. However, no exact budget was approved for the respective projects.

### **Summary**

Overall, the accounts for the audit points presented are in an impeccable condition and are carried out very conscientiously. The possibilities of further improvement mentioned in the report do not under any circumstances call the regularity of the management into question. From the point of view of auditing, there is nothing to prevent discharge of the executive board.

Cologne, September 2020

Felix Hoffmann

