

INTERNATIONAL HUMANIST AND ETHICAL UNION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2006

COMPANY NUMBER FC 020642

The Directors of the International Humanist and Ethical Union (IHEU) present their annual report with the annual accounts of the company for the year ended 31st December 2006. The accounts have been prepared in accordance with the accounting policies set out in Note 1 and comply with current statutory requirements.

MISSION

The mission of IHEU is to build and represent the global humanist movement that defends human rights and promotes humanist values worldwide.

VISION

The organisation's vision is a humanist world in which human rights are implemented and everyone is able to live a life of dignity.

AIMS

1. *To promote Humanism* as a non-theistic life stance throughout the world
2. *To present humanists* within the international community and organisations
3. *To defend human rights* and the rights of humanists
4. *To develop organised Humanism* in every part of the world
5. *To build* a strong and effective global organisation.

LEGAL AND ADMINISTRATIVE DETAILS

The International Humanist and Ethical Union (IHEU) is a Membership corporation pursuant to the Membership Corporation law of the State of New York. It is registered in England and Wales under Section 691 of the Companies Act 1985 as an overseas company having established a place of business in England and Wales. The company has no capital stock and is not conducted for profit.

All assets remaining upon liquidation of the company shall be distributed solely for the purposes of furthering humanist and ethical associations in the by-laws of the company, subject to the approval of the Supreme Court of the State of New York.

The Directors who are responsible for the management of the company are the elected members of the Executive Committee, namely the President, four Vice Presidents and the Treasurer. They are elected by the General Assembly of representatives of Member Organisations, which is also the policy making body of the company.

Company registration number FC 020642 England and Wales

Directors/Executive Committee Members serving during the year :

President Ms. Sonja Eggerickx (Belgian) from 21 April 2006

Mr. Roy Brown (British) until 21 April 2006

Vice Presidents Ms. Sonja Eggerickx (Belgian) until 21 April 2006

Mr. Rob Buitenweg (Dutch)

Mr. Larry Jones (American)

Mr. Jack Jeffery (British)

Mr. Roar Johnsen (Norwegian) from 21 April 2006

Treasurer Mr. Roger Lepeix (French)

Company Secretary Mr. Jack Jeffery (British) from 1 December 2006

Mr. Suresh Lalvani (British) until 30 November 2006

UK Registered Office 1 Gower Street,
London WC1E 6HD

Auditors Knox Cropper,
8/9 Well Court
London EC4M 9DN

INTERNATIONAL HUMANIST AND ETHICAL UNION**REPORT OF THE DIRECTORS****FOR THE YEAR ENDED 31ST DECEMBER 2006****PRINCIPAL ACTIVITIES**

2006 was a year of transition for IHEU, following the decision at the end of 2005 to focus on the development of Humanism in Africa and South East Asia. Babu Gogineni was appointed to undertake a new role as International Development Director and relocated to India to further this aim.

The IHEU human rights campaigns continued throughout the year, focussing on the rights of Dalits, women's rights; secularism and the separation of church and state; and against Political Islam.

IHEU's International Representatives worked in support of these campaigns at the United Nations in New York, the Human Rights Council in Geneva, UNESCO in Paris, the Commission on the Status of Women in New York, and the Council of Europe in Strasbourg. The Executive Committee thank the volunteer International Representatives: at the UN in New York these are: Margaretha Jones, Matt Cherry, Sylvain Ehrenfeld, Larry Jones (together with staff member Ana Lita): in Geneva, Roy Brown; at UNESCO in Paris, Roger Lepeix, Sam Ayache, Raymond Rose des Ordon; at the Council of Europe in Strasbourg, Alexandre Marius dees de Sterios and Sylvia Geise and Professor Grossman. The Humanist movement lost one of its greatest champions when Alexander Maurius dees de Sterio was tragically killed in a train crash.

The annual meeting of the IHEU policy making body, the General Assembly, was held in New York in April 2006 and welcomed three new member organisations: Centre for the Study of Social Change (CSSC) in India; from Canada, the Fondation Humaniste Du Quebec and the Association Humaniste Du Quebec and AFIS (Association Française pour l'Information Scientifique).

The Directors were delighted that HIVOS, a Dutch NGO inspired by Humanist values who works with local organisations in developing countries, substantially increased their grant and gave a three year commitment to IHEU's programme. During the year the IHEU set up a newly constituted Grants Committee to distribute funds provided by HIVOS and report back to HIVOS. The Committee developed new guidance and criteria and provided 13 grants for work in Cameroon, India, Nepal, Uganda, Kenya, Nigeria and Iraq.

The organisation's magazine, *International Humanist News*, was published three times during the year and the first issue of *Informations Humanistes Internationales*, for our French speaking members was issued. The website continued to be developed as the major communication tool with more than a million visitors during the year.

The work of the IHEU-Appignani Center for Bioethics in New York City continued in 2006 with an annual conference in April and two panel discussions of women's reproductive rights and on *Cognitive Liberty in an Age of Neurotechnology*. The Centre took over the administration of the Women's Network and participated in the Commission on the Status of Women in March.

Fundraising remains a challenge for the organisation, which relies heavily on the membership dues from its Member Organisations and Individual Supporters. The non-renewal of one grant lead to the necessity of making the Director of Operations redundant. The post of Executive Director was also made redundant, but the organisation was able to retain the post holder in a new consultant role in India. The Executive Committee set up a Finance and Audit Committee to oversee the financial management of the organisation and appointed Lee Chester to maintain the accounts. Other tasks undertaken by these positions have been assigned by the EC to Member Organisations, volunteers or EC members.

INTERNATIONAL HUMANIST AND ETHICAL UNION

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2006

PRINCIPAL ACTIVITIES (Continued)

Over the last few years IHEU has operated on a small deficit but we have now adapted our organisational structure to our secured resources. This will consolidate our financial situation in the medium term.

- We have decreased the administrative costs and our proposed budget for 2007 shows a small reserve
- Member Organisations decided at the 2006 General Assembly to increase their fees by 10%
- We have started to discuss risk assessment and work towards a better definition of our reserves policy
- Our objective is to delineate more clearly our overhead costs (which are supported by regular free income) and possible campaigns whenever corresponding resources are available or highly probable.

The 2007 General Assembly will discuss these points in connection with the financial report and the accounts to 31 December 2006.

The Executive Committee would like to thank Member Organisations who voluntarily increased their membership dues in 2006. The Committee also thank Louis Appignani, Roy Brown and Larry Jones and other individuals, some of whom wish to remain anonymous, for their generous financial help.

At its annual planning meeting held in October, the Executive Committee agreed priorities for 2007, including:

- Development focus on Africa and South Asia
- Campaigns on the rights of Dalits; to stop child marriage; for a secular vision of Europe; and the separation of church and state across the world
- Improved focus for International Representatives within new IHEU guidelines for representatives
- Planning for Humanist Congresses in 2008 and 2011
- Publish four issues of IHN and one issue in French (IHI)
- Propose a review of the Byelaws, including widening the General Assembly voting rights
- Stabilise the governance and management of IHEU activities by MOs, staff and volunteers

FIXED ASSETS

The changes in fixed assets are set out in note 5.

INTERNATIONAL HUMANIST AND ETHICAL UNION

REPORT OF THE DIRECTORS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company for that period. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that, in the case of each of the persons who are Directors at the date of this report, the following applies :

- so far as each Director is aware there is no relevant audit information (information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each Director has taken all the steps necessary to make herself/himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

In accordance with Section 385 of the Companies Act 1985 Messrs. Knox Cropper, having indicated their willingness to act, will be proposed for re-appointment at the Annual General Meeting.

BY ORDER OF THE BOARD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
INTERNATIONAL HUMANIST AND ETHICAL UNION

We have audited the financial statements of the International Humanist and Ethical Union for the year ended 31st December 2006 which comprise the Income and Expenditure Account, Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken, so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether:

- the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985; and
- the information provided in the Director's Report is consistent with the financial statements.

In addition we also report to you if, in our opinion, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report, and consider the implications for our report if we become aware of any apparent misstatements within.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31st December 2006 and of its income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.

8/9 Well Court
London EC4M 9DN

Knox Cropper
Chartered Accountants
Registered Auditors

INTERNATIONAL HUMANIST AND ETHICAL UNION**INCOME AND EXPENDITURE****FOR THE YEAR ENDED 31ST DECEMBER 2006**

	Notes	General Fund £	Restricted Fund £	Endow- ment Fund £	Total 2006 £	Total 2005 £
TURNOVER	2	152,513	54,183	-	206,696	214,577
Operating Costs	3	(190,903)	(54,183)	-	(245,086)	(229,906)
OPERATING (DEFICIT)		(38,390)	-	-	(38,390)	(15,329)
Interest Receivable		6,851	-	-	6,851	6,309
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAX		(31,539)	-	-	(31,539)	(9,020)
Taxation		-	-	-	-	-
DEFICIT ON ORDINARY ACTIVITIES AFTER TAX		(31,539)	-	-	(31,539)	(9,020)
FUNDS BROUGHT FORWARD		85,164	17,186	79,607	181,957	190,977
FUNDS CARRIED FORWARD		£53,626	£17,186	£79,607	£150,419	£181,957

The Company has no recognised gains or losses other than those included above and, therefore, no separate statement of total recognised gains and losses has been presented.

None of the Company's activities were acquired or discontinued during the current year.

INTERNATIONAL HUMANIST AND ETHICAL UNION**BALANCE SHEET****FOR THE YEAR ENDED 31ST DECEMBER 2006**

	Notes	2006		2005	
		£	£	£	£
FIXED ASSETS	5		233		985
CURRENT ASSETS					
Debtors	6	45		21,376	
Bank		255,804		222,395	
		<u>255,849</u>		<u>243,771</u>	
LESS : CREDITORS					
Creditors: Amounts falling due within one year	7	<u>(105,663)</u>		<u>(62,799)</u>	
NET CURRENT ASSETS			<u>150,186</u>		<u>180,972</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£150,419</u>		<u>£181,957</u>
CAPITAL AND RESERVES					
Endowment Fund	8		79,607		79,607
Restricted Fund	9		17,186		17,186
General Fund			<u>53,626</u>		<u>85,164</u>
TOTAL FUNDS			<u>£150,419</u>		<u>£181,957</u>

The accounts were approved by the Directors on

2007

INTERNATIONAL HUMANIST AND ETHICAL UNION

NOTES FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER 2006

1. ACCOUNTING POLICIES

(a) The financial statements are prepared on a historical cost basis, in accordance with applicable Accounting Standards, including Financial Reporting Standard 1 under which the company is not required to prepare a cash flow statement and on a "going concern" basis.

(b) **Fixed Assets**

Fixed assets are capitalised and depreciated over their estimated useful lives on a straight line basis at the following rates:

Office Equipment	33%
Office Furniture	20%

(c) **Current Assets**

Accounts receivable are stated at amounts due less a provision for non-collectability.

(d) **Restricted Funds**

Any balance of income received for a specific purpose but not expended is held as a restricted fund until utilised.

(e) **Turnover**

Turnover represents dues and subscriptions from member organisations and individuals, grants, donations and sundry sales income. Members' dues are treated as income when they fall due. Other income sources are accounted for on receipt.

(f) **Life Subscriptions**

Life subscriptions are taken through turnover to the endowment fund on receipt and an annual equivalent is subsequently transferred to free funds.

2. TURNOVER

Turnover represents grants, donations and membership fees received.

	2006	2005
	£	£
Member Organisations	69,024	71,246
HIVOS Grants	54,183	35,573
Supporters and Donations	13,434	16,813
Tsunami	-	26,868
Club 100	-	1,966
I HS Ops Grant	11,165	18,860
HIVOS Income	7,533	-
Bioethics Centre	51,357	43,251
	<u>£206,696</u>	<u>£214,577</u>

INTERNATIONAL HUMANIST AND ETHICAL UNION**NOTES FORMING PART OF THE ACCOUNTS****FOR THE YEAR ENDED 31st DECEMBER 2006****3. OPERATING COSTS**

	2006	2005
	£	£
HIVOS Grants	54,183	31,310
Tsunami Grant	-	26,307
Other Grants Payable	1,290	-
Staff Costs	79,670	75,727
Accountancy Costs	3,403	4,583
Travel & Rep	13,585	8,050
Telephone and Fax	1,301	2,081
International Humanist News	11,650	14,904
Congress Fees	-	352
Relocation – Babu	1,554	1,526
Other	4,022	4,020
Bad Debts	11,487	4,025
Rent and Service	9,988	9,988
Travel to GA	632	550
Postage	212	125
Depreciation	752	1,183
Bioethics Centre	51,357	45,175
	<u>£245,086</u>	<u>£229,906</u>

4. OPERATING SURPLUS

	2006	2005
	£	£
The operating surplus is stated after charging:		
Auditors' Remuneration		
In their capacity as auditors	£2,625	£2,500
In respect of other services	£778	£2,083
Depreciation	<u>£752</u>	<u>£1,183</u>

INTERNATIONAL HUMANIST AND ETHICAL UNION**NOTES FORMING PART OF THE ACCOUNTS (Continued)****FOR THE YEAR ENDED 31st DECEMBER 2006****5. FIXED ASSETS**

	2006	2005
	£	£
Cost at 1 st January 2006	8,450	7,751
Additions during the year	-	699
Disposals	-	-
Cost at 31 st December 2006	<u>8,450</u>	<u>8,450</u>
Depreciation at 1 st January 2006	7,465	6,282
Disposals	-	-
Charge for the Year	752	1,183
Depreciation at 31 st December 2006	<u>8,217</u>	<u>7,465</u>
Net Book Value at 31 st December 2006	<u>£233</u>	<u>£ 985</u>

6. DEBTORS

Membership Fees	-	17,370
Loans	-	4,006
Prepayments	45	-
	<u>£45</u>	<u>£21,376</u>

7. CREDITORS

Accruals	46,630	-
Creditors	10,328	4,583
Grants Payable	48,705	58,216
	<u>£105,663</u>	<u>£62,799</u>

INTERNATIONAL HUMANIST AND ETHICAL UNION**NOTES FORMING PART OF THE ACCOUNTS****FOR THE YEAR ENDED 31st DECEMBER 2006****8. ENDOWMENT FUNDS**

At 1.1. 2006	£
Transfers	79,607
At 31.12.2006	<u>-</u>
	<u>£79,607</u>

The endowment fund consists of:

- (a) the lump sum payments for lifetime membership
- (b) the 1973 balance of funds raised for the Bihar Project plus accumulated interest, subsequent interest on the Bihar Fund;
- (c) large donations and legacies, not intended to meet deficits.

9. RESTRICTED FUNDS

	At 01.01.06	Income	Expend- iture	At 31.12.06
	£	£	£	£
Human rights	2,680	-	-	2,680
Defence of Dr Shaikh and other Victims of religious intolerance	2,985	-	-	2,985
International development fund	3,415	-	-	3,415
Development funds	1,941	54,183	(54,183)	1,941
MN Roy fund	610	-	-	610
Donations towards membership Fees	292	-	-	292
Restricted Donations	5,263	-	-	5,263
	<u>£17,186</u>	<u>£54,183</u>	<u>£(54,183)</u>	<u>£17,186</u>

Project Funds

Project funds consist of five parts: (a) the balance existing at the time the Human Rights Project was discontinued, (b) income raised to meet the costs of defence of Dr Shaikh and other victims of religious intolerance, (c) funds donated by Paul Kurtz for international development (d) unspent grants received from the HIVOS framework (e) unspent development funds received from individuals for projects outside the HIVOS framework, (f) MN Roy fund.

10. EMPLOYEE COSTS

	2006	2005
	£	£
Salaries and Wages	61,288	64,987
Social Security	4,520	7,014
Pension Costs	2,732	3,726
Restructuring Costs	11,130	-
	<u>£79,670</u>	<u>£75,727</u>

The average number of employees was 2 (2005:2)