DR. FERENCNÉ TÓTH
INDEPENDENT AUDITOR

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of mental Disability Advocacy Center Foundation

I have audited the accompanying Financial Statements of mental Disability Advocacy Center Foundation, ('Foundation') which comprise the balance sheet as at 31 December, 2010 – in which the total assets and total liabilities are EUR 476,631 the excess of income over expenses for the year is EUR 43,996 -, and the statement of revenues and expenses, statement of changes in foundation equity and cash flow statement for the year 2010 then ended, and a summary of significant accounting policies and other explanatory notes.

The Foundation's management is responsible for the preparation and fair presentation of these financial statements in accordance with Hungarian Standards on Auditing. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are 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.

My responsibility is to express an opinion on these financial statements based on my audit. I have conducted the audit in accordance with Hungarian Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 the financial statements 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 financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

H-1078 BUDAPEST MAREK JÓZSEF UTCA 28. III/24.
TEL / FAX: + 36/1-413-6377 e-mail: erika.toth@akire.hu

DR. FERENCNÉ TÓTH
INDEPENDENT AUDITOR

Opinion

In the course of audit work I reviewed the Financial Statements of the Foundation, its parts and items together with the supported accounting records and documentation, in accordance with Hungarian Standards on Auditing, and based on that, I got sufficient and adequate confidence that the financial Statements have been prepared pursuant to the Accounting Act, and generally accepted accounting principles. The Financial Statements give a true and fair view of the financial position of Mental Disability Advocacy Center Foundation as of 31 December 2010.

Budapest, 16 May 2011.

Tóth Ferencné

Dr. Ferencné Tóth
Registered auditor
Registration No.: 002549

H-1078 BUDAPEST MAREK JÓZSEF. UTCA 28. III/24.
TEL / FAX: + 36/1-413-6377 e-mail: erika.toth@akire.hu

Financial Statements 2010

Annual Audited Financial Accounts for the year 2010, prepared in accordance with Hungarian statutory regulations

Mental Disability Advocacy Center
1088 Budapest, 27/B Rákóczi str.
Statistical reference number: 18108213-9499-569-01
Registration number: 8689

BALANCE SHEET
from 1 January 2010 to 31 December 2010

Item	Description	000 HUF Year 2009	EUR Year 2009	000 HUF Year 2010	EUR Year 2010
1.	A. Fixed assets *(lines 2+4+6)*	3 256	12 022	5 553	19 921
2.	I. Intangible Assets	975	3 600	725	2 601
4.	II. Property and Equipment	2 281	8 422	4 828	17 320
6.	III. Financial Investments				
9	B. Current Assets *(lines 10+11+14+16)*	94 068	347 319	118 234	424 158
10	I. Inventories				
11	II. Receivables	873	3 223	9 707	34 823
14	III. Marketable Securities				
16	IV. Cash and cash equivalents	93 195	344 096	108 527	389 335
17	C. Accrued and Deferred Assets	882	3 257	9 074	32 552
18	TOTAL ASSETS *(lines 1+9+17)*	98 206	362 598	132 861	476 631
19	D. Equity *(lines 20+22+23+24+25+26+29)*	28 578	105 516	40 842	146 518
20	I. Foundation Capital	238	879	238	854
23	II. Change in Equity	22 451	82 894	28 340	101 668
24	III. Fixed Reserve				
25	IV. Revaluation Reserve				
26	V. Profit for the year 2010 (primary activities)	5 889	21 743	12 264	43 996
27	VI. Profit for the year 2010 (business activities)				
30	E. Provisions			7 347	26 357
31	F. Liabilities *(lines 32+33+34)*	12 960	47 851	18 142	65 083
32	I. Subordinated Liabilities				
33	II. Long-Term Liabilities				
34	III. Current Liabilities	12 960	47 851	18 142	65 083
37	G. Accrued and Deferred Liabilities	56 668	209 231	66 530	238 673
38	TOTAL LIABILITIES AND EQUITY *(lines 19+30+31+37)*	98 206	362 598	132 861	476 631

Oliver Lewis Executive Director

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PROFIT AND LOSS STATEMENT
2010

Item	Description	000 HUF Year 2009	EUR Year 2009	000 HUF Year 2010	EUR Year 2010
1.	Net sales revenues	0	0	0	0
2.	Own performance capitalised	0	0	0	0
3.	Other revenues	145 721	538 034	238 950	857 220
	Donations	145 721	538 034	238 763	856 549
	- from Founders	0	0	0	0
	- from Hun. Government	0	0	0	0
	- from local government	0	0	0	0
	- other	145 721	538 034	238 763	856 549
4.	Income from financial transactions	7 113	26 263	3 712	13 317
5.	Extraordinary income	0	0	0	0
	Donations	0	0	0	0
	- from Founders	0	0	0	0
	- from Hun. Government	0	0	0	0
	- from local government	0	0	0	0
	- other	0	0	0	0
6.	Membership fees	0	0	0	0
A.	Total revenues *(lines 1+2+3+4+5+6)*	152 834	564 296	242 662	870 536
7.	Material costs	64 428	237 882	54 676	196 147
8.	Staff costs	72 766	268 668	138 475	496 771
9.	Depreciation	2 679	9 891	5 343	19 168
10.	Other operating charges	1 686	6 225	29 942	107 415
11.	Expenses on financial transactions	5 386	19 886	1 962	7 039
12.	Extraordinary expenses	0	0	0	0
B.	Total expenditure *(lines 7+8+9+10+11+12)*	146 945	542 553	230 398	826 540
C.	Profit before taxes	5 889	21 743	12 264	43 996
I.	Tax payable				
D.	Dividends and profit sharing payable				
E.	Profit for the year	5 889	21 743	12 264	43 996

Oliver Lewis Executive Director

mdac
mental disability advocacy center

1. General Information

Name of the entity

Központ a Mentális Sérültek Jogaiért Alapítvány
Mental Disability Advocacy Center (hereinafter: MDAC, Foundation)

The Mental Disability Advocacy Center (MDAC) is a Hungarian foundation (registered by the Capital Court in November 2002, registration number 8689). It was established by the Open Society Institute (OSI). OSI was at that time offering grants to grassroots disability organizations, and in so doing identified a need for a regional human rights organization to specifically challenge human rights abuses against people with disabilities. In 2010 the Foundation employed 13 employees on average.

Founders and members
MDAC was established by the Open Society Institute (OSI). The organization does not have any members.

Registered address:
Rákóczi út 27/B, 5th floor, 2
1088 Budapest
Hungary

Office address:
Hercegprímás u. 11. 3rd floor
1051 Budapest
Hungary

Foundation registration number
MDAC was registered by the Capital Court in November 2002 in Hungary and received the registration number 8689.

Governance
MDAC is governed by an International Board of Trustees. On 31 May 2011 when these accounts were approved the Board consisted of:
Felicity Callard (Chair)
Ivan Fiser
Michael Bach
Gábor Liener (Treasurer)
Robert Kushen (Secretary)
Anna Lawson

The Foundation was represented by Oliver Lewis (Executive Director).

Currency conversion for the Balance Sheet and the Profit & Loss Statement
Assets, liabilities, income and expenses are translated from HUF to EUR at the middle rate of the Hungarian National Bank on the date of the balance sheet.
31 December 2009: 270,84
31 December 2010: 278,75

2. MDAC's activities in 2010

Strategic litigation

MDAC coordinated litigation from five countries and by year end had around 25 cases pending before the European Court of Human Rights, and several more pending domestically. In May the European Court of Human Rights ruled in a case which MDAC initiated, *Alajos Kiss v. Hungary*. The Court ruled that the Hungarian Constitution, which removes the right to vote from more than 67,000 adults with disabilities in Hungary deprived or restricted of legal capacity, is a violation of human rights. MDAC is using this judgment to instigate law reform in several countries as it is the first international court case which has addressed the voting rights of people with disabilities.

In March the European Court gave judgments on compensation of our case of *Shtukaturov v. Russia*, in which in 2008 they had found a string of violations. The Court slated the Russian government for failing to provide remedies to the applicant, and ordered the government to pay 25,000 EUR compensation, one of the largest amounts ever paid in a disability rights case.

In November MDAC's Russian attorney filed two cases at the Russian Constitutional Court challenging arbitrary placement of people deprived of their legal capacity to social care institutions.

Advocacy

In 2010 MDAC carried out a range of advocacy initiatives at the domestic and international levels. MDAC intervened during the summer to improve the declaration and action plan on the rights of children with intellectual disabilities, organised by the European Office of the World Health Organization. In September MDAC organised a side event at the Conference of States Parties to the UN Convention on the Rights of Persons with Disabilities at UN headquarters in New York. MDAC attended session of several UN treaty bodies in Geneva.

Following advocacy by the Bulgarian Helsinki Committee and MDAC, the Bulgarian government agreed to amend its legal capacity law. The BHC undertook joint monitoring with the prosecutor to institutions housing children with disabilities and by year end the prosecutor was investigating alleged crimes leading to the deaths of 238 children, the majority caused through neglect and malnutrition.

In Hungary MDAC spent considerable time and effort coordinating the disability caucus responsible for designing the parallel (shadow) report which was submitted to the UN Committee on the Rights of Persons with Disabilities in September. Hungary is the first country where NGOs submitted their shadow report before the government report!.

In Russia MDAC carried out several round-tables in Moscow on legal capacity law reform with several NGOs, including an event in April at the Duma, the lower house of parliament, at which MDAC made presentations. MDAC also submitted comments to government and parliament on the draft revision to the Law on Psychiatric Care and the Civil Procedure Code. In December MDAC held an event for local NGOs to strengthen their capacity to advocate for legal capacity law reform.

MDAC worked with the League of Human Rights in the Czech Republic throughout the year, and trained NGOs on how to write a shadow report on the Czech Republic's compliance with the UN Convention on the Rights of Persons with Disabilities.

In Africa, MDAC sent written comments on the proposed African disability protocol. In the autumn MDAC begun a research project investigating the right to legal capacity in Kenya, in light of its obligations under international human rights law.

Training

In July MDAC strengthened the knowledge and skills of sixteen lawyers and activists on how they can use law to achieve social change, by hosting a two-week summer school on "Mental disability law in practice" at the Central European University in Budapest. In September, MDAC brought together twelve lawyers from Europe for a workshop on how to utilise the litigation opportunities under the Optional Protocol to the UN Convention on the Rights of Persons with Disabilities.

3. Annual contributions and other grants received

OSI was initially the sole donors to MDAC. In 2010 MDAC still received funding from OSI and in addition diversified its funding sources.

The grants received in EUR for the year 2010 are as follows:

Donor	Grants in 2010 in EUR
Open Society Institute – Year 3/3 of unrestricted grant	361 775
Open Society Institute – Intership program	7 982
Open Society Institute - Disability Rights Initiative	73 710
Open Society Institute (for Summer School)	921
Sigrid Rausing Trust - Small Grants (for Summer School)	17 094
Sigrid Rausing Trust - Year 2/3 of unrestricted grant	31 159
Sigrid Rausing Trust - Year 3/3 of unrestricted grant	68 112
Zennström Philanthropies	150 000
Civil Rights Defenders	66 166
UK Foreign and Commonwealth Office (for Russia project)	39 339
UK Foreign and Commonwealth Office (for Art. 33 CRPD project)	33 776
EU Public Health Agency (via King's College London, for the ASPEN project)	20 844
Ökotárs Foundation – funding from the EEA Grants scheme of the Norwegian Government	25 587

Trust for Civil Society in Central and Eastern Europe (CEE Trust)	117 880
EU Public Health Agency (via King's College London, for the ITHACA project (Total grant awarded: 51,898 EUR)	3 265
1% income after personal income tax (Hungary)	2 802
Donations by individuals and MDAC UK	18 842
TOTAL:	1 039 254

4. Contributions to other organisations by MDAC

In 2010 MDAC supported the activities of two NGO's: the Bulgarian Helsinki Committee, the Liga Lidskych Práv / League of Human Rights and the Central European University (CEU).

These organisations received the following grants for the year 2010 from MDAC:

Organisation	Amount in EUR
Bulgarian Helsinki Committee	10 950
	11 808
	12 154
Liga Lidskych Prav (League of Human Rights, Czech Republic)	6 468
	7 404
	9 235
CEU Summer School	16 500
Total	74 519

Oliver Lewis
Executive Director

16 May 2011