

EuroGeographics, AISBL

Extraordinary General Assembly 2018

Leuven, Belgium

2017 Financial Report

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FINAL	Mick Cory	19 April 2018	Review and approval for issue to ExGA 2018
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Introduction

1. This report presents the formal accounts prepared by our accountants 'Fiduciaire Optimea' for the year ending 31 December 2017 for members' approval (see paper attached "3. Accounts - Etats Financiers 2017 final"). It also provides the Association's spend and income against budget.
2. Article 12.2 of the Association's Articles of Association require that members approve the annual financial statements. Article 15 requires the Management Board to draw up final accounts for each financial year, which it shall submit for approval to the General Assembly through the Treasurer in accordance with Article 12.2. Such approval is achieved by a simple majority vote of the full members present or represented, with no quorum required.
3. Article 3 of the Rules and Regulation of the Association require the annual financial statements to be prepared by an accountant and approved by the Management Board before being submitted to the annual General Assembly. In order to provide members with the opportunity to scrutinise and approve the financial accounts before they are registered with the Belgian Court of Commerce, these are submitted to the Extraordinary General Assembly held in May.
4. The Management Board has considered this report, and approved the presentation of the accounts for the approval of the Extraordinary General Assembly.

Budget

5. The 2017 budget was approved by the General Assembly in October 2016 and revised by the Management Board in July 2017. This revision took into account the financial position of the Association at the end of 2016, the actual costs of delivering the 2017 operating plan in the first 6 months of 2017, and the expenditure plans for the Open ELS project following the May 2017 approval of EC grant funding. The 2017 budget review reflected an increase in budgeted expenditure from €1,663,484 to €2,049,848. The budget review also increased the expected income from €1,635,131 to €1,835,676, largely as a result of an expected increased income from EC grant of € 181,705.

The 2017 outcome

6. The total cost of running the Association in 2017 was €1,926,789. Income of €1,731,967 was generated from sales, membership subscriptions and from EC grant for the Open ELS project. This produced a deficit of €194,822, compared to the forecast deficit of €214,172, arising from some increased operational costs, and an underspend on the Open ELS project, where only approx. 20% of the EC funds granted have been claimed. Reserves decreased from the opening balance of €1,048,524 at 1 January 2017 to €853,702 at the 31 December 2017.
7. Expenditure on Association membership activities was €1,154,364, which was within 3% of budget. Income from membership subscriptions, currency movement, interest and other miscellaneous items, was slightly higher than budgeted due to currency gains. Subscriptions fees from three members remain outstanding however, although they have been provided for in the attached accounts.

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8. Income from Association trading activity was slightly higher than budgeted, at €700,614, due to increased sales. Fees arising from the Eurostat contract remained as expected. Costs associated with this trading activity at €318,550 are within budget, therefore generating a positive contribution to other Association activity. The renewal of the Eurostat contract in 2018 is of critical importance to the Associations finances in future years.
 9. The application for a €1,196,698 grant from the EC for the Open ELS project was approved in May 2017, and pre-financing of 50% of the total grant eligible (€598,349.00) was received in June. This was distributed to the project partners according to their proportion of the project budget. EuroGeographics' unclaimed proportion is held in accruals with the income being recognised in future years as the project activities are delivered.
 10. Increased expenditure on the European Location Services programme was foreseen in the budget and approved by the General Assembly and the Management Board. This expenditure was to be funded by income from trading activity, after covering membership activity costs, and from reserves. At the end of 2017 expenditure was slightly higher than expected on European Location Services (€335,909), but significantly lower than expected on Open ELS (€117,967), resulting in a 25% underspend on ELS activity overall. As a result of less time being spent on Open ELS project than intended (it took longer to start than expected) only €58,983 was drawn from the EC grant available. It is expected that activities will increase in the current year with more funds being drawn down from the grant.
 11. Spend against budget (analysed by Activity and by Cost Category), with associated explanatory notes are presented in the Annex 1.
 12. The balance sheet, prepared by our Accountants, is presented in the paper attached "3. Accounts - Etats Financiers 2017 final".

Conclusion

13. The Association's finances remain healthy, but careful financial management is necessary to mitigate potential risks as we draw down on reserves in order to fund the transition into an operational European Location Service.

Annex 1. 2017 Spend by Activity against Budget
Year to Date Report, as of 31 December 2017

	2017 Actuals	2017 Revised Budget	Variance
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notes

Table 1

Expenditure by Activity				
	2017 Actuals	2017 Revised Budget	Variance	
Association Management	€ 492,128	€ 444,378	-€47,750	1
Association Governance	€ 224,031	€ 195,272	-€28,759	2
Association Services	€ 438,205	€ 481,290	€43,085	3
ELS	€ 335,909	€ 277,697	-€58,212	4
Open ELS	€ 117,967	€ 330,536	€212,569	5
Sales	€ 318,550	€ 320,675	€2,125	6
Total	€ 1,926,789	€ 2,049,848	€123,059	

Table 2

Expenditure by Cost Category				
	2017 Actuals	2017 Revised Budget	Variance	
Labour and Taxes	€ 918,957	€ 974,211	€55,255	7
Meetings, travel & subs	€ 282,233	€ 287,750	€5,517	8
Professional Fees	€ 35,838	€ 32,480	-€3,358	9
Marketing & Communication	€ 80,718	€ 82,640	€1,921	10
Operations Costs	€ 208,350	€ 206,807	-€1,543	11
Products & services	€ -	€ 7,040	€7,040	12
Project	€ 125,456	€ 181,000	€55,544	13
Data Supply Fees	€ 48,233	€ 50,000	€1,767	14
Production Costs	€ 227,004	€ 227,920	€916	15
Total	€ 1,926,789	€ 2,049,848	€123,059	

Table 3

Income				
	2017 Actuals	2017 Revised Budget	Variance	
Income from Eurostat	€ 414,500	€ 414,500	€ -	16
Income from Sales	€ 286,114	€ 268,381	€17,733	17
Subscriptions	€ 963,000	€ 963,000	€ -	18
Bank Interest and currency gain	€ 4,429	€ 3,000	€1,429	19
Social Security Exemption	€ 4,940	€ 5,000	-€60	20
EC Grant	€ 58,983	€ 181,795	-€122,811	21
Total	€ 1,731,967	€ 1,835,676	-€103,709	

Result	-€ 194,822
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Explanatory Notes

Table 1 shows spend against budget by Association activity.

- 1) Costs for Association Management includes organisational management, administration, team meetings and financial management. There were increased costs arising from a regulatory audit, carried out in 2017 to ensure that the Association was complying with the relevant Belgian legislative requirements. The budget also underestimated costs for team meetings arising from an increase in the team size.
- 2) Association Governance includes General Assembly and Management Board costs. EGHO expenditure on the General Assembly was larger than expected due to an increase in the numbers of members attending, and the EGHO team spending more time on organisational activities than expected. These costs do not include host organisation costs. Higher costs were incurred on Management Board meetings due more meetings being held away from Brussels than had been planned.
- 3) Association Services includes costs associated with Membership representation activities, provision of the UN-GGIM Europe Secretariat, and costs associated with communications and Knowledge Exchange Network. There was an increase in representational activities, and 9% higher costs than budget related to additional time spent by EGHO Team assisting with the organisation of the UNGGIM Europe plenary. The revised budget included the cost of developing the website and brand re-design for 2017, but due to EGHO team work pressures this was re-scheduled for 2018, and therefore actual costs were less in 2017 than planned. Finally, Knowledge Exchange Network cost were 30% less than budgeted during 2017, balancing overspends on other membership activities.
- 4) The Association spent more than budget on the ELS transition programme largely due to the disallowment of EC grant funding from the ELF project.
- 5) The revised budget originally envisaged more work (and therefore costs) to be assigned to the Open ELS project, but in reality less time was spent as the project started in May and took longer to plan and start substantive work. It is expected that this situation will be rectified during 2018.
- 6) The costs related to the Association's trading activities, including, sales activities and enquiries, payment of data supply fees, production costs, management, and marketing costs were within budget.

Table 2 analyses the expenditure of the Association by cost category.

- 7) Labour and Taxes were within 6% of budget.
- 8) Expenditure on Meetings, Travel and Subsistence was in line with budget.
- 9) Professional Fees includes legal and accountancy fees, and was higher than budgeted, due to the regulatory audit (see note (1))
- 10) Marketing and Communications spend was lower than budget due to not spending on the development of a new website (see note 3).
- 11) Operations Costs includes phone, stationary, IT and mandatory local tax, insurances, and some other generic fees related to Association operational businesses. There were increased costs related to the management of the old, out of date and unsupported website which required additional support, as well as additional, unbudgeted recruitment expenses and fees.
- 12) Products and Services has been merged into production costs, and is no longer used.

- 13) Project costs includes some expenses related to the Open ELS project, some of which are reimbursed 50% from the EC grant, and additional minor project expenses.
- 14) Data supply fees are paid to some members. Some of these members do not claim their fee.
- 15) Production Costs were within budget. These include all charges related to the compilation and creation of our current products.

Table 3 presents the income of the Association

- 16) Eurostat Income was as expected.
- 17) Income from Sales was higher than expected due to an additional sale made by one of our distributors to the German Federal government.
- 18) There remain the following outstanding membership fees:

These have been provided for in the accounts.

Bulgaria	€ 7,828
Montenegro	€ 6,611
Turkey (Cadastre)	€16.186
Total (2017 Unpaid Subscriptions)	€ 30,625

- 19) Bank Interest and currency gain increased due to favourable currency movements.
- 20) Social Security exemptions were in-line with budgeted expectations
- 21) As less time was spent on Open ELS, then less money could be claimed from the EC grant. Therefore only € 58,983 (representing 50% of the eligible costs charged to the project) were recovered from the EC grant. This was lower than budget of €181,700, however increased activity on the project is expected in the current year, and therefore more of the grant will be used in the current year.