

To: EGP Council
From: Ute Michel, Treasurer
Date: 15.05.2020
Re: **Accounts 2019 approval process: Notes & Proposal for adoption**

Executive summary: audit and accounts 2019

The audit of the budget year 2019 was again carried out by EY, the auditor mandated and directly contracted by the European Parliament. The audit consists of two parts: first the 'traditional' audit of the accounts according to the Belgian legislation of the "generally accepted accounting procedure" (GAAP) and after that according to the International Financial Reporting Standard (IFRS). While the IFRS is currently ongoing, the traditional audit has been finalized. (The third obligatory - but quite separate - part of the overall auditing process will be undertaken by the Authority supervising the European Political Parties.)

The audit took place from 6-10 April 2020 as a completely online audit due to the Covid-19 restrictions, followed by additional work being undertaken by EY, which was concluded on 13 May. The Committee preliminarily adopted the accounts 2019 at its extraordinary online meeting on 14 May. Following that, EY issued the audit report on 15 May. The auditors confirmed the correctness and completeness of the bookkeeping 2019 and the correct use of the EP grant. The auditors' statement is of unqualified nature.

The EGP has had total revenues of 3,9 million EUR (2018: 2,9 million EUR) and expenses of 4,0 million EUR (2018: 2,9 million EUR). The result per 31 December 2019 is balanced, after allocating 75.000 EUR to the Congress Fund (as foreseen in the Budget 2019 and decided by the Council in Tampere in November 2019) and after withdrawing 152.946,50 EUR from the Campaign Fund (out of 250.000 EUR budgeted, leaving 134.588 EUR in this Fund for the next EU election campaign in 2024). This led to a carry-over to 2020 of 82.871,06 EUR.

The EGP Treasurer changed in November 2019 at the Tampere Council meeting when Lena Lindström's mandate ended and Ute Michel was elected as the new Treasurer.

Conclusion & Proposal

The Committee proposes to the EGP online Council on 12-13 June 2020 to adopt the accounts 2019. This includes:

- **allocating 75.000 EUR to the Congress Fund as previously decided by the Council, and**
- **withdrawing 152.946,50 EUR from the Campaign Fund (97.053,50 EUR less than budgeted).**

Documents you are receiving:

- (1) Balance sheet 2019 with Income statement (5 pages)
- (2) Budget-actual comparison 2019 in the Council format: overview (1 page) and breakdown including the development of funds (6 pages)
- (3) Audit report 2019 from EY

Notes on the documents

(1) Balance sheet 2019 with Income statement

The Balance sheet shows the outcome of the year 2019 in a profit & loss account format. Page 1 shows the activa (fixed assets like office equipment, cash assets), page 2 shows the passiva (funds, liabilities). Pages 3-5 give the profit and loss calculation (revenue minus expenditure).

Assets

The total assets of EGP per 31 December 2019 were 990.000 EUR (2018: 1,2 million EUR). The total reserves (funds) were at 605.000 EUR (2018: 683.000 EUR), the fixed assets at 114.000 EUR (2018: 164.000 EUR) and cash assets at 866.000 EUR (2018: 941.000 EUR).

Income

The total income in 2019 was 3,942 million EUR (2018: 2,902 million EUR). This includes

- the EP grant: 3,5 million EUR (2018: 2,3 million EUR) minus carry-over to 2020 of 82.871,06 EUR
- membership fees: 310.000 EUR (2018: 311.000 EUR)
- carry-over from 2018: 37.000 EUR (from 2017: 173.000 EUR)
- participants' fees (only one Council meeting): 35.000 EUR (2018: 69.000 EUR).

Expenses

The total expenses in 2019 were 4,014 million EUR (2018: 2,948 million EUR). Goods and services were 2,366 million EUR (2018: 1,681 million EUR). Personnel costs were 1,572 million EUR (2018: 1,147 million EUR) which is 39% of total expenses (2018: 38%, 2017: 33%).

Outcome

The financial outcome of the year before withdrawal from and provision to funds is -77.946,50 EUR. In order to reach the required amount of own resources to receive the maximum grant, 152.946,50 EUR had to be withdrawn from the Campaign Fund. This is 97.000 EUR less than was budgeted. This amount now also remains in the Campaign Fund for the 2024 European election campaign (total available in this Fund: 134.588 EUR). As decided previously, 75.000 EUR can be allocated to the Congress Fund.

(2) Budget-actual comparison 2019 in the Council format

2.1 Expenditures

As in 2018, the EU election campaign stands out as the exceptional financial commitment in 2019. We spent 1,7 million EUR in total on it (category 5). Adding up the election campaign expenses in 2018 and 2019, we spent 2,25 million EUR for the EU 2019 election campaign.

All in all, we have spent 3,861 million EUR eligible expenses, budgeted were 4,081 million EUR: an underspending of 220.000 EUR. This is mainly due to the fact that we didn't spend all the

money foreseen in the campaign budget: 1,860 million EUR were budgeted, we spent just under 1,696 million EUR (-164.000 EUR). For comparison, we spent 1,072 million EUR for the EU election campaign in 2014. The total EU election campaign expenses 2018/2019 were 2,247 million EUR, in 2013/2014 we spent 1,558 million EUR (+ 688,000 EUR).

Category 1, Personnel Costs (page 1)

We spent 1.092.000 EUR in salaries (budget lines 1.1-1.3), budgeted were 922.000 EUR, and nearly 1,249 million EUR for total personnel costs (including travel and other personnel side costs), which is 213.000 EUR more than budgeted. The overspending in budget lines 1.1-1.3 is due to the payment of an end-year bonus which was decided in December 2019 (a total of 80.000 EUR) in view of the good performance of the staff and a foreseeable underspending, the continued employment of four staff members from the campaign team which we wanted to keep in view of the 2020 enlargement of the EGP office (19.000 EUR), other costs related to staff changes (20.000 EUR) and some salary increases including those having come into effect in December 2019 when implementing the new office structure including the heads of unit (7.600 EUR).

The personnel cost of the campaign staff is included in budget line (BL) 5.6.2.

Category 2, Infrastructure and Operating Costs (pages 1-2)

We spent just under 270.000 EUR which is 15.000 EUR less than budgeted (284.500 EUR), mainly due to underspending in translations (2.6). The main translation costs were covered in the campaign budget.

Category 3, Administrative costs (page 2)

We spent 215.000 EUR (17.000 EUR less than budgeted). Following the new financial regulation 1141/2014 and its application by the EP, the membership fee to the Global Greens (BL 3.5.2, 11.000 EUR) was paid by our non-EU member parties directly to the Global Greens.

Category 4 Meetings (pages 2-3)

The main costs in this category refer to the EGP Autumn Council in Tampere which we managed to organize without spending the full fund allocated (BLs 4.1.3 and 4.1.3.1), in total 143.000 EUR (budgeted: 163.000 EUR). After the very successful Berlin Council in December 2018 with a participation of more than 500 attendees, the Tampere Council resulted again in a participation of around 500 people. As planned, we only had this one Council meeting in 2019 due to the election campaign. Committee meetings (BL 4.1.1) cost 45.000 EUR.

In addition to the election campaign, which dominated the first half of the year, the Committee invested a lot of time and energy in networking/support/fact-finding missions to member parties and participation in their events, which cost 59.000 EUR (BL 4.1.11, 19.000 EUR more than budgeted). In addition, networking events were organised, such as the Local Councillors' Conference in Oslo and a high-level Party Leaders' Meeting. More detailed information on these events can be found in the 2019 Activity Report.

This category includes the EGP's support of the Global Greens' secretariat with 20.000 EUR (BL 4.2.2). We paid only 50% of that amount directly as EGP. The rest was paid by our non-EU member parties directly to the Global Greens, following the revision of the financial regulation 1141/2014 which excludes to a large extent funding of non-European activities and revenues from non-EU member parties. In this way our commitments to the Global Greens were fully met.

Category 5. Information and Publication, including Climate Campaign (page 4)

This category refers mainly to the expenses for the EU 2019 election campaign (BL 5.6). We spent 1,696 million EUR, 164.000 EUR less than budgeted, mainly because the initial campaign budget plan included a potential bonus for the campaign agency in case certain benchmarks were reached, and incurred less expenditure for the Green Wave rally, the regional election meet-ups and the Get-out-the-vote campaign. A detailed description of the campaign activities has been submitted to Council in Tampere; the full campaign expenses in 2018-2019 will be presented separately.

BL 5.3.3 (digital campaigns) include advertising costs for TILT campaigns on Facebook and Twitter as well as the technical infrastructure of TILT in the second half of the year.

Non-eligible Expenses (pages 4-5)

Non-eligible expenses mainly consist of a provision of 75.000 EUR to the Congress Fund (B.1, as decided by the Tampere Council 2019), receivables we had to write off (B.4, 15.000 EUR), parts of the staff salaries which are reimbursed by the state (B.5.2) and miscellaneous (B.5.3).

2.2 Revenues (page5)

In 2019, the EGP received a grant of 3,518 million EUR from the European Parliament (2018: 2,3 million EUR). The increase was due to a higher grant to all European political parties and foundations for the EU 2019 election campaign. To be deducted from this amount is the unused grant of 82.871,06 EUR which will be carried over to 2020.

Our own resources amounted to 426.000 EUR (without carry-over from 2018 and withdrawal from funds). With these, the EGP has to

- a) co-finance 10% of the eligible expenses
- b) finance the own non-eligible expenses
- c) make provisions to funds.

The own resources came mainly from membership fees (BL D.2.1, 310.000 EUR), and also from participation fees to the council (BL D.3.1, 34.000 EUR), the Dutch membership fees to the former Individual Supporters Network (ISN; BL D.3.3, paid in 2019 and budgeted in 2018) and donations (BL D.3, 8.700 EUR).

Membership fees were 44.000 EUR less than budgeted due to the fact that the EGP non-EU member parties have no longer been allowed to pay their membership fees directly to the EGP since 2018. In order to deal with this requirement, MoUs have been or will be concluded with the concerned member parties, and they now pay their membership fees to the Global Greens instead, thereby fulfilling the EGP's commitment to the Global Greens (also laid down in a MoU).

In total, we generated an income of 4,012 million EUR compared to 4,194 million EUR budgeted.