

Proposal to the EGP Council: Adoption of the Accounts 2016

The audit of the budget year 2016 was done by Ernst & Young, the auditor mandated by the European Parliament, and took place 10 - 13 April 2016 in the EGP office. The auditors have confirmed the correctness of the accounting 2016 and the correct use of the EP Grant 2016 and the audit report was communicated to us on 27 April 2017. The auditors' statement is of an unqualified nature, with a note that the General Assembly (EGP Council) will be held later than six months after the financial year closing.

Documents you receive:

- (1) Annual Report 2016 with Income Statement (2 pages)
- (2) Budget 2016 breakdown in the Council format: overview and details (5 pages)
- (3) Audit report (3 pages)
- (4) Development of Funds 2014-2019

(1) Annual Report 2016

The Annual Report shows the outcome of the year 2016 in a profit & loss account format (it is often called the "Treasurer's Report"). Page 1 gives the revenues, expenditures and the result of the year; page 2 summarizes the basic figures of the balance sheet (assets and liabilities).

This report says:

- We had revenues of 2.6 million EUR.
- We had expenses of 2.51 million EUR.
- After considering financial revenues and extraordinary revenues and expenses, the outcome of the year is +80.673,22 EUR which we propose to allocate to the Campaign Fund.

Income

The total income 2016 was 2.590.000 EUR (2015: 2.245.000 EUR). The increase of 345.000 EUR stems from an increased EP Grant (+132.000 EUR), a higher carry-over from 2015 (+191.000 EUR compared to last year) and higher revenue from membership fees (+36.000 EUR).

Total expense

Accordingly, the total expense 2016 was 344.000 EUR more than in 2015 (2016: 2.589.000 EUR, 2015: 2.245.000 EUR). Goods and services were 1.548.000 EUR including the carry-over to 2017 (2015: 1.454.000 EUR). Salaries were at 886.000 EUR (2015: 675.000 EUR), a plus of 211.000 EUR. This figure includes more staff as decided and increased provisions for vacation pay 2017.

Assets

The Total Assets of EGP per 31 December 2016 were 1.283.000 EUR (2015: 1.398.000 EUR).

The Reserves (funds) were at 804.000 EUR (2015: 724.000 EUR), the Fixed Assets (office equipment) at 193.000 EUR (2015: 152.000 EUR) and cash assets at 624.000 EUR (2015: 780.000 EUR).

Outcome

Total income and total expenses result in a surplus of 80.673 EUR (2015: 83.256 EUR) which can be allocated to the Campaign Fund.

While we 2016 did receive the maximum possible EP Grant and could create a carry-over to 2017 of 192.000 EUR, the resulting surplus of 80.673 EUR did not allow to make the budgeted provision of 100.000 EUR to the Campaign Fund which is now at 260.000 EUR. Again, this is due to Own Resources insufficient to reach the targeted 100.000 EUR and at the same time receiving the full EP Grant.

The Committee preliminarily approved the EGP Accounts 2016 at its Committee Meeting on 6 May 2017 and will bring the adoption of the Accounts 2016 including the audit report to a vote at the Autumn Council in Karlstad.

(2) Budget 2016 Breakdown in the Council Format (Economic Report)

2.1 Expenditures

We have spent 2,213 million EUR eligible expenses (without carry-over), budgeted were 2,407 million EUR: an underspending of 252.000 EUR (8%). Underspending predominantly happened in the budget category 4 (Meetings) of altogether 145.000 EUR. This is mainly due to underspending in budget-line 4.1.5. EGP priority projects 2016 (103.000). Also, the accepted Contributions in Kind were substantially lower than budgeted (42.000 EUR).

Category 1, Personnel Costs:

All in all, we spent 912.000 EUR for personnel costs, which is 15.000 EUR less than budgeted. We spent 34.000 EUR more than budgeted on remuneration, but this was balanced with 48.000 EUR less in social contributions. This was based on a Committee decision in September and October to increase staff numbers slightly to realize the events and activities targeted in the Activity Plan 2016.

Category 2, Infrastructure and Operating Costs

We spent 212.000 EUR (13.000 EUR more than budgeted). Main reason was that all expenses for the website refresh project had to be treated as investment instead of purchases, which charged the budget line 2.3.3. Other office equipment.

Category 3, Administrative costs

We spent 177.000 EUR (6.600 EUR more than budgeted). The daily allowances (per diems) for the Committee members were underspent by 27.000 EUR (40.000 EUR less than budgeted), while more than budgeted was spent for legal advice (overspending 28.000 EUR) and the EGP Archive at Etopia/Ecolo (overspending 19.000 EUR). It was decided to invest in the archiving of EGP material 2009 - 2016 when it became obvious that category 4 expenses 2016 would be much less than budgeted. Legal costs were higher

mainly due to legal advice on the work permit for two non-EU employees and on the legal complaint of De Groenen against the EGP Committee.

Category 4 Meetings

The main underspending occurred in this category, where we spent 594.000 EUR (145.000 EUR less than budgeted). Main budget positions that led to the underspending in this category:

Budget line:	underspending	budget
4.1.5 Political Priority Projects 2017	-103.000 EUR	177.000 EUR
4.1.3.1 Council Reimbursement of accommodation	-18.000 EUR	25.000 EUR
4.2.1 Participation in GG activities	-16.000 EUR	30.000 EUR

Category 5, Information and Publication, including Climate Campaign:

This category has an underspending of 12.000 EUR, mainly in the budget line website development (-12.500 EUR), see note under category 2 (investment instead of purchase).

Category 6, Contributions in kind

Contributions in kind were again substantially lower due to even stricter requests from the EP on the documentation for these contributions, mainly regarding the contribution in kind in form of staff contributions from the member parties to EGP events. We had budgeted 60.000 EUR as the years before, declared 32.000 EUR and got finally 18.400 EUR accepted as contributions in kind.

Category 7, Allocations

The carry-over from to 2016 to 2017 is 192.000 EUR – this is money that couldn't be spent in 2016 but will be spent in 2017.

Non-eligible Expenses

The 81.000 EUR in provisions are remarkably lower than budgeted (175.000 EUR). This is due to the fact that we didn't manage to receive as much Own Resources as budgeted (-60.000 EUR) to finance all foreseen provisions to the Campaign and Congress Fund (together 175.000 EUR). Instead, 80.000 EUR can be allocated to the Campaign Fund, and zero EUR can be allocated to the Congress Fund.

We also had so-called Realized Losses of 30.000 EUR of written-off membership fees, decided by the Committee because of changed circumstances for the member parties concerned.

2.2 Revenues

In 2016, the EGP received an EP Grant of almost 1,8 million EUR (2015: 1,67 million).

Our Own Resources amounted to 502.000 EUR. With these, the EGP has to

- a) finance 15% of the eligible expenses, (317.000 EUR = the expenses for which the EGP can use the EP grant) and
- b) finance the own non-eligible expenses (which total 104.000 EUR in 2016)
- c) make provisions to funds (81.000 EUR in 2016)

The Own Resources came from

- membership fees: The income from membership fees 2016, the first year of the raise in membership fees) was 342.000 EUR (2015: 306.000 EUR).

- Contributions in kind of 18.000 EUR from member parties (budgeted: 60.000 EUR).
- Re-invoiced costs: Expenses which were paid by EGP but for which we received funding from third parties (mainly the Global Greens for the GG Secretariat in the EGP office; the Helling Foundation for financial support for the Councils)
- 14.000 EUR from the Dutch individual supporters
- Financial income (1.000 EUR)
- Donations (790 EUR).

In total, we received 2,590 million EUR in revenues, 60.000 EUR less than budgeted (-2%).

2.3 The EGP Funds (Provisions)

The lower Own Resources led to the fact that the Committee will not be able to allocate money to both the Campaign and the Congress Fund as budgeted. While 80.000 EUR can be allocated to the Campaign Fund, the remaining Own Resources allowed for no provision to the Congress Fund.

Lena Lindström,
Brussels, 11 May 2017