

Proposal to the Council: Adoption of the Accounts 2015

The financial outcome of 2015 was not fully expected because both income and expenditures turned out to be lower than budgeted. When we decided on the budget we knew it would be difficult to raise the necessary own resources and that is also the outcome. The year ended with not enough eligible expenditure to receive the full EP grant; with a substantial carry-over to be spent in the first quarter of 2016; and with only 83.256 EUR left of own resources to allocate to our funds.

According to the balance, the EGP had expenses of 2,162 million EUR and revenues of 2,245 million EUR, resulting in a surplus of 83.256 EUR.

The Committee proposes to allocate the surplus of 83.256 accordingly:

- 75.000 to the Campaign fund
- 8.500 to the Congress fund
- -244,19 is balanced to Available reserves

The Committee proposes to approve the EGP accounts 2015.

Documents you receive:

- (1) Annual Report 2015 with Income Statement (2 pages)
- (2) Budget 2015 breakdown in the Council format: overview and details (5 pages)
- (3) Draft Auditor's Report (3 pages)

The audit of the budget year 2015 was done by Ernst & Young, the auditor mandated by the European Parliament, and took place 29 - 31 March 2016 in the EGP office. The auditors have confirmed the correctness of the accounting 2015 and the correct use of the EP Grant 2015.

(1) Annual Report 2015

The Annual Report shows the outcome of the year 2015 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 2.2 million EUR (2014, election year with additional funding from the EP: 2.5 million EUR).
- We had expenses of 2.16 million EUR.
- After considering financial revenues and extraordinary revenues and expenses, the outcome of the year is +83.256 EUR which we propose to allocate to the Congress and Campaign Fund.
- The balance total is 1.397.572 EUR (2014: 1.053.097 EUR), with cash assets of 779.744 EUR per 31 December 2015 (2014: 369.756 EUR) and 792.505 EUR in the Funds (2014: 709.249 EUR)

(2) Budget 2015 Breakdown in the Council Format (Economic Report)

2.1 Expenditures

We have spent 2,246 million EUR, budgeted were 2,321 million EUR: an underspending of 89.000 EUR. Underspending predominantly happened in the budget category 4 (Meetings) and category 1 (personnel costs), the main reasons being that salary costs were lower than expected (due to changes in staff) and that we carried out fewer activities than we had aimed for. Also, Working Groups and Networks spent much less than were budgeted.

Category 1, Personnel Costs:

All in all, we spent 772.000 EUR for personnel costs (44.000 EUR less than budgeted).

Category 2, Infrastructure and Operating Costs

We spent 193.000 EUR (23.000 EUR less than budgeted). Main reason was that we invested less in new office furniture and computers, and we spent less for translations.

Category 3, Administrative costs

We spent 138.000 EUR (37.000 EUR less than budgeted). The underspending comes from less honorary fees for the Committee members.

Category 4 Meetings

The main underspending occurred in this category, where we spent 500.000 EUR (154.000 EUR less than budgeted). Main budget positions that led to the underspending in this category:

Budget line:	underspending	budget
4.6.1. Transnational activities and cooperation member parties	-28.000 EUR	30.000 EUR
4.1.5. Political priorities 2015	-28.000 EUR	30.000 EUR
4.1.4. Working Groups	-23.000 EUR	30.000 EUR
4.1.1. Committee Meetings	-12.000 EUR	45.000 EUR
4.1.6. Networks	-11.000 EUR	20.000 EUR
4.6.2 Joint Activities EGP/FYEG	-10.000 EUR	13.000 EUR

Category 5, Information and Publication, including Climate Campaign:

This category has an underspending of 34.000 EUR, mainly in the budget line website development (-22.000 EUR).

Category 6, Contributions in kind

Contributions in kind were substantially lower due to new requests from the auditors on the documentation for these contributions.

Category 7, Allocations

The carry-over from to 2015 to 2016 of 289.000 EUR is comparably high. Spending was lower than budgeted in a variety of budget lines, and some planned expenses were not accepted as eligible in 2015 but as prepayment for 2016.

2.2 Revenues

In 2015, the EGP received an EP Grant of 1,666 million EUR (election year 2014: 1,9 million; 2013: 1,6 million EUR) which is 37.000 EUR less than the maximum possible Grant.

Our Own Resources amounted to 480.000 EUR. With these, the EGP has to

- a) finance 15% of the eligible expenses (= the expenses for which the EGP can use the EP grant) and
- b) finance the own non-eligible expenses (which total 187.000 EUR in 2015).

The Own Resources came from

- membership fees: The income from membership fees 2015 (that was before the raise of the membership fees) was 306.000 EUR (2014: 308.000 EUR; 2013: 319.300 EUR).
- Contributions in kind of 51.000 EUR from member parties (budgeted: 60.000 EUR); however only 19.000 EUR of Contributions in Kind were accepted by the auditors since they asked for much more documentation than previous years.
- Re-invoiced costs: Expenses which were paid by EGP but for which we received funding from third parties (the Global Greens for the GG Secretariat in the EGP office; 350.org for co-funding the Divestment Conference in September 2015 in Paris; the Helling Foundation and GEF for financial support for the Councils and the Green Cities Conference in Helsinki in September 2015)
- 15.000 EUR from (mainly Dutch) individual supporters (budgeted: 10.000 EUR)

- Financial income (2.300 EUR).

In total, we received 2,245 million EUR in revenues, 77.000 EUR less than budgeted.

2.3 The EGP Funds (Provisions)

The lower EP Grant, a lower expenditure rate and lower Contributions in kind (which mean lower Own Resources) led to the fact that the Committee was not able to allocate 75.000 EUR to both the Campaign and the Congress Fund as was budgeted. While 75.000 EUR could be allocated to the Campaign Fund, the remaining Own Resources allowed only for a provision of 8.500 EUR for the Congress Fund.

All the above-mentioned points are detailed in the attached Excel overview “Final Accounts 2015”:

Column A: Revised Budget as it was adopted in Zagreb

Column B: Final Accounts 2015

Column C: Difference between A and B

Column D: Expenditure rate (How much of the budgeted money was actually spent, in %)

Column E: Reference number to the Notes (see following page)

Notes to the Accounts 2015 / Economic Report in the Council Format for more detailed information

1. Employer’s contribution was lower than budgeted due to some vacancies in staff in the EGP office and due to lower employer’s contribution EGP needed to pay.
2. While training activities of the office staff hasn’t decreased, the EGP office choose a lower-cost venue for the annual staff retreat, which reduced the expenses on this budget line.
3. This budget line contains the travel and accommodation expenses for the Secretary-General who works both in her city of residence and in the EGP office in Brussels. Expenses were budgeted as for the previous Secretary-General but were actually lower and since more expenses where distributed to other budget-lines in category 4.
4. This budget line mainly includes the meal cheques for the office staff and the reimbursement of phone costs.
5. The Committee took the decision to give more opportunities to interns and volunteers to work in the EGP office. This budget line includes all internship and volunteering related costs that are no numeration, for example the reimbursement of travel costs to the office and volunteer allowances.
6. The office rent increased less than was expected and budgeted.
7. ‘Other maintenance costs’ relate mainly to the alarm system in the EGP office.
8. ‘Internet costs’ refer to the service agreement with the provider who maintains and updates our Internet, websites and computers (Yaska), as well as software licenses.
9. This budget line doesn’t give the actual expenses, but the depreciation amounts on the furniture (2.3.1.), computers (2.3.2.) and other equipment including software and websites (2.3.3.) which were purchased in 2015 or before.
10. Postal charges were higher because there was a big demand for Climate Campaign material from member parties being shipped to them from the Brussels office.

11. A frame contract with a new mobile phone provider was agreed in order to reduce monthly mobile phone costs.
12. Translations and proofreading costs were lower than expected.
13. 'Other Infrastructure costs' mainly include the installation of office lamps that comply with the work place requirements.
14. 'Other documentation costs' include the press clipping service Factiva and online newspaper subscriptions.
15. Expenses for legal advice were higher than budgeted due to the preparation of the technical revision of the EGP Statutes to comply with the new EU regulation on European Political parties and Foundations, to the legal basis for the cooperation with the Global Greens and EGP for the 2017 Congress in Liverpool, for legal advice on Human Resources issues and for the legal construction of the contract for the new Secretary General.
16. For reasons of budgetary cautiousness, a higher amount was budgeted for accounting to guarantee a smooth transition period regarding the 'in-sourcing' of the book-keeping, previously done by our external consultant. This process required less external guidance and supervision than expected.
17. 60.000 EUR is the maximum that a European Political Party can give to an affiliated organization like its youth wing. Additional funding of the joint FYG and EGP activities around the COP21 and AlterCOP were not accepted as eligible and had to be funded by EGP assets.
18. This is the annual fee EGP pays to the Global Greens according to their statutes. On top of this membership fee, EGP pays annually 20.000 EUR as a support to the GG secretariat (budget line 4.2.2.), and EGP finances its political activities and its representation in GG bodies (budget line 4.2.3.). All together, EGP had 42.000 EUR expenses related to the Global Greens.
19. As always, the amount budgeted reflects what Committee members are entitled as daily allowance to according to the Rule Book, but less daily allowances are finally called.
20. This budget line 'membership fees' was initially foreseen for the membership fee of EGP at the European Movement, which was discarded by the Council.
21. Prices at the Spring Council in Zagreb were lower than expected while they were higher at the Autumn Council in Lyon.
22. The budget allocation for Working Groups was 30.000 EUR but fewer Working Group meetings took place outside Councils than was planned.
23. Most of the expenses caused by the execution of the Activity Plan 2015 were booked on the dedicated budget lines (like the Climate Campaign budget line 5.3.1., the Green Cities conference budget line 4.1.12., the EGP Networks budget line or the Committee travel mission budget line 4.1.11.).
24. Work has begun to foster the work of the Networks, and this will be intensified in 2016.
25. No further funding requests were asked for by the Local Councillors' Network, and their meetings for preparing the Green Cities Conference 2015 in Helsinki were booked under the budget line for that conference (4.1.12.).
26. No further funding requests were asked for by the Individual Supporters' Network (ISN).
27. Due to co-funding by the Greens/EFA in the EP and GEF, the Green Cities Conference 2015 in Helsinki was less expensive than budgeted.
28. The budget line 'EGP participation in Global Greens activities' includes mainly the travel costs of the responsible Committee members and the elected EGP representatives at the Global Greens Coordination meetings.
29. This budget line includes the annual contribution of EGP to the GG secretariat which is hosted in the EGP office until the joint Congress 2017 in Liverpool.
30. Small gifts for guests and dinner invitations.
31. This budget line includes the annual payment to the German NGO Atmosfair to compensate CO2 emissions caused by EGP representatives when traveling, as is prescribed in the EGP Rule Book.
32. Initially, it was foreseen to co-fund a couple of internships within the EGP internship exchange program. Since participation by the member parties was lower than we had hoped for, expenses were also lower than budgeted.

33. C.f. note 17; the joint activities around the COP21 and AlterCOP 2015 in Paris were not accepted as joint projects and had to be partially financed through the budget line for FYEG, partially by own EGP assets.
34. All print products that were produced in 2015 were booked under the dedicated project budget line (like under the Climate Campaign budget line 5.3.1. or the Green Cities conference budget line 4.1.12.).
35. The budget line 'Maintenance of Digital Communication' include mainly the costs for hosting the website and storage space, the maintenance of the underlying Customer Relation Management tool civiCRM, the implementation of a readspeaker and domain registration costs.
36. We started a refreshment and technical update of the EGP website. This expense was categorized as an investment by the auditors and therefore needed to be booked as a depreciation (budget line 2.3.3.).
37. This budget line 'Communications equipment (gadgets)' includes the production of notebooks, pencils, lanyards and plastic bads made from recycled EGP banners.
38. Contrary to previous years, most of the Contributions in Kind were not accepted as such by the auditors due to an alleged lack of substantiation mainly of the staff and volunteer costs.
39. The carry-over is comparably high this year since spending was lower than budgeted and since a variety of planned expenses were not accepted as eligible in 2015 but as prepayment for 2016. These expenses will be booked as eligible expense in 2016.
40. The lower EP Grant, a lower expenditure rate and lower Contributions in kind (which mean lower Own Resources) led to the fact that the Committee was not able to allocate 75.000 EUR to both the Campaign and the Congress Fund as was budgeted. While 75.000 EUR could be allocated to the Campaign Fund, the remaining Own Resources allowed only for a provision of 8.500 EUR for the Congress Fund.
41. This budget line includes the crediting of a membership fee 2013 – 2015 which was not correctly calculated.
42. 'Doubtful debts' consist of invoices older than one year whose recoverability was reduced according to Belgian bookkeeping standards. However, these invoices are not written off. Their full value will be activated in the balance sheet once they are paid, and the EGP office is continuing to recover these payables.
43. 'Invoiced costs' are expenses EGP pays and invoices to third parties: the Global Greens for the total costs of the GG Secretariat in the EGP office; 350.org for co-organizing of the Divestment Conference in September 2015 in Paris; the Helling Foundation, Greens /EFA in the EP and GEF for financial support for the Councils and the Green Cities Conference in Helsinki in September 2015). Since the EGP receives money for these expenses from third parties, they are considered non-eligible expenses for the EGP. The amount of expenses that are booked under this budget-line is entirely mirrored under Revenues / Own Resources / Invoiced costs.
44. 'Other costs' included late payments for invoices from 2014 or late reimbursement requests from the previous year.
45. Due to the reduced Contributions in Kind and lower eligible expenses, we could not get the maximum EP Grant of 1,703 Mio. EUR, but only 1,665 million EUR.
46. This is the part of the EP Grant that was not spent in 2014 but was carried over to and spent in the first quarter of 2015.
47. Income from Individual Supporters' Fees come mainly from the Dutch individual supporters (11.000 EUR; GroenLinks collects their fees and transfers them to the EGP) and from the German Greens (1.000 EUR).
48. These participation fees were collected at the two EGP Councils 2015 in Zagreb and Lyon, and, to a smaller amount, from the Green Cities Conference in Helsinki.

Lena Lindström,
Brussels, 24 April 2016