



## OpenPEPPOL 9<sup>th</sup> GA

March 21<sup>st</sup>, 2018, Brussels, Belgium

### Background document for Voting item 1

Approval of 2017 Accounts of the OpenPEPPOL AISBL

Last updated 21. February 2018

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## 1 Voting item 1; Approval of 2017 Accounts

According to the rules and regulations related to an international Not-For-Profit organisation established under Belgian law, the accounts of the AISBL are to be approved each year at the GA. It is the responsibility of the OpenPEPPOL treasurer to ensure that the OpenPEPPOL Accounts are balanced according to the budget and budget principles approved for the current year.

This background document is supported by a financial statement, provided by our Accountants.

### 1.1 Background information for approval of the budget

The budget was based on a 30% growth of incoming membership fees for 2017. This growth was achieved as the actual growth in membership fees reached 29,75% at year-end. As the growth continued to escalate in Q4, a significant part of budget uplift was dedicated to expediting development related to process automation and tool implementation.

The month-to-month rolling budget, approved at the 8<sup>th</sup> GA in 2017 was used to control spending throughout the year. All increases in income above baseline were automatically allocated according to the percentages approved by the GA. In situations where it became clear that the allocated budget would not be spent, budget was reallocated in Q4, to support the operational and strategic goals of the association.

The tables below provide background information to voting Item 1, for the GA to evaluate the accounting of 2017 according to the approved workplan and budget. The table shows the approved budget figures and % uplifts.

### 1.2 Table 1: Approved budget 2017

The Table below shows the 2017 budget as it was approved at the 8<sup>th</sup> General Assembly 2017

2017 Budget	Baseline	GA budget	
Income	315 428 €	407 056 €	Forecast growth
Membership Fees 2017	305 428 €	397 056 €	30 %
Income carried forward	18 000 €	18 000 €	
Allowance for doubtful Accts. (off-Boarding)	-8 000 €	-8000	
Expenses	297 446 €	389 075 €	Uplift used in%
Domiciliation	3 000 €	5 749 €	3 %
Fees/Accounting and Tax	40 500 €	49 663 €	10 %
Professional fees - Operations	150 000 €	186 651 €	40 %
Professional fees- Consumables	45 000 €	58 745 €	15 %
Fees & Subscriptions /memberships	1 050 €	2 883 €	2 %
Travel Cost	22 500 €	31 663 €	10 %
Annual fairs and Exhibitions	20 096 €	29 259 €	10 %
Marketing expense	15 000 €	24 163 €	10 %
Bank Charges	300 €	300 €	0 %
	17 982 €*	17 982 €*	

\*Due to a typo in the budget line for income carried over, the full surplus carried over was not calculated into the Budgets approved at the 8th GA. The budget was approved with a comment stating that the additional 17 982 € available as a result of the mistake, should be included in the budget according to the core principles of the 2017 Accounting; Year-end result.

The tables below provide background information to voting Item 1 for the GA to evaluate the Accounting of 2017 according to the approved budget.

Below the table, you will find detailed explanations, comments and clarifications regarding the individual budget items.

### 1.3 Table 2 Year-end result

The table below shows the annual position of 2017 in comparison with the target budget approved at the 8<sup>th</sup> General Assembly.

	Expected budget end December	2017 annual position end Dec €	Delta	Expected split of expense in budget in %	Actual split of expense to total expense in %
Income	407 056 €	404 279	-2 777		
Membership Fees 2017	397 056 €	396 191	-865		
Income carried forward	18 000 €	18 088	88		
Allowance for doubtful Accts. (off-Boarding)	-8000	-10 000	2 000		
Expenses	389 075 €	384 136	-4 939	389 075	384 136
Domiciliation	5 749 €	2 793	2 956	1,5 %	0,7 %
Fees/Accounting and Tax	49 663 €	28 155	21 508	12,8 %	7,3 %
Professional fees - Operations	186 651 €	250 609	-63 958	48,0 %	65,2 %
Professional fees- Consumables	58 745 €	56 752	1 993	15,1 %	14,8 %
Fees & Subscriptions /memberships	2 883 €	1 050	1 833	0,7 %	0,3 %
Travel Cost	31 663 €	19 918	11 745	8,1 %	5,2 %
Annual fairs and Exhibitions	29 259 €	15 284	13 975	7,5 %	4,0 %
Marketing expense	24 163 €	8 459	15 704	6,2 %	2,2 %
Bank Charges	300 €	1 116	-816	0,1 %	0,3 %
Surplus	17 982 €	20 143	2 161		

## **1.4 Detailed explanations for the budget items and Accounting results**

Please find the details, clarifications and comments to the 2017 Accounting items listed below:

### **1.4.1 Member fees Billed**

The budget was based on a forecast income growth of 30% for 2017. This growth was almost achieved, with an actual growth in member fees of 29,72%.

2017 saw a consistent month-to-month increase in on-boarding activities, adding approximately 1 new member per week (primarily Access Point type) . When taking into account the number of members offboarded, the total number of members comes to 258 at Dec. 31st, 2017.

### **1.4.2 2016 Income Carried Forward**

Income carried forward into 2017 was 88 € above budget ending at 18 088 €, which remained unused throughout the year (see item 13 below).

### **1.4.3 Allowance for doubtful Accounts (Off-boarding)**

The fees related to approved off-boarders in 2017 have already been reduced from the year-end member fees. The amount of 10 000 € set aside at year-end for doubtful accounts, is reserved for members that still haven't paid this year – and have not responded to requests for payment or requested to off-board.

### **1.4.4 Domiciliation**

Domiciliation expenditure was lower than budget as the actual cost remained stable despite an increase in member numbers. The domiciliation budget underspend was transferred to expenditure on Operating Office automation (Budget item 6).

### **1.4.5 Fees, Accounting and Tax**

Fees, accounting and tax expenditure was lower than budget, principally due to increased automation of the accounting transactions processed, implementation of accounting systems, and greater use of in-house capacity in preference to third parties.

The fees, accounting and tax budget underspend was transferred to expenditure on Operating Office automation (budget item 6) and bank charges (budget item 12).

### **1.4.6 Professional fees - Operations**

Expenditure on professional fees was higher than budget, due to increased costs in setting up automation, developing AS4 profiles, handling PKI migration and centralized support to AP testing and initiating the takeover of the PEPPOL directory. These activities were funded from underspending on other budget lines as detailed elsewhere in the notes.



Expenditure on Professional Fees - Operations falls into 3 main categories:

1. Consultancy support
2. 3rd Party providers – outsourced services
3. Development and Automation

#### **1.4.7 Professional fees - Consumables**

The budget result is slightly lower than expected, mainly due to the delayed implementation of the revised PKI setup.

The Professional fees – consumables budget underspend was transferred to expenditure on Operating Office automation (budget item 6).

#### **1.4.8 Fees & Subscriptions/memberships**

The fees and subscriptions budget remained unchanged over the year. The fees and subscriptions budget underspend was transferred to expenditure on Operating Office activities (budget item 6).

#### **1.4.9 Travel cost**

Travel costs were lower than expected due to changes in the allocation and travel policy, and the travel related to the Operational Manager position which was covered by in-kind contributions.

Budget not used for travel was reallocated to increase the operational support in PEPPOL (Budget item 6).

#### **1.4.10 Annual Fairs and Exhibitions**

Lower than budgeted, as most management activities and meeting venues were hosted at no charge, by member organisations (Managing Committee, CC F2F meetings and PA Summits hosted by the PEPPOL Authorities). The principal main cost item was the 8<sup>th</sup> General Assembly 2017.

#### **1.4.11 Marketing Expenses**

Lower than budgeted due to low level of participation in exhibitions. Also, most marketing materials were designed and developed by OpenPEPPOL consultants or member representatives.

#### **1.4.12 Bank Charges**

Higher than budgeted due to an increase in wire costs for receiving overseas payments and exchange costs for accounts paid in overseas currency.

#### **1.4.13 Surplus to be carried over to 2017**

The surplus remaining at the end of 2018 of 20 143 € is carried over to the 2018 baseline budget.

## 2 Approval of 2017 Accounts

The 9<sup>th</sup> OpenPEPPOL General Assembly gathered 21<sup>st</sup> of March 2018 in Brussels, is asked to approve the 2017 Accounts of the Association, as stated below:

	Expected budget end December	2017 annual position end Dec €	Delta	Expected split of expense in budget in %	Actual split of expense to total expense in %
<b>Income</b>	<b>407 056 €</b>	<b>404 279</b>	<b>-2 777</b>		
Membership Fees 2017	397 056 €	396 191	-865		
Income carried forward	18 000 €	18 088	88		
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<b>Expenses</b>	<b>389 075 €</b>	<b>384 136</b>	<b>-4 939</b>	<b>389 075</b>	<b>384 136</b>
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<b>Surplus</b>	<b>17 982 €</b>	<b>20 143</b>	<b>2 161</b>		