



11th OpenPEPPOL General Assembly

March 27th, 2019, Brussels, Belgium

Background Document for Vote 1

Agenda Item 3: Approval of the OpenPEPPOL AISBL Accounts for 2018

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1 Introduction to Voting item 1: Approval of 2018 Accounts

According to the rules and regulations related to an international Not-For-Profit Association (Association Internationale Sans But Lucratif - AISBL) 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.

2 Overview of 2018 Results

2.1 Table 1: The 2018 Budget as approved by the GA9

In Table 1, the Baseline income figure consists of the final 2017 annual fee amount plus the calculation of the membership fee increase announced in Nov. 2017, effective January 1st, 2018. The Forecast Growth shows the 30% increase in fees forecasted for 2018 and how this uplift in income would be allocated to the appropriate expense lines, where increased costs were expected. The resulting GA9 Budget was approved at the 9th General Assembly 2018.

2018 Budget	Baseline	Forecast Growth	GA9 Budget
Income	595,018		773,481
Membership Fees 2017	594,875	30%	773,338
Income carried forward	20,143		20,143
Allowance for doubtful Accts. (off-Boarding)	-20,000		-20,000
Expenses	595,018 €		773,481 €
Domiciliation	3,500 €		3,500 €
Fees/Accounting and Tax	30,000 €	3%	35,354 €
Professional fees - Operations	383,688 €	65%	499,689 €
Professional fees- Consumables	84,000 €	16%	112,554 €
Fees & Subscriptions /memberships	1,050 €		1,050 €
Travel Cost	50,000 €	10%	67,846 €
Annual fairs and Exhibitions	31,280 €	5%	40,203 €
Marketing expense	10,000 €		10,000 €
Bank Charges	1,500 €	1%	3,285 €
	0 €		0 €

2.2 Table 2: The 2018 Year-end result

The table below shows the annual position of 2018 in comparison with the target budget approved at the 9th General Assembly.

Year-end Result Dec. 31st, 2018	Expected budget end December €	2018 annual position end Dec €	Variance €
Income	773,481 €	769,631 €	-3,850
Membership Fees 2018	773,338 €	763,921	-9,417
Income carried forward	20,143 €	20,143	0
Allowance for doubtful Accts. (off-Boarding)	-20,000	-14,433	5,567
Income Deferral for Ongoing Project Expense	0	251,782	251,782
Deferred	0	251,782	251,782
Expenses	773,481 €	494,631 €	-278,850
Domiciliation	3,500 €	2,877	-623
Fees/Accounting and Tax	35,354 €	40,251	4,897
Professional fees - Operations	499,689 €	314,681	-185,008
Professional fees- Tools and Consumables	112,554 €	59,229	-53,325
Fees & Subscriptions /memberships	1,050 €	1,050	0
Travel Cost	67,846 €	34,034	-33,812
Annual fairs and Exhibitions	40,203 €	39,552	-651
Marketing expense	10,000 €	2,298	-7,702
Bank Charges	3,285 €	659	-2,626
Surplus Carried over to 2019	0 €	23,218	23,218

The budget was based on a fee increase effective January 1st, 2018 and an expected 30% growth of incoming membership fees for 2018. This growth was nearly achieved as the actual growth in member fees reached 28.4% at year-end. As the growth in memberships continued throughout Q4, a significant part of the budget uplift was allocated to projects including development for the centralised Test Facility to support AS4 connectivity testing, support for BIS related development in the Post-Award Community, assistance to PEPPOL Authorities with Annex 5 challenges, and roll-out of the PEPPOL re-branding project activities.

The month-to-month rolling budget, approved at the 9th GA in March 2018 was used to control spending throughout the year. All increases in income above baseline were automatically allocated according to the percentages approved by GA9. In Q4 when it became clear that a number of on-going projects would not likely be completed in time for the Dec. 31st. closing of the accounts, the Managing Committee agreed to defer income from 2018 to carry over into 2019 in the amount of 251,782 € to cover the completion of these crucial activities. See **Table 3** in section 2.3 of this document for a breakdown of this deferral into the appropriate expense categories with brief descriptions of the project work carrying on into 2019.

2.3 Table 3: Income Deferral 2018

In Table 3, the Income Deferral taken at the end of December 2018 in the amount of 251,782 € is broken down into the appropriate expense categories and described in further detail.

Expense Category	Amount Reserved	Description
Fees/Accounting and Tax	7,987	Continuation of GDPR Project - Legal advice re: Agreements and general data handling.
Professional Fees - Operations	137,600	Continuation of development projects: TestBed Phase II and PEPPOL Reporting. Also Post-Award Community Release Management support and Agreement Revision project coordination.
Professional Fees - Tools and Consumables	22,900	Upgrades to PEPPOL website, Navision system, and licensing for internal repository.
Annual Fairs and Exhibitions	31,170	Presence (booth, speaking slots and a separate PEPPOL Session) at: 2 Exchange Summits (Europe and America) and the E-Rechnungs Gipfel event in Germany - all in 2019
Marketing	52,125	Continuation of the PEPPOL Re-branding Initiative through a series of workshops and activities focused on building a strategy and value proposition to create an awareness of PEPPOL, in line with its increasing significance in the wider market and expansion into new domains. A strong and consistent brand identity will be developed, supported by guidelines, logos, media packs, videos, web and social media content, plus an array of targeted marketing materials to create a more professional and polished image.
Total Deferral	251,782	

3 Detailed explanations for the budget items and Accounting results

Please find the details, clarifications and comments to the 2018 Accounting items listed below:

3.1 Income

3.1.1 Member fees Billed

The budget was based on a forecast of 30% income growth for 2018. This growth was almost achieved, with an actual growth in member fees of 28.4%.

The year 2018 saw a consistent increase in on-boarding activities, adding approximately 6 new members per month, primarily in the Access Point category, but also significantly with 2 new PEPPOL Authorities (Singapore and Germany). While taking into account 11 members that off-boarded during the year, the total number of members came to 308 at December 31st, 2018.

3.1.2 2018 Income Carried Forward

Income carried forward into 2018 was 20,142.73 €, which remained unused throughout the year, and increased by 3,075.53 € for an end of year amount of 23,218.26 € carried forward into 2019.

3.1.3 Allowance for doubtful Accounts (Off-boarding)

The fees related to approved off-boarders in 2018 have already been reduced from the year-end member fees. The amount of 14,433 € has been set aside at year-end for doubtful accounts, reserved for members that have not paid the annual fees and have not yet responded to requests for payment or provided requests to off-board.

3.2 Expenses

3.2.1 Domiciliation

Domiciliation expenditure was only slightly lower than budget as the actual cost remained stable despite an increase in member numbers.

3.2.2 Fees, Accounting and Tax

Fees, accounting and tax expenditure was higher than budgeted, due to the initiation of work towards GDPR compliance and, to a more substantial degree, the revision of the OpenPEPPOL Statutes.

Revision of the Statutes required an additional General Assembly (GA10 – October 30th, 2018), which required both legal and administrative advice, including the presence of a legal representative at the GA10 and as a representative by proxy at the Belgian notary.

A third item of additional expenditure was legal advice also sought for the GDPR review of the OpenPEPPOL governance and agreement framework.



An additional income deferral of 7,987.50 € was recorded on December 31st to cover the remaining GDPR work, still in progress into 2019.

3.2.3 Professional fees - Operations

Expenditure on professional fees was lower than budgeted for, primarily due to difficulty in engaging appropriately skilled resources necessary to complete significant and complex projects underway in 2018 before the year ended.

Projects funded under this category included Phase II of the centralised AP Test Facility (including AS4 testing), automation of statistical PEPPOL transactional reporting, Agreement Revision project coordination, and support for Community release management activities.

The delay in incurring the full expenditure foreseen for such projects was also due to other factors besides resourcing, e.g. delays in the finalisation of the PEPPOL AS4 profile and related Oxalis development in a CEF-compliant direction, which made it necessary to delay the launching of the testbed and the postponement of Phase II to 2019.

An income deferral of 137,600 € was recorded at December 31st to carry over funds into 2019 for the completion of these projects.

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

1. Consultancy support – day-to-day back-office, onboarding and member front-line services (including the PEPPOL Service Desk, Test Facility, etc.).
2. 3rd Party providers – outsourced services/consulting (periodic)
3. Development and Automation – development project work

3.2.4 Professional fees – Tools and Consumables

The budget result is lower than expected, mainly due to the structure of the new PKI issuing system where license/pricing is based on the number of members rather than on individual certificates. Also, no further contingency licensing was required from the retiring PKI platform due to the overall success of the PKI Migration.

An income deferral was recorded on December 31st, 2018 in the amount of 22,900 € to cover upgrades of existing applications (NAV, website) and to include new licenses for an internal repository.

3.2.5 Fees & Subscriptions/memberships

The fees and subscriptions budget remained unchanged over the year.

3.2.6 Travel cost

Travel costs were lower than expected mainly due to the fact that certain expenses such as intercontinental travel to events such as the Exchange Summit were covered by in-kind contributions.

Another factor was the slower than expected on-boarding of the Operations Manager and other new members of the Operating Office, which resulted in fewer face to face meetings than originally planned.



These factors will not repeat themselves in 2019, when travel expenses are expected to increase.

3.2.7 Annual Fairs and Exhibitions

Only a minor difference to budget.

An income deferral was recorded on December 31st in the amount of 31,170 € to cover 3 main events in 2019 (the Exchange Summits in Miami and Vienna and the E-Rechnungs Gipfel event to be held in Bonn). This deferral is covered from lower expenditure in other categories such as Professional fees.

3.2.8 Marketing Expenses

The budget result is lower than budgeted as most marketing materials were developed by OpenPEPPOL consultants or member representatives at minimal cost.

However, marketing expenditure at a higher scale is needed in the future, due to the rapid expansion of PEPPOL both within and beyond Europe. The need for a consistent and strong organisational identity was recognised by the Management Committee and as a result, the PEPPOL rebranding project was kicked off formally in Q4, 2018.

An income deferral was recorded on December 31st, 2018 in the amount of 52,125 € for work already underway in 2018, to be completed in 2019.

3.2.9 Bank Charges

Lower than budgeted as the automation of the bank statement extracts is dependent on development in the PwC Navision system, expected to be completed in 2019.

3.3 Surplus to be carried over to 2019

The surplus remaining at the end of 2018 of 23 218 € is carried over to the 2019 baseline budget.



4 Voting Item 1: Approval of the OpenPEPPOL AISBL Accounts for 2018

The 11th OpenPEPPOL General Assembly, gathered in Brussels, Belgium on the 27th of March 2019, do hereby approve the OpenPEPPOL AISBL Accounts for 2018, as stated below:

Year-end Result Dec. 31st, 2018	Expected budget end December €	2018 annual position end Dec €	Variance €
Income	773,481 €	769,631 €	-3,850
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