

Item	Financial Forecast 2024
Purpose	To be presented in the VSE Annual General Meeting, 21 May 2024
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## VSE forecast overview for 2024

### Summary for 2024

Confirmed income:	+/- €2 015 000
Expected expenditure:	+/- €2 105 000
Current under-budgeting:	+/- €90 000
Current funding applications pending:	+/- €650 000
Planned additional funding applications for 2024:	+/- €1 000 000

### Our approach to budget planning:

Unlike most national organisations, VSE's financial year has always started with a projected under-budgeting. Details of how this is managed is provided below, but in broad terms, it reflects the fact that much of VSE's income is determined during the year through multiple sources, rather than at the end of the previous year, through a single source. Hence, our budgeting would best be looked on a two or even three-year basis, from the point of view of our overall financial performance.

With this in mind, the following factors determine our annual financial planning:

- A few of our income streams come with **less than full funding**. Our operating grant alone comes with only 80% co-funding of the European Commission, with us needing to secure the remaining 20%. With the increase of our operations and of our operating grant (which in 2024 stands at almost €800 000), the pressure on VSE to secure additional income to cover the contribution mounts. A number of other EU grants come with a co-funding of 90%, where we need to secure the missing 10%.
- Operating Grant is part of a **multi-annual framework contract**, whereby our funding is secured for four to five years. Other funding streams come through **shorter term projects** – usually between 12 and 36 months in duration. Many of those funding streams are a matter of lengthy process – with three main phases: application preparation (usually takes between 2 and 4 months), evaluation period by the EC (at least 5 to 6 months), preparation for project kick-off (3 to 6 months). This means that at least one year is needed to have the project funding become available to us – which is an element that we factor into our planning and risk management.
- We anticipate to secure additional **€150 to 200 000 euros in project funding for 2024**. At any given moment, we have a number of project applications pending – usually between five and eight. Every year, we submit at least two applications for projects that we wish to coordinate. Our success at winning VSE coordinated projects is relatively high – two in three of our applications usually get funding. In addition, we are more frequently sought to participate in partner-run projects. We know from experience that our participation in these projects increases the chances of success. Lately, we have noticed also that the field has become more competitive. However, we estimate that about one in three to four applications in partner-coordinated projects is successful.
- In 2024, we expect to raise around **€68 000 from membership fees**. This is one certain non-restricted source of income for VSE. However, these fees are relatively static. For associate members they stand at €250 and the only way to increase is by increasing the number of members (which is a slow process

and we rarely recruit more than two to three new members a year). For full members, they may fluctuate slightly, depending on the member's own size and income, but they are largely stable over a period of time for each VSE full member.

- In 2024 we expect to raise around **€68 000 in indirect cost**. Recently, we have been looking into the possibility to benefit from indirect cost that is often available through EU grants. This has so far been denied to us, due to the fact that we receive operating grant. Just days ago, we have gotten a final confirmation from the European Commission that as of 2024, we will be able to benefit from this type of funding – which will greatly reduce our burden of contribution and help us cover the contribution – both for the action grants, but also for the operating grant. As this confirmation is very recent, and some details are still being discussed with the Commission, however, an estimate is provided in our income overview and looks encouraging. It is important to note that this cost will have to be deducted from the budget for direct costs. However, it will certainly greatly help to cover for our contribution for the Operating Grant and other EU funded projects.
- We have already secured around **€280 000 euros in funding through service contracts**, with the expectation that an additional amount of €150 000 will be secured during the year. In the past eight years, we have been successful in obtaining income through service contracts with institutional entities. This source of income is extremely important for our ability to cover our contribution, but also to increase our reserves. Since 2016 we have managed to have significant success in securing service contracts with the European Commission, EU Parliament, the World Bank, OSCE, and more recently also with UNDP.
- The service contracts mentioned above include an income of €17 000 from an ongoing contract with the Ontario Police – through which we provide training to their law enforcement officers. We will continue generating **income through the Training Academy**. So far this work has already brought us around €80 000 in income in the previous several years. We are also currently negotiating with the Maltese Police to provide training to them in 2024. We believe that this is a potential strong reinforcement of our income streams for the future years.
- Based on the above elements, it is not unusual for VSE to start any given budgetary period with an expectation of a loss – however with the high confidence that this would be turned into a success throughout the year, as the new funding becomes available. Seen as such, our annual budget is subject to frequent revisions during the year, as it depends on the success in obtaining new funding.

Whilst it has been the case that we have started each year with an under-budget, our commitment is to continue working towards a full funding for the financial year ahead. A significant effort in this regard has been done by pursuing contracts which guarantee a surplus to cover contributions, but also pursuing other activities which allow us to generate unrestricted income, such as through the development of VSE Training Academy. In brief, while we are confident that each year we can achieve full funding (and some surplus) for our activities, the opportunities for us to do that are somewhat limited and we have to balance that aim with maintaining a focus on our core activities, and not simply pursuing opportunities.

We manage our risk through the prediction of expected income, but also through ensuring a robust reserve that has kept growing over the last years. This has enabled us to be in a position to start a fiscal year knowing that even if we don't manage to ensure additional funding – our reserves will be able to cover for the loss, with view of recuperating it over the period of the two to three-years cycle of ongoing projects.

Finally, understanding that one of our strategic objectives is to grow and strengthen VSE, our target is constantly moving, as we have a continuing growth trajectory. We have experienced a significant level of growth over the past decade, which is much higher than other comparable organisations. This has also enabled us to grow our influence and the visibility of the issues we are working on, indicating the need for our further work, justifying the growth trajectory we find ourselves on.

# 1 Income

In view of the existing confirmed projects, the total secured income in 2024 for VSE is estimated at €2 015 874.52. Apart from the TSI project, which is still pending one additional formal step, all other funding has been fully confirmed.

	Allocated to 24	Indirect cost	Staff cost	Travel and accomm.	Events	Subcontracting	Equipment	other goods&services
<b>Other income</b>								
Conference	€ 3,000.00	N/A						
Donations	€ 5,000.00	N/A						
Fees	€ 62,000.00	N/A						
<b>ACTION GRANTS</b>								
Operating grant 24	€ 639,559.20	N/A	€ 479,244.00	€ 116,845.00		€ 10,000.00	€ 96,360.00	€ 97,000.00
AREV	€ 17,000.00	€ -	€ 15,000.00			€ 5,000.00		€ 2,000.00
COVIS	€ 30,096.96	€ 2,106.79	€ 15,596.96	€ 2,500.00	€ 12,000.00			
BeneVict	€ 124,216.40	€ 8,695.15	€ 87,716.40	€ 5,000.00	€ 25,000.00	€ 6,500.00		
CHAT for Victims	€ 20,555.00	€ 1,438.85	€ 20,555.00					
LINK	€ 31,380.80	€ 2,196.66	€ 30,000.00	€ 1,380.00				
IAPHP	€ 52,329.42	€ 3,663.06	€ 50,000.00	€ 2,329.42				
2Gether4Victims	€ 127,376.70	€ 8,916.37	€ 115,000.00	€ 12,376.70	€ 5,000.00			
INVERT	€ 54,942.04	€ 3,845.94	€ 54,942.04					
DISRUPT	€ 88,027.35	€ 6,161.91	€ 88,027.35					
LITI-GATE	€ 64,924.01	€ 4,544.68	€ 50,000.00	€ 5,000.00				
No-oblivion	€ 38,638.82	€ 2,704.72	€ 36,000.00	€ 2,638.82				
Invictus	€ 39,444.50	€ 2,761.12	€ 35,000.00	€ 4,444.50				
TSI	€ 333,333.33	€ 21,806.85	€ 200,000.00	€ 10,000.00		€ 40,000.00	€ 30,000.00	€ 53,333.33
	<b>Total indirect cost</b>	<b>€ 68,842.09</b>						
<b>SERVICE CONTRACTS</b>								
Breaking Barriers 24	€ 17,000.00	N/A	€ 17,000.00					
EUCVT Demos	€ 253,050.00	N/A	€ 98,250.00	€ 64,800.00	€ 40,000.00			€ 50,000.00
UNDP UKR	€ 14,000.00	N/A	€ 14,000.00					
<b>TOTAL Projected in come</b>	<b>€ 2,015,874.52</b>		<b>€ 1,406,331.75</b>	<b>€ 227,314.44</b>	<b>€ 82,000.00</b>	<b>€ 61,500.00</b>	<b>€ 126,360.00</b>	<b>€ 202,333.33</b>
<b>TOTAL projected expenditure</b>			<b>€ 2,105,839.52</b>					

## 2 Expenditure

In view of the existing projects, but also existing commitments for spending, a total expenditure of **€2 105 839,52** is currently foreseen.

	Allocated to 24	Staff cost	Travel and accomm.	Events	Subcontracting	Equipment	other goods&services
<b>Other income</b>							
Conference	€ 3,000.00						
Donations	€ 5,000.00						
Fees	€ 62,000.00						
<b>ACTION GRANTS (ARCHIVED)</b>							
Operating grant 24	€ 639,559.20	€ 479,244.00	€ 116,845.00		€ 10,000.00	€ 96,360.00	€ 97,000.00
AREV	€ 17,000.00	€ 15,000.00			€ 5,000.00		€ 2,000.00
COVIS	€ 30,096.96	€ 15,596.96	€ 2,500.00	€ 12,000.00			
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2Gether4Victims	€ 127,376.70	€ 115,000.00	€ 12,376.70	€ 5,000.00			
INVERT	€ 54,942.04	€ 54,942.04					
DISRUPT	€ 88,027.35	€ 88,027.35					
LITI-GATE	€ 64,924.01	€ 50,000.00	€ 5,000.00				
No-oblivion	€ 38,638.82	€ 36,000.00	€ 2,638.82				
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<b>TOTAL projected expenditure</b>		<b>€ 2,105,839.52</b>					

## 3 Projection for new income and expenditure

As mentioned above, at any moment we have a number of **project applications pending** decision for funding, as well as applications in development. Currently, the potential additional funding can be expected from the following sources:

UNDP Serbia:	€150 000
Existing proposals for action grants pending:	€500 000
Planned proposals to be submitted in May 2024:	€500 000
Other proposals to be submitted during 2024:	€500 000
<b>Total:</b>	<b>€1 650 000</b>

Based on our previous experience, we can project that about 1/3 of the pending applications would be successful – hence new funding of about €550 000 is likely to become available during the year. Apart from the UNDP Serbia, which is expected to be a shorter term service contract (up to nine months), the other pending initiatives are mostly relating to 24-month action – hence their impact on the VSE budget in 2024 would be proportionate (hence, up to € **150-200 000 would be available for 2024**).

With this new expected funding, and related expected resources required to deliver, our budget for 2024 can reasonably be expected to increase to €2,3 million, and our spending to €2,25 million.

#### **4 Reserves in 2024**

At the end of 2023, our reserve registered a slight growth of 4,37%. We are determined to increase the reserve in 2024 by **at least €50 000** and will work towards that result. Given the above, in particular projection for the new income, we believe we will be successful in achieving this.