

Item	Financial Overview 2021 – up to 31 October 2021
Purpose	To be presented in the General Meeting 02 December 2021
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Date	15 November 2021

31 October 2021 - VSE position overview

1- Income:

Total VSE income (approved grants and contracts) for 2021 is €1,260,221, which represents **43 %** increase compared to €881,519 income from 2020.

Sources of income (Budgets for 2021):

Source of income	Amount
Operating grant (Approved Budget) (EU contribution)	€ 436,944
EU Centre of Expertise (2021 VSE Amount)	€ 380,516
Membership fees	€ 38,250
PREVICT Project	€ 37,502
CREST Project	€ 103,609
AREV Project	€ 150,000
INHeRE Project	€ 2,488
FYDO project	€ 76,750
InfoVictims Project	€ 14,262
ICF Contracts	€ 9,800
ENABLE Project	€ 6,000
PROTECT Project	€ 4,100
Total	€ 1,260,221

The main reason for this increase is that in 2021, VSE started the Estonian Project (AREV) and larger income the contract of EU Centre of Expertise.

The EU Centre of Expertise amount is the VSE share in 2021.

2- Expenditure:

Total VSE expenditure at the end of 2021 is anticipated to be **€ 1,063,476**, which represents a **28%** increase compared to **€ 828,584** in 2020:

Source of expenditure	Amount on 31 October 2021	Expected amount 31 Dec 2021
Operating grant 2021 (approved budget : 546,180)	€ 289,717	€ 485,229
EU Centre of Expertise	€ 139,261	€ 241,870
PREVICT Project	€ 29,134	€ 37,369
CREST Project	€ 51,748	€ 67,425
AREV Project	€ 87,217	€ 121,873
INHeRE Project	€ 2,488	€ 2,488
FYDO Project	€ 54,428	€ 73,862
InfoVictims Project	€ 11,673	€ 13,860
ICF Contracts	€ 0	€ 0
ENABLE Project	€ 0	€ 6,000
PROTECT Project	€ 0	€ 4,000
Costs not covered by grants (e.g. Travel for members from/to non-eligible countries, Insurance, bank charges etc..)	€ 6,727	€ 9,500
Total	€ 672,393	€ 1,063,476

Member should note that in 2021, a range of activities could not be carried out under the operating grant due to Covid-19 related restrictions. VSE adapted to the circumstances and used some of the unspent funds to carry out different activities e.g. development of training platform. And to increase the capacity of some events e.g. Autumn conference, Center of Excellence, Staff exchange.

3- Summary of Income and Expenditure (by project):

EU Operating Grants and Action Grants

Summary of Operating and Action Grants (2021)				
A number of project will run across one or more financial years. The percentage spend indicated in this table represents spend of the total budget. The remaining budget for projects will be used in subsequent years with the expect of near 100% usage.				
Budget Heading	Approved budget (2021)	Anticipated Amount spending	Remaining Balance	% of spending end of 2021
Operating Grant 2021 / The end date of the grant: 31/12/2021	546,180	485,229	60,951	88.84 % (95.52 % was the spend in 2020)
PREVICT / The end date of the grant: 31/05/2021	43,036	37,369	5,667	The project will end in 2021, the percentage of spending of the entire project of (€115,210) is 95% The underspent came from travel not used
CREST / The end date of the grant: 31/08/2022	103,609	67,425	6,184	94% The remaining balance will be used in next year
FYDO / The end date of the grant: 31/12/2022	76,750	73,862	2,888	94% The remaining balance will be used in next year
AREV / The end date of the grant: 31/12/2022	150,000	121,873	28,127	81% The remaining balance will be used in next year
INHeRE / The end date of the grant: 31/10/2021	2,488	2,488	0	100%
InfoVictims / The end date of the grant: 31/12/2022	14,262	13,860	2,218	84% The remaining balance will be used in next year
ENABLE / The end date of the grant: 31/12/2022	6,000	6,000	0	100%
PROTECT / The end date of the grant: 31/12/2022	4,100	4,000	100	98%
	946,425	812,106		85%

Taking into account that a number of projects will continue running into 2022, the 85% spend compared to total budget (89% of OG budget) is primarily due to a restriction in activities because of Covid19 and use of underspend in different ways than originally foreseen. e.g. development of training platform, increasing the capacity of some events e.g. Autumn conference, Center of Excellence, Staff exchange. This amount (of the OG2021) would be returned to commission if we don't use it in 2021. However, we are planning to use some of this amount during November and December for development of training academy, VSE hub, webinars and training modules which allow us to reach the planned spending of 95% of OG like previous years. The underspend from ongoing action grants will be moved to be spent in the following year until the end of the grant. We would expect to use almost all the anticipating amounts from our projects assuming restrictions are not in place in the coming months of 2021.

Contracts

Summary of Contracts				
Budget Heading	Approved budget	Spent	Remaining Balance	% of spending end of 2021
EU Centre of Expertise	380,516	241,870	138,646	57%
ICF Contract	9,800	0	9,800	0%
Total	330,316	131,871	198,446	40%

Any remaining balance of this contracts can be used as unrestricted income to cover the VSE contribution.

Conclusion

Conclusion		
Costs	VSE contribution to the Operating Grant 20%	90,924
	VSE contribution to the PREVICT project 20%	7,474
	VSE contribution to the CREST project 0%	0
	VSE contribution to the FYDO project 10%	7,386
	VSE contribution to the INHeRE project 20%	498
	VSE contribution to the InfoVictims project 10%	1,204
	Costs not covered by grants	9,500
	Total costs	116,986
Income	Collected Memberships Fees	38,250
	EU Centre of Expertise	138,646
	ICF Contract	9,800
	Total Income	186,696
Surplus in 2021		69,710

Based on the current income and expenditure as anticipated, we have a Surplus of 69,710 euros in 2021.

4- Reserves:

- Level of reserves on 31st December 2020 was **€ 222,377**
- Level of reserves on 31st December 2021 is **€ 292,087** (this represents an 31% increase in our reserves from 2020).

To better explain the implications of VSE's reserve size, Members are reminded that VSE committed to move towards a reserve level of €223,500. This level was based on an estimate of reserves needed to continue VSE operations for 6 months at gradually reducing levels of staffing. VSE set a 2021 aim to achieve this reserves level.

However, this is based on VSE having no identified immediate income. In reality, The EU Commission has just approved our new framework partnership agreement for operating grant for the next 4 years and the grant agreement for 2022 is in process and should be signed by December. In addition, VSE has several ongoing and new proposals submitted for 2022.

This places VSE in a much safer position than anticipated, though of course there are always risks.

5- Personnel Costs 2022:

Below is estimation of staff costs and potential income for 2022. For simplicity, we focus only on staff costs at this stage as they represent around 80-90% of total VSE costs.

Based on current staffing levels, VSE's estimated personnel costs in 2022 is **€850,000**, with total VSE's contribution **€120,000** (**€41,000** will be covered by memberships fees and **€25,000** from the Canadian contract).

VSE's confirmed budgets from OG2022 and ongoing projects in 2022 (Staff budget only) is **€703,000**.

150k needs to be funded by new projects, and 55k of the contribution needs to be funded by unrestricted funds e.g. contracts, donations, reserves....

- Potential new projects:

VSE has submitted during 2021 several project proposals for the coming 2 years.

The total budgets of those proposals amount to **€700,000** for 2 years of which 600k are allocated for staff costs (300k for 2022).

Below is the estimated personnel income for 2022 based on VSE winning either 20%, 30%, 40% or 50% of project applications:

20%: 60k for staff costs leaving a shortfall of 90k

30%: 90k for staff costs leaving a shortfall of 60k

40%: 120k for staff costs leaving a shortfall of 30k

50%: 150k for staff costs covering all the estimated personnel costs.

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Where VSE has a greater than 50% success, additional staff will be taken on to deliver projects with 90% of the costs covered by the projects.

VSE office will need to generate additional unrestricted income to cover those costs as well as seeking efficiency.

Our calculation on income costs and risk for staffing in 2022 indicates that at current staffing levels cost amount to 850k, confirmed income amount to 703k, and we realistically expect to generate a further 90k from current proposals. This means a potential income shortfall of 60k. In addition, we must find 55k unrestricted income to cover contribution.

If no additional unrestricted income during 2022 VSE excess reserves already amount to 70k, in addition, we anticipate that the reserves will increase further through ongoing project whose income has not been reported.

This means in a worst case scenario where no unrestricted income is found in 2022, VSE's reserves will simply reduce to more than agreed levels 223k.