

REPORT OF THE AUDIT COMMITTEE OF THE EFPC FINANCIAL YEAR 2020-2021 & BUDGET 2021-2022

The Audit Committee of the EFPC consists of Anke van Dam, Loes van Amsterdam and Toni Dedeu.

Hereby, we declare that we examined the financial report of the EFPC 2020-2021 and the budget with full cooperation of the treasurer of the Executive Board, Harry Longman.

In February this year we received a mid-term financial report and in August there has been another meeting and email conversation between the treasurer and members of the Audit Committee about the final report. Likewise, the last year and due to COVID-19 pandemic, we have carried out all the meetings in a virtual format.

We have looked at the budget lines and the balance sheet, assessed questions and put our remarks online. There was full cooperation, we received clear answers to our questions and the remarks were taken seriously.

Findings:

- All income and expenses have been carefully administered; we did not find any sign of malpractice.
- The presented numbers give a realistic overview of the financial situation of the EFPC.
- This Fiscal Year (FY) 2020-2021 the collection of membership fees was almost entirely in line with the budget (75,000 € budgeted and 69,168 € executed). This proves to be a structural and sound way of obtaining income and with the following distribution: individual fees represent 6% of the total, small institutions 32%, medium institutions 9%, large institutions 19% and finally premium institutions 34%.
- Expenses for salaries, insurance, taxes, and extra costs for ending Tom Carter's contract were over budget this FY (51,000 € budgeted and 52,477 € executed).
- Expenses for services budgeted are over than executed. (22,700 € budgeted and 25,524 € executed). It is explained as insurance costs were added as service costs.
- Due to COVID-19, the Bergen 2021 conference was re-planned as a virtual conference, at the time of closing this report. The virtual conference was budgeted 3,000 € and 1,000 € executed. Income figures from registration are still not available when submitting this report. No cancellation charges were decided as premises were free, and an online platform for free was offered.
- The results and reserves are lower than those the audit committee recommended in previous years (34,900 € versus 40,000 € recommended).
- The net loss of 8,000 € is lower than the last year (17,000), due to reduced spending. However, cash is 8,000 € lower, and predicted negative by November 2021.

Remarks:

- All recommendations of the previous Audit Committee Report (FY 2019-2020) have been taken over.
- In February 2021 a mid-term report was produced according to previous recommendations of the Audit Committee.
- The administration and collection of membership fees follow a similar trend of the previous year and remains the main source of income, which in this FY does not cover

- the structural expenditure of salaries. However, we note that this FY there are less membership renewals, most probably due to the absence of an onsite conference.
- Amounts owing from previous years are written off as there is no change of collection.
 - Cash flow is predicted negative by this November.
 - For the coming FY the financial reserves show a decrease and not as were recommended by previous Audit Committees.

Recommendations:

- Considering the impact of COVID-19 pandemic, the organisation has been able to largely adjust the situation, thanks to the delay of staff payments and ending contract of one staff member. However, the organisation's policy should avoid this practice in the future.
- The committee advises the Executive Board to develop a strategy for increasing memberships and to diversify the sources of income.
- The committee advises to develop an immediate action plan for income generation beyond the established membership fees. Therefore, exceptional donations and advancement of membership fees are advised among other solutions to mitigate the negative cashflow in the coming months.
- The delicate financial situation of the organisation and the continuing uncertainty due to the pandemic, the committee recommends the EFPC should be closely monitored in the coming months and during the coming budget year.
- In line with this, the Audit Committee recommends the treasurer and the Executive Board to produce quarterly financial reports, to provide data to the Audit Committee members to advise follow up measures to be implemented in the FY.
- The Audit Committee recommends the Executive Board to provide the long-term Strategic Plan and Strategic Financial Plan before the end of 2021.

Conclusions:

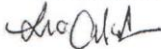
- We recommend to the General Assembly to approve the realisation (FY) 2020-2021.
- We recommend to the General Assembly to approve the budget 2021-2022.
- We hereby give discharge to the treasurer and the Executive Board for the realisation of (FY) 2021-2022.

Place: Online

Date: 6th of September 2021

Signed: Members of the Audit Committee 2020-2021, by digital endorsement

Loes van Amsterdam



Anke van Dam



Toni Dedeu

